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

FORM 10-Q

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

For the quarterly period ended June 30, 2021

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: 001-36112

MACROGENICS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**06-1591613**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
9704 Medical Center Drive Rockville, Maryland	**20850**
(Address of principal executive offices)	**(Zip code)**

301-251-5172

(Registrant's telephone number, including area code)

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, par value $0.01 per share	MGNX	Nasdaq Global Select Market

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 and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post 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 definitions of "accelerated filer," "large accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

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

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

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

As of July 26, 2021, 61,107,288 shares of the registrant's common stock, par value $0.01 per share, were outstanding.

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FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include statements that may relate to our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs and other information that is not historical information. Many of these statements appear, in particular, under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Quarterly Report on Form 10-Q. 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.

All forward-looking statements, including, without limitation, our examination of historical operating trends, are based upon our current expectations and various assumptions. 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 set forth under "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2020), could affect future performance and cause actual results to differ materially from those matters expressed in or implied by forward-looking statements:

- the severity and duration of the impact of the COVID-19 global pandemic on our business, operations, clinical programs, manufacturing, financial results and other aspects of our business;
- our ability to commercialize MARGENZA and our plans to develop and commercialize our product candidates;
- the outcomes of our ongoing and planned clinical trials and the timing of those outcomes, including when clinical trials will be initiated or completed, and when data will be reported or regulatory filings will be made;
- the timing of and our ability to obtain and maintain regulatory approvals for MARGENZA and our product candidates and the labeling for any approved products;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- our ability to raise additional capital through the capital markets or through one or more corporate partnerships, equity offerings, debt financings, collaborations, licensing arrangements or asset sales;
- our expectations regarding product candidates currently being developed by our collaborators;
- our ability to enter into new collaborations or to identify additional products or product candidates with significant commercial potential that are consistent with our commercial objectives;
- the potential benefits and future operation of our existing collaborations;
- our ability to recover the investment in our manufacturing capabilities;
- the rate and degree of market acceptance and clinical utility of our products;
- our commercialization, marketing and manufacturing capabilities and strategy;
- significant competition in our industry;
- costs of litigation and the failure to successfully defend lawsuits and other claims against us and our expectations regarding the outcome of any regulatory or legal proceedings;
- economic, political and other risks associated with our international operations;
- our ability to receive research funding and achieve anticipated milestones under our collaborations;
- our ability to protect and enforce patents and other intellectual property;
- costs of compliance and our failure to comply with new and existing governmental regulations including, but not limited to, tax regulations;
- loss or retirement of key members of management;
- failure to successfully execute our growth strategy, including any delays in our planned future growth; and
- our failure to maintain effective internal controls.

Consequently, forward-looking statements speak only as of the date that they are made and 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. Except as required by law, 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.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

MACROGENICS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	June 30, 2021 (unaudited)	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 188,970	$ 181,131
Marketable securities	108,346	91,400
Accounts receivable	45,248	23,081
Inventory	6,476	—
Prepaid expenses and other current assets	17,956	16,982
Total current assets	366,996	312,594
Property, equipment and software, net	39,395	42,225
Other assets	19,520	23,924
Total assets	$ 425,911	$ 378,743
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 9,818	$ 8,031
Accrued expenses and other current liabilities	39,174	34,198
Deferred revenue	16,565	4,456
Lease liabilities	4,367	3,988
Total current liabilities	69,924	50,673
Deferred revenue, net of current portion	13,476	6,926
Lease liabilities, net of current portion	23,208	25,260
Other non current liabilities	258	—
Total liabilities	106,866	82,859
Stockholders' equity:		
Common stock, $0.01 par value -- 125,000,000 shares authorized, 60,133,447 and 56,244,771 shares outstanding at June 30, 2021 and December 31, 2020, respectively	601	562
Additional paid-in capital	1,181,471	1,067,150
Accumulated other comprehensive income (loss)	1	(7)
Accumulated deficit	(863,028)	(771,821)
Total stockholders' equity	319,045	295,884
Total liabilities and stockholders' equity	$ 425,911	$ 378,743

See notes to consolidated financial statements.

MACROGENICS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(unaudited)
(in thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Revenues:				
Revenue from collaborative and other agreements	$ 27,168	$ 15,636	$ 42,352	$ 28,603
Product revenue, net	3,203	—	4,090	—
Revenue from government agreements	386	4,621	1,196	5,336
Total revenues	30,757	20,257	47,638	33,939
Costs and expenses:				
Cost of product sales	22	—	39	—
Research and development	55,780	57,351	108,901	106,245
Selling, general and administrative	15,234	10,216	30,270	20,449
Total costs and expenses	71,036	67,567	139,210	126,694
Loss from operations	(40,279)	(47,310)	(91,572)	(92,755)
Other income	344	425	365	1,146
Net loss	(39,935)	(46,885)	(91,207)	(91,609)
Other comprehensive income (loss):				
Unrealized gain (loss) on investments	(10)	(55)	8	1
Comprehensive loss	$ (39,945)	$ (46,940)	$ (91,199)	$ (91,608)
Basic and diluted net loss per common share	$ (0.66)	$ (0.94)	$ (1.56)	$ (1.85)
Basic and diluted weighted average common shares outstanding	60,068,315	50,018,462	58,643,496	49,515,562

See notes to consolidated financial statements.

MACROGENICS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited)
(in thousands, except share amounts)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance, December 31, 2020	56,244,771	$ 562	$ 1,067,150	$ (771,821)	$ (7)	$ 295,884
Share-based compensation	—	—	5,243	—	—	5,243
Issuance of common stock, net of offering costs	3,622,186	36	98,164	—	—	98,200
Stock plan related activity	144,249	2	2,456	—	—	2,458
Unrealized gain on investments	—	—	—	—	18	18
Net loss	—	—	—	(51,272)	—	(51,272)
Balance, March 31, 2021	60,011,206	600	1,173,013	(823,093)	11	350,531
Share-based compensation	—	—	6,113	—	—	6,113
Stock plan related activity	122,241	1	2,345	—	—	2,346
Unrealized loss on investments	—	—	—	—	(10)	(10)
Net loss	—	—	—	(39,935)	—	(39,935)
Balance, June 30, 2021	60,133,447	$ 601	$ 1,181,471	$ (863,028)	$ 1	$ 319,045

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
Balance, December 31, 2019	48,958,763	$ 490	$ 872,204	$ (642,082)	$ 16	$ 230,628
Share-based compensation	—	—	4,451	—	—	4,451
Stock plan related activity	172,387	2	160	—	—	162
Unrealized gain on investments	—	—	—	—	56	56
Net loss	—	—	—	(44,724)	—	(44,724)
Balance, March 31, 2020	49,131,150	492	876,815	(686,806)	72	190,573
Share-based compensation	—	—	5,136	—	—	5,136
Issuance of common stock, net of offering costs	4,060,482	40	96,472	—	—	96,512
Stock plan related activity	173,371	2	2,501	—	—	2,503
Unrealized loss on investments	—	—	—	—	(55)	(55)
Net loss	—	—	—	(46,885)	—	(46,885)
Balance, June 30, 2020	53,365,003	$ 534	$ 980,924	$ (733,691)	$ 17	$ 247,784

See notes to consolidated financial statements.

MACROGENICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Six Months Ended June 30,	
	2021	**2020**
Cash flows from operating activities		
Net loss	$ (91,207)	$ (91,609)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	5,510	6,105
Amortization of premiums and discounts on marketable securities	808	(401)
Stock-based compensation	11,356	9,587
Changes in operating assets and liabilities:		
Accounts receivable	(22,166)	(6,461)
Inventory	(6,476)	—
Prepaid expenses and other current assets	(974)	3,093
Other assets	4,404	995
Accounts payable	1,668	(1,476)
Accrued expenses and other current liabilities	5,365	3,337
Lease liabilities	(1,673)	(1,534)
Deferred revenue	18,659	(3,767)
Other non current liabilities	—	1,443
Net cash used in operating activities	(74,726)	(80,688)
Cash flows from investing activities		
Purchases of marketable securities	(117,546)	(72,199)
Proceeds from sale and maturities of marketable securities	99,800	125,617
Purchases of property, equipment and software	(2,693)	(1,847)
Net cash provided by (used in) investing activities	(20,439)	51,571
Cash flows from financing activities		
Proceeds from issuance of common stock, net of offering costs	98,200	96,512
Proceeds from stock option exercises and ESPP purchases	4,910	2,665
Taxes paid related to net share settlement of equity awards	(106)	—
Net cash provided by financing activities	103,004	99,177
Net change in cash and cash equivalents	7,839	70,060
Cash and cash equivalents at beginning of period	181,131	126,472
Cash and cash equivalents at end of period	$ 188,970	$ 196,532
Supplemental Cash Flow Information		
Property, equipment and software included in accounts payable or accruals	$ 118	$ —

See notes to consolidated financial statements.

1. Nature of Operations

Description of the business

MacroGenics, Inc. (the Company) is incorporated in the state of Delaware. The Company is a biopharmaceutical company focused on developing and commercializing innovative antibody-based therapeutics designed to modulate the human immune response for the treatment of cancer. In December 2020, the U.S. Food and Drug Administration (FDA) approved MARGENZA (margetuximab-cmkb) in combination with chemotherapy for the treatment of adult patients with metastatic HER2-positive breast cancer who have received two or more prior anti-HER2 regimens, at least one of which was for metastatic disease. The Company launched MARGENZA in collaboration with our commercialization partner, Eversana Life Science Services, LLC (Eversana), in March 2021. In addition, the Company has a pipeline of product candidates in human clinical testing that have been created primarily using its proprietary, antibody-based technology platforms. The Company believes its product candidates have the potential to have a meaningful effect on treating patients' unmet medical needs as monotherapy or, in some cases, in combination with other therapeutic agents.

Liquidity

The Company’s multiple product candidates currently under development will require significant additional research and development efforts that include extensive preclinical studies and clinical testing, and regulatory approval prior to commercial use.

As a biotechnology company, the Company has primarily funded its operations with proceeds from the sale of its common stock in equity offerings, revenue from its multiple collaboration agreements, and contracts and grants from the National Institute of Allergy and Infectious Diseases (NIAID). Management regularly reviews the Company’s available liquidity relative to its operating budget and forecast to monitor the sufficiency of the Company’s working capital, and anticipates continuing to draw upon available sources of capital, including equity and debt instruments, to support its product development activities. Based on the Company’s most recent cash flow forecast, the Company believes its current cash, cash equivalents and marketable securities is sufficient to fund its operating plans for a minimum of twelve months from the date that this Quarterly Report was filed. The Company plans to meet its near-term operating requirements primarily through cash and marketable securities on hand, and a combination of product sales and current and future strategic collaborations and alliances and marketing, distribution or licensing arrangements. In the longer term, the Company plans to meet its operating requirements by generating revenue from product sales to the extent its other product candidates receive marketing approval and can be commercialized, or by potential future equity or debt issuances. There can be no assurances that new sources of capital will be available to the Company on commercially acceptable terms, if at all. Also, any future collaborations, strategic alliances and marketing, distribution or licensing arrangements may require the Company to give up some or all rights to a product or technology at less than its full potential value. If the Company is unable to enter into new arrangements or to perform under current or future agreements or obtain additional capital, the Company will assess its capital resources and may be required to delay, reduce the scope of, or eliminate one or more of its product research and development programs or clinical studies, and/or downsize its organization.

Similar to the other risk factors pertinent to the Company's business, the COVID-19 pandemic might unfavorably impact the Company's ability to generate such additional funding. Given the uncertainty in the rapidly changing market and economic conditions related to the COVID-19 pandemic, the Company will continue to evaluate the nature and extent of the impact of the pandemic on its business and financial position.

Basis of Presentation

The accompanying unaudited interim consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information. The financial statements include all adjustments (consisting only of normal recurring adjustments) that the management of the Company believes are necessary for a fair presentation of the periods presented. These interim financial results are not necessarily indicative of results expected for the full fiscal year or for any subsequent interim period.

The accompanying unaudited interim consolidated financial statements include the accounts of MacroGenics, Inc. and its wholly owned subsidiaries, MacroGenics UK Limited and MacroGenics Limited. All intercompany accounts and transactions have been eliminated in consolidation. These consolidated financial statements and related notes should be read in conjunction with the financial statements and notes thereto included in the Company's 2020 Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on February 25, 2021.

2. Summary of Significant Accounting Policies

During the six months ended June 30, 2021, the Company adopted the following significant accounting policies in addition to those previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

Inventory

The Company outsources the manufacturing of MARGENZA. Prior to FDA approval of MARGENZA in December 2020, the cost of materials and expenses associated with the manufacturing of MARGENZA were recorded as research and development expense. Subsequent to regulatory approval, the Company began capitalizing MARGENZA inventory costs. The Company values its inventories at the lower of cost and estimated net realizable value. The Company determines the cost of its inventories, which includes amounts related to materials and third-party contract manufacturing costs, on a first-in, first-out basis. The Company performs an assessment of the recoverability of capitalized inventory during each reporting period, and it writes down any excess and obsolete inventories to their estimated realizable value in the period in which the impairment is first identified. Such write downs, should they occur, are recorded within the cost of sales in the statement of operations.

As of June 30, 2021, the Company's inventory balance consisted primarily of raw materials purchased and work in progress manufactured after the FDA approval of MARGENZA.

Product Revenue, Net

The Company entered into a limited number of arrangements with specialty distributors in the United States to distribute MARGENZA. These arrangements are considered to be contracts with customers and are in the scope of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606). The Company has written contracts with each of its customers that have a single performance obligation - to deliver products upon receipt of a customer order - and these obligations are satisfied when delivery occurs and the customer receives the product. The specialty distributors subsequently resell the Company's product to healthcare providers. Product revenue is recorded net of applicable reserves for variable consideration, including discounts and other allowances. Shipping and handling costs for product shipments occur prior to the customer obtaining control of the goods and are recorded in cost of sales. For the three and six months ended June 30, 2021, the shipping costs incurred were immaterial.

Reserves for Variable Consideration

Revenue from product sales is recorded at the net sales price, which includes estimates of variable consideration. Components of variable consideration typically include discounts, product returns, provider chargebacks and discounts and government rebates. Variable consideration is estimated following the expected value method in accordance with ASC 606 and includes such factors as current contractual and statutory requirements, specific known market events and trends, industry data, and forecasted customer buying and payment patterns. The amount of variable consideration that is included in the transaction price may be constrained and is included in the net sales price only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized under the contract will not occur in a future period. Estimates of the variable consideration were not deemed constrained during the six months ended June 30, 2021.

Customer Discounts and Service Fees

The Company may provide customers with discounts which are explicitly stated in the contracts. These discounts are recorded as a reduction of revenue in the period the related product revenue is recognized. In addition, these contracts may include written service arrangements whereby the Company pays fees to customers who provide services such as sales order management, data, contract administration and distribution services, at rates which we believe to be consistent with fair market value. The Company has determined such services received to date are not distinct from the Company's sale of products to its customers and, therefore, these payments have been recorded as a reduction of revenue within the statement of operations.

Product Returns

Consistent with industry practice, the Company offers the specialty distributors product return rights pursuant to written contracts and/or Company returned goods policies. The Company estimates the amount of its product sales that may be returned by its customers and records an estimated liability and a reduction of revenue in the period the related product revenue is recognized. The Company currently estimates product returns using industry benchmarking as well as other information available, such as visibility into the inventory remaining in the distribution channel, since the Company does not have its own

returns experience. The Company's estimates of product returns may be adjusted in the future based on actual returns experience, known or expected changes in the marketplace, or other factors.

Provider Chargebacks and Discounts

Chargebacks for fees and discounts to healthcare providers represent the estimated obligations resulting from contractual commitments to sell products to qualified healthcare providers at prices lower than the list prices charged to customers who directly purchase the product from the Company. In such cases, customers charge the Company for the difference between what they pay for the product and the ultimate selling price to the qualified healthcare providers. The reserve for chargebacks is established in the same period that the related revenue is recognized, resulting in a reduction of product revenue. Chargeback amounts are generally determined at the time of resale to the qualified healthcare provider by customers, and the Company generally issues credits for such amounts within a few weeks of the customer's notification to the Company of the resale. Chargebacks consist of credits the Company expects to issue for units that remain in the distribution channel at each reporting period end that the Company expects will be sold to qualified healthcare providers and chargebacks that customers have claimed, but for which the Company has not yet issued a credit.

Government Rebates

The Company is subject to discount and/or rebate obligations under state Medicaid programs, Medicare and contractual agreements with and statutory obligations to certain Federal and State entities. These reserves are recorded in the same period the related revenue is recognized, resulting in a reduction of product revenue. The Company's liability for these rebates consists of invoices received for claims from prior quarters that have not been paid or for which an invoice has not yet been received, estimates of claims for the current quarter, and estimates of future claims that will be made for product that has been recognized as revenue, but which remains in the distribution channel at the end of each reporting period.

Customer discounts are recorded as a reduction of accounts receivable on the consolidated balance sheets. Allowance for product returns, provider chargebacks, government and other rebates and service fees are recorded as a component of accrued expenses and other current liabilities on the consolidated balance sheets.

Cost of product sales

Cost of product sales relates to sales of MARGENZA. These costs include material, manufacturing and shipping costs, as well as royalties payable on net sales of MARGENZA. All product costs incurred prior to FDA approval of MARGENZA in December 2020 were expensed as research and development expense. The Company expects cost of product sales to continue to be positively impacted as the Company sells through inventory that was expensed prior to FDA approval of MARGENZA in December 2020. The Company is currently unable to estimate how long it will be until it begins selling product manufactured post FDA approval.

Recent Accounting Pronouncements

In December 2019, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* (ASU 2019-12). ASU 2019-12 is part of the FASB's overall simplification initiative and seeks to simplify the accounting for income taxes by updating certain guidance and removing certain exceptions. The updated guidance is effective for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years. The adoption of this standard as of January 1, 2021 had no impact on the Company's consolidated financial statements and related disclosures.

The Company has evaluated all other ASUs issued through the date the consolidated financials were issued and believes that the adoption of these ASUs will not have a material impact on the Company's consolidated financial statements.

3. Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, marketable securities, accounts receivable, accounts payable and accrued expenses. The carrying amount of accounts receivable, accounts payable and accrued expenses are generally considered to be representative of their respective fair values because of their short-term nature. The Company accounts for recurring and non-recurring fair value measurements in accordance with FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures* (ASC 820). ASC 820 defines fair value, establishes a fair value hierarchy for assets and liabilities measured at fair value, and requires expanded disclosures about fair value measurements. The ASC 820 hierarchy ranks the quality of reliability of inputs, or assumptions, used in the determination of fair value and requires assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

- Level 1 - Fair value is determined by using unadjusted quoted prices that are available in active markets for identical assets and liabilities.
- Level 2 - Fair value is determined by using inputs other than Level 1 quoted prices that are directly or indirectly observable. Inputs can include quoted prices for similar assets and liabilities in active markets or quoted prices for identical assets and liabilities in inactive markets. Related inputs can also include those used in valuation or other pricing models, such as interest rates and yield curves that can be corroborated by observable market data.
- Level 3 - Fair value is determined by inputs that are unobservable and not corroborated by market data. Use of these inputs involves significant and subjective judgments to be made by a reporting entity - e.g., determining an appropriate adjustment to a discount factor for illiquidity associated with a given security.

The Company evaluates financial assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level at which to classify them 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 ASC 820 hierarchy.

Financial assets measured at fair value on a recurring basis were as follows (in thousands):

	Fair Value Measurements at June 30, 2021		
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2
Assets:			
Money market funds	$ 16,606	$ 16,606	$ —
U.S. Treasury securities	79,249	—	79,249
Government-sponsored enterprises	4,537	—	4,537
Corporate debt securities	42,809	—	42,809
Total assets measured at fair value[(a)]	$ 143,201	$ 16,606	$ 126,595

	Fair Value Measurements at December 31, 2020		
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2
Assets:			
Money market funds	$ 49,004	$ 49,004	$ —
U.S. Treasury securities	60,623	—	60,623
Corporate debt securities	33,776	—	33,776
Total assets measured at fair value[(b)]	$ 143,403	$ 49,004	$ 94,399

(a) Total assets measured at fair value at June 30, 2021 includes approximately $34.9 million reported in cash and cash equivalents on the consolidated balance sheet.

(b) Total assets measured at fair value at December 31, 2020 includes approximately $52.0 million reported in cash and cash equivalents on the consolidated balance sheet.

The fair value of Level 2 securities is determined from market pricing and other observable market inputs for similar securities obtained from various third-party data providers. These inputs either represent quoted prices for similar assets in active markets or have been derived from observable market data. There were no transfers between levels during the periods presented, and the Company has no Level 3 securities in its portfolio.

4. Marketable Securities

The following tables summarize the Company's marketable debt securities (in thousands):

	June 30, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	$ 79,244	$ 5	$ —	$ 79,249
Government-sponsored enterprises	4,537	—	—	4,537
Corporate debt securities	24,564	—	(4)	24,560
Total	$ 108,345	$ 5	$ (4)	$ 108,346

	December 31, 2020			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	$ 60,630	$ 1	$ (7)	$ 60,624
Corporate debt securities	30,777	2	(3)	30,776
Total	$ 91,407	$ 3	$ (10)	$ 91,400

All available-for-sale marketable debt securities held as of June 30, 2021 and December 31, 2020 had contractual maturities of less than one year. All of the Company's available-for-sale marketable debt securities in an unrealized loss position as of June 30, 2021 and December 31, 2020 were in a loss position for less than 12 months. Unrealized losses on available-for-sale debt securities as of June 30, 2021 and December 31, 2020 were not significant and were primarily due to changes in interest rates, including market credit spreads, and not due to increased credit risks associated with specific securities. Accordingly, no allowance for credit losses related to the Company's available-for-sale debt securities was recorded for any periods presented. The Company does not intend to sell these investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases, which may be at maturity.

5. Inventory

All of the Company's inventory relates to the manufacturing of MARGENZA. The following table sets forth the Company's inventory (in thousands):

	June 30, 2021
Raw materials	$ 607
Work in process	5,869
Total inventory	$ 6,476

Prior to FDA approval of MARGENZA in December 2020, the cost of materials and expenses associated with the manufacturing of MARGENZA were recorded as research and development expense. Subsequent to FDA approval, the Company began capitalizing inventory costs related to the manufacture of MARGENZA.

6. Stockholders' Equity

In November 2020, the Company entered into a sales agreement (Sales Agreement) with an agent to sell, from time to time, shares of its common stock having an aggregate sales price of up to $100.0 million through an “at the market offering” (ATM Offering) as defined in Rule 415 under the Securities Act of 1933, as amended. The shares that were sold under the Sales Agreement were issued and sold pursuant to the Company's shelf registration statement on Form S-3 that was filed with the SEC on November 4, 2020. During the three months ended March 31, 2021, the Company sold 3,622,186 shares of common stock at a weighted average price per share of $27.60, resulting in net proceeds of approximately $98.2 million, net of underwriting discounts and commissions and other offering expenses.

In April 2021, the Company entered into Amendment No. 1 to the Sales Agreement which increases the amount of the Company's common stock that can be sold by the Company through its agent under the ATM Offering, from an aggregate offering price of up to $100.0 million to an aggregate offering price of up to $300.0 million. During the three months ended June 30, 2021, the Company did not sell any shares of common stock related to the ATM Offering.

7. Collaboration and Other Agreements

Incyte Corporation

Incyte License Agreement

In 2017, the Company entered into an exclusive global collaboration and license agreement with Incyte Corporation (Incyte) for retifanlimab (formerly known as MGA012 and INCMGA0012), an investigational monoclonal antibody that inhibits programmed cell death protein 1 (PD-1) (Incyte License Agreement). Incyte has obtained exclusive worldwide rights for the development and commercialization of retifanlimab in all indications, while the Company retains the right to develop its pipeline assets in combination with retifanlimab. Under the terms of the Incyte License Agreement, Incyte paid the Company an upfront payment of $150.0 million in 2017. In January 2021, Incyte announced that the FDA had accepted for Priority Review its Biologics License Application (BLA) for retifanlimab as a potential treatment for adult patients with locally advanced or metastatic squamous cell carcinoma of the anal canal. The PDUFA target action date for retifanlimab was July 25, 2021. On July 23, 2021, Incyte announced that the FDA had issued a Complete Response Letter (CRL) regarding its BLA for retifanlimab. Incyte's announcement indicated that the FDA determined that additional data are needed to demonstrate the clinical benefit of retifanlimab for the submitted indication, and that Incyte is reviewing the CRL and will discuss next steps with the FDA.

Under the terms of the Incyte License Agreement, Incyte will lead global development of retifanlimab. Assuming successful development and commercialization of retifanlimab by Incyte, the Company could receive up to approximately $420.0 million in development and regulatory milestones and up to $330.0 million in commercial milestones. From the inception of the Incyte License Agreement through June 30, 2021, the Company has recognized $70.0 million in development milestones under the Incyte License Agreement. If retifanlimab is approved and commercialized, the Company would be eligible to receive tiered royalties of 15% to 24% on any global net sales. The Company retains the right to develop its pipeline assets in combination with retifanlimab, with Incyte commercializing retifanlimab and the Company commercializing its asset(s), if any such potential combinations are approved. In addition, the Company retains the right to manufacture a portion of both companies' global commercial supply needs of retifanlimab, subject to the separate commercial supply agreement.

The Company evaluated the Incyte License Agreement under ASC 606 and identified the following two performance obligations under the agreement: (i) the license of retifanlimab and (ii) the performance of certain clinical activities through a brief technology transfer period. The Company determined that the license and clinical activities are separate performance obligations because they are capable of being distinct, and are distinct in the context of the contract. The license has standalone functionality as it is sublicensable, Incyte has significant capabilities in performing clinical trials, and Incyte is capable of performing these activities without the Company's involvement; the Company performed the activities during the transfer period as a matter of convenience. The Company determined that the transaction price of the Incyte License Agreement at inception was $154.0 million, consisting of the consideration to which the Company was entitled in exchange for the license and an estimate of the consideration for clinical activities to be performed. The transaction price was allocated to each performance obligation based on their relative standalone selling price. The standalone selling price of the license was determined using the adjusted market assessment approach considering similar collaboration and license agreements. The standalone selling price for the agreed-upon clinical activities to be performed was determined using the expected cost approach based on similar arrangements the Company has with other parties. The potential development and regulatory milestone payments are fully constrained until the Company concludes that achievement of the milestone is probable and that recognition of revenue related to the milestone will not result in a significant reversal in amounts recognized in future periods, and as such have been excluded from the transaction price. Any consideration related to sales-based milestones and royalties will be recognized when the related sales occur, as they were determined to relate predominantly to the license granted to Incyte and, therefore, have also been excluded from the transaction price. The Company re-assesses the transaction price in each reporting period and when events whose outcomes are resolved or other changes in circumstances occur. From 2018 through June 30, 2021, it became probable that a significant reversal of cumulative revenue would not occur for development milestones totaling $70.0 million related to clinical and regulatory activities related to the further advancement of retifanlimab, including Incyte's initiation of a Phase 3 clinical trial. Therefore the associated consideration was added to the estimated transaction price.

The Company recognized the $150.0 million allocated to the license when it satisfied its performance obligation and transferred the license to Incyte in 2017. The $4.0 million allocated to the clinical activities was recognized ratably as services were performed over a period spanning 2017 and 2018. During the three and six months ended June 30, 2021, it became

probable that a significant reversal of cumulative revenue would not occur for $5.0 million and $15.0 million in milestones related to development progress of retifanlimab, respectively, therefore the associated consideration was added to the estimated transaction price and was recognized as revenue. No revenue was recognized under the Incyte License Agreement during the three and six months ended June 30, 2020.

Incyte Clinical Supply Agreement

The Company also has an agreement with Incyte, which was entered into in 2018, under which the Company is to perform development and manufacturing services for Incyte's clinical needs of retifanlimab (Incyte Clinical Supply Agreement). The Company evaluated the agreement under ASC 606 and identified one performance obligation under the agreement: to perform services related to the development and manufacturing of the clinical supply of retifanlimab. The transaction price is based on the costs incurred to develop and manufacture drug product and drug substance, and is recognized over time as the services are provided, as the performance by the Company does not create an asset with an alternative use and the Company has an enforceable right to payment for the performance completed to date. The transaction price will be recognized using the input method reflecting the costs incurred (including resources consumed and labor hours expended) related to the manufacturing services. During the three months ended June 30, 2021 and 2020, the Company recognized revenue of $0.7 million and $1.5 million, respectively, for services performed under the Incyte Clinical Supply Agreement. During the six months ended June 30, 2021 and 2020, the Company recognized revenue of $0.8 million and $7.4 million, respectively, for services performed under the Incyte Clinical Supply Agreement.

Incyte Commercial Supply Agreement

In October 2020, the Company entered into an agreement with Incyte pursuant to which the Company is entitled to manufacture a portion of the global commercial supply needs for retifanlimab (Incyte Commercial Supply Agreement). Unless terminated earlier, the term of the Incyte Commercial Supply Agreement will expire upon the expiration of Incyte's obligation to pay royalties under the Incyte License Agreement. The Company evaluated this agreement under ASC 606 and identified one performance obligation under the agreement: to perform services related to manufacturing the commercial supply of retifanlimab. The transaction price is based on a fixed price per batch of bulk drug substance to be manufactured and is recognized over time as the services are provided, as the performance by the Company does not create an asset with an alternative use and the Company has an enforceable right to payment for the performance completed to date. The transaction price will be recognized using the input method reflecting the costs incurred (including resources consumed and labor hours expended) related to the manufacturing services. During the three and six months ended June 30, 2021, the Company recognized revenue of $2.8 million and $5.9 million, respectively, for services performed under the Incyte Commercial Supply Agreement.

Zai Lab Limited

2018 Zai Lab Agreement

In 2018, the Company entered into a collaboration and license agreement with Zai Lab Limited (Zai Lab) under which Zai Lab obtained regional development and commercialization rights in mainland China, Hong Kong, Macau and Taiwan (Zai Lab's territory) for (i) margetuximab, an immune-optimized anti-HER2 monoclonal antibody, (ii) tebotelimab (formerly known as MGD013), a bispecific DART molecule designed to provide coordinate blockade of PD-1 and LAG-3 for the potential treatment of a range of solid tumors and hematological malignancies, and (iii) an undisclosed multi-specific TRIDENT molecule in preclinical development (2018 Zai Lab Agreement). Zai Lab will lead clinical development of these molecules in its territory.

Under the terms of the 2018 Zai Lab Agreement, Zai Lab paid the Company an upfront payment of $25.0 million ($22.5 million after netting value-added tax withholdings of $2.5 million). Assuming successful development and commercialization of margetuximab, tebotelimab and the TRIDENT molecule, the Company could receive up to $140.0 million in development and regulatory milestones, $4.0 million of which ($3.6 million after netting value-added tax withholdings of $0.4 million) was earned during the three months ended March 31, 2020. In addition, Zai Lab would pay the Company tiered royalties at percentage rates of mid-teens to 20% for net sales of margetuximab in Zai Lab's territory, mid-teens for net sales of tebotelimab in Zai Lab's territory and 10% for net sales of the TRIDENT molecule in Zai Lab's territory, which may be subject to adjustment in specified circumstances.

The Company evaluated the 2018 Zai Lab Agreement under the provisions of ASC 606 and identified the following material promises under the arrangement for each of the two product candidates, margetuximab and tebotelimab: (i) an exclusive license to develop and commercialize the product candidate in Zai Lab's territory and (ii) certain research and development activities. The Company determined that each license and the related research and development activities were not distinct from one another, as the license has limited value without the performance of the research and development activities.

As such, the Company determined that these promises should be combined into a single performance obligation for each product candidate. Activities related to margetuximab and tebotelimab are separate performance obligations from each other because they are capable of being distinct, and are distinct in the context of the contract. The Company evaluated the promises related to the TRIDENT molecule and determined they were immaterial in context of the contract, therefore there is no performance obligation related to that molecule. The Company determined that the net $22.5 million upfront payment from Zai Lab constituted the entirety of the consideration to be included in the transaction price as of the outset of the arrangement, and the transaction price was allocated to the two performance obligations based on their relative standalone selling price. The standalone selling price of the performance obligations was determined using the adjusted market assessment approach considering similar collaboration and license agreements. The potential development and regulatory milestone payments are fully constrained until the Company concludes that achievement of the milestone is probable, and that recognition of revenue related to the milestone will not result in a significant reversal in amounts recognized in future periods, and as such have been excluded from the transaction price. Any consideration related to royalties will be recognized if and when the related sales occur, as they were determined to relate predominantly to the license granted to Zai Lab and, therefore, have also been excluded from the transaction price. The Company re-assesses the transaction price in each reporting period and when events whose outcomes are resolved or other changes in circumstances occur.

Due to the relatively short-term nature of the recognition period, the revenue associated with the tebotelimab performance obligation was recognized on a straight-line basis as the Company performed research and development activities under the agreement. The fixed consideration related to the margetuximab performance obligation was also recognized on a straight-line basis as the Company performed research and development activities under the agreement due to the short-term nature of the recognition period. Straight-line recognition is materially consistent with the pattern of performance of the research and development activities of each product candidate. The variable consideration related to the margetuximab performance obligation was recognized upon certain regulatory achievements during 2020. The Company recognized revenue of $3.6 million during the six months ended June 30, 2020 under the 2018 Zai Lab Agreement. There was no revenue deferred under this agreement as of June 30, 2021 or December 31, 2020.

Zai Lab Clinical Supply Agreements

During 2019, the Company entered into two agreements under which the Company is to perform manufacturing services for Zai Lab's clinical needs of margetuximab and tebotelimab (Zai Lab Clinical Supply Agreements). The Company evaluated the agreements under ASC 606 and determined that they should be accounted for as a single contract and identified two performance obligations within that contract: to perform services related to manufacturing the clinical supply of each of margetuximab and tebotelimab. The transaction price is based on the costs incurred to manufacture drug product and drug substance, and is recognized over time as the services are provided, as the performance by the Company does not create an asset with an alternative use and the Company has an enforceable right to payment for the performance completed to date. During the three months ended June 30, 2021 and 2020, the Company recognized revenue of $0.5 million and $0.3 million, respectively, related to the Zai Lab Clinical Supply Agreements. During the six months ended June 30, 2021 and 2020, the Company recognized revenue of $1.6 million and $1.3 million, respectively, related to the Zai Lab Clinical Supply Agreements.

2021 Zai Lab Agreement

In June 2021, the Company entered into a collaboration and license agreement with Zai Lab US LLC (collectively with Zai Lab Limited referred herein as Zai Lab) involving collaboration programs and license-only programs (collectively, the Programs) encompassing four separate immuno-oncology molecules (2021 Zai Lab Agreement). The first program covers a lead research molecule that incorporates the Company's DART platform and binds CD3 and an undisclosed target that is expressed in multiple solid tumors (Lead Program). The second program covers a target to be designated by the Company. For these programs, Zai Lab receives commercial rights in Greater China, Japan, and Korea while the Company receives commercial rights in all other territories. Under the Lead Program, Zai Lab received an option upon reaching a predefined clinical milestone to convert the regional arrangement into a global 50/50 profit share. If Zai Lab elects such option, Zai Lab is to pay the Company $85.0 million plus any research costs incurred by both parties as of the option election date. Zai Lab also obtained exclusive, global licenses from the Company to develop, manufacture and commercialize two additional molecules. Zai Lab granted the Company a worldwide, royalty-free, co-exclusive license to conduct the development activities allocated to the Company.

Under the terms of the 2021 Zai Lab Agreement, the Lead Program includes joint research and development services by both the Company and Zai Lab. For the other programs, Zai Lab can separately negotiate and agree with the Company to perform research and development services in the future.

In connection with the execution of the 2021 Zai Lab Agreement, Zai Lab will pay the Company an upfront payment of $25.0 million, which was received in July 2021. Additionally, as part of the consideration for the rights granted to Zai Lab

under the 2021 Zai Lab Agreement, the Company and Zai Lab entered into a separate stock purchase agreement (Stock Purchase Agreement) whereby Zai Lab agreed to pay the Company approximately $30.0 million to purchase shares of the Company's common stock, par value $0.01, at a fixed price of $31.30 (Offering) which represented a $10.4 million premium over the share price on the Stock Purchase Agreement date. The Offering closed in July 2021.

Assuming successful development and commercialization of the Programs, the Company could receive up to approximately $800.0 million in development and regulatory milestones and $600.0 million in commercial milestones. In addition, Zai Lab would pay the Company tiered royalties at percentage rates of low double digit teens on annual net sales of certain specified products and of mid-single digits to low double digit teens on annual net sales of other specified products in Zai Lab's territory, which may be subject to specified royalty reduction pursuant to the 2021 Zai Lab Agreement. Per the terms of the 2021 Zai Lab Agreement, the Company may also receive reimbursements from Zai Lab for certain research and development costs incurred by the Company.

The Company evaluated the 2021 Zai Lab Agreement under the provisions of ASC 606 and identified the following material promises: (i) exclusive licenses to develop, manufacture and commercialize the products in Zai Lab's territory for each Program and (ii) certain research and development activities for the Lead Program. The Company determined that for the Lead Program, the license is not distinct from the related research and development activities, considering the early stage of development of the molecule and the Company's significant expertise in this area and as such, the research and development services are expected to significantly modify and customize the license. Therefore, for the Lead Program, the license and the services were combined into a single performance obligation. Since the other programs each represent distinct intellectual property and there are no other services included in the 2021 Zai Lab Agreement related to these licenses, each license is considered to be a distinct performance obligation. As such, there are four performance obligations included in the 2021 Zai Lab Agreement.

The Company concluded that the estimated transaction price is $40.4 million, consisting of the $25.0 million upfront payment, the $10.4 million premium related to the purchase of the Company's common stock, and the estimated $5.0 million expected to be reimbursed by Zai Lab for research and development activities for the Lead Program. The potential milestone payments were deemed to be fully constrained until the Company concludes that achievement of the milestone is probable, and that recognition of revenue related to the milestone will not result in a significant reversal in amounts recognized in future periods, and as such have been excluded from the transaction price. Any consideration related to royalties will be recognized if and when the related sales occur, as they were determined to relate predominantly to the license granted to Zai Lab and, therefore, have also been excluded from the transaction price. The Company will re-assess the transaction price in each reporting period and when events whose outcomes are resolved or other changes in circumstances occur.

The transaction price of $40.4 million was then allocated to the four performance obligations based on their relative standalone selling price. The standalone selling price of the performance obligations was not directly observable; therefore, the Company estimated the standalone selling price using an adjusted market assessment approach, representing the amount that the Company believes the market is willing to pay for the product or service. The estimate was based on consideration of observable inputs, such as, values of other preclinical collaboration arrangements adjusted for the Company's estimate of the probability of success for each Program.

Revenue related to the Lead Program license and related research and development services performance obligation will be recognized over time as the research and development activities are performed. The Company will utilize a cost-based input method according to costs incurred to date compared to estimated total costs. The transfer of control occurs over this time period and, in management's judgment, is the best measure of progress towards satisfying the performance obligations. The Company recognized revenue allocated to the other programs at a point in time upon transfer of the licenses to Zai Lab in June 2021.

During the three and six months ended June 30, 2021, the Company recognized revenue of $14.4 million under the 2021 Zai Lab Agreement. The upfront payment of $25.0 million and the purchase price premium under the Stock Purchase Agreement of $10.4 million were recorded in Accounts receivable as of June 30, 2021 as the Company has an unconditional right to the payments under the 2021 Zai Lab Agreement and the Stock Purchase Agreement. As of June 30, 2021, there was $21.0 million in deferred revenue under the agreements, $13.2 million of which is current and $7.8 million of which is non-current.

Janssen Biotech, Inc.

In December 2020, the Company entered into a research collaboration and license agreement with Janssen Biotech, Inc. (Janssen) to develop a novel DART molecule (Janssen Agreement). The research collaboration will incorporate the Company's proprietary DART platform to enable simultaneous targeting of two undisclosed targets in a therapeutic area outside oncology. Under the terms of the Janssen Agreement, Janssen paid the Company an upfront payment of $20.0 million and will be responsible for funding all research and development expenses. The Company will also be eligible to receive up to $312.0 million in potential milestone payments and tiered royalties of up to 10% on worldwide product sales.

Subject to the terms of this agreement, the Company granted Janssen an exclusive, royalty-bearing license to develop, manufacture and commercialize the preclinical bispecific molecule and the Company will perform certain research and development activities during a specified research term. The Company evaluated the Janssen Agreement under the provisions of ASC 606 and identified the following material promises under the arrangement: (i) a license to develop the preclinical bispecific molecule and (ii) performing certain research and development activities during the research term. The Company determined that the license and research and development activities are separate performance obligations because they are capable of being distinct, and are distinct in the context of the contract. The license has standalone functionality as Janssen could benefit from the license on its own without the Company's involvement during the research term. The Company determined that the transaction price of the Janssen Agreement at inception was $22.2 million, consisting of the consideration to which the Company was entitled in exchange for the license and an estimate of the consideration for research and development activities to be performed. The transaction price was allocated to each performance obligation based on their relative standalone selling price. The standalone selling price of the license was determined using the adjusted market assessment approach considering similar collaboration and license agreements as well as current market conditions. The standalone selling price for agreed-upon research and development activities to be performed was determined using the expected cost approach based on similar arrangements the Company has with other parties. This variable consideration is fully constrained until the Company begins its work under the performance obligation. The potential milestone payments are fully constrained until the Company concludes that achievement of the milestone is probable and that recognition of revenue related to the milestone will not result in a significant reversal in amounts recognized in future periods, and as such have been excluded from the transaction price. Any consideration related to sales-based milestones and royalties will be recognized when the related sales occur, as they were determined to relate predominantly to the license granted to Janssen and, therefore, have also been excluded from the transaction price. The Company re-assesses the transaction price in each reporting period and when events whose outcomes are resolved or other changes in circumstances occur.

The Company recognized the $20.0 million allocated to the license when it satisfied its performance obligation and transferred the license to Janssen in December 2020. The $2.2 million allocated to the research and development activities is being recognized over the Company's involvement in the research term, which is estimated to be less than two years. During the three and six months ended June 30, 2021, the Company recognized revenue of $0.6 million and $0.9 million, respectively, for research and development activities performed under the Janssen Agreement.

I-Mab Biopharma

In 2019, the Company entered into a collaboration and license agreement with I-Mab Biopharma (I-Mab) to develop and commercialize enoblituzumab, an immune-optimized, anti-B7-H3 monoclonal antibody that incorporates the Company's proprietary Fc Optimization technology platform (I-Mab Agreement). I-Mab obtained regional development and commercialization rights in mainland China, Hong Kong, Macau and Taiwan (I-Mab's territory), will lead clinical development of enoblituzumab in its territories, and will participate in global studies conducted by the Company.

Under the terms of the I-Mab Agreement, I-Mab paid the Company an upfront payment of $15.0 million. Assuming successful development and commercialization of enoblituzumab, the Company could receive up to $135.0 million in development and regulatory milestones. In addition, I-Mab would pay the Company tiered royalties ranging from mid-teens to 20% on annual net sales in I-Mab's territory.

The Company evaluated the I-Mab Agreement under the provisions of ASC 606 and identified the following material promises under the arrangement: (i) an exclusive license to develop and commercialize enoblituzumab in I-Mab's territories, (ii) perform certain research and development activities and (iii) conduct a chronic toxicology study. The Company determined that the license and the related research and development activities were not distinct from one another, as the license has limited value without the performance of the research and development activities. As such, the Company determined that the license and related research and development activities should be combined into a single performance obligation. The Company determined that the $15.0 million upfront payment from I-Mab constituted the entirety of the consideration to be included in the transaction price as of the outset of the arrangement for the license and related research and development activities. The Company has also determined that the chronic toxicology study is distinct from the other promises and has estimated the variable consideration of that performance obligation to be approximately $1.0 million. I-Mab will pay the Company for the cost of this study as the costs are incurred and I-Mab will be entitled to a one-time credit of eighty percent of the total amount of

such costs against a future milestone, at which point the Company will reassess the transaction price for that milestone. The potential development and regulatory milestone payments are fully constrained until the Company concludes that achievement of the milestone is probable, and that recognition of revenue related to the milestone will not result in a significant reversal in amounts recognized in future periods, and as such have been excluded from the transaction price. Any consideration related to royalties will be recognized if and when the related sales occur, as they were determined to relate predominantly to the license granted to I-Mab and, therefore, have also been excluded from the transaction price. The Company re-assesses the transaction price in each reporting period and when events whose outcomes are resolved or other changes in circumstances occur.

Revenue under the I-Mab Agreement is being recognized using a cost-based input method according to costs incurred to date compared to estimated total costs. The transfer of control occurs over this time period and, in management's judgment, is the best measure of progress towards satisfying the performance obligations. During the three months ended June 30, 2021 and 2020, the Company recognized revenue of $1.7 million and $1.4 million, respectively, under the I-Mab Agreement. During the six months ended June 30, 2021 and 2020, the Company recognized revenue of $2.3 million and $2.5 million, respectively, under the I-Mab Agreement. At June 30, 2021, $9.0 million of revenue was deferred under this agreement, $3.4 million of which was current and $5.6 million of which was non-current. At December 31, 2020, $11.4 million of revenue was deferred under this agreement, $4.5 million of which was current and $6.9 million of which was non-current.

NIAID Contract

The Company entered into a contract with National Institute of Allergy and Infectious Diseases (NIAID), effective as of September 15, 2015, to perform product development and to advance up to two DART molecules, including MGD014 (NIAID Contract). Under the NIAID Contract, the Company will develop these product candidates for Phase 1/2 clinical trials as therapeutic agents, in combination with latency reversing treatments, to deplete cells infected with human immunodeficiency virus (HIV) infection. NIAID does not receive goods or services from the Company under this contract, therefore the Company does not consider NIAID to be a customer and concluded this contract is outside the scope of ASC 606.

The NIAID Contract includes a base period of up to $7.5 million to support development of MGD014 through Investigational New Drug application submission with the FDA, as well as up to $17.0 million in additional development funding via NIAID options. Should NIAID fully exercise such options, the Company could receive total payments of up to $24.5 million. The total potential period of performance under the award is from September 15, 2015 through December 31, 2024. In 2017, NIAID exercised the first option in the amount of up to $10.8 million to fund the commencement of the MGD014 clinical trial and development of the second DART molecule. During the three months ended June 30, 2021 and 2020, the Company recognized revenue under the NIAID Contract of $0.4 million and $4.6 million, respectively. During the six months ended June 30, 2021 and 2020, the Company recognized revenue under the NIAID Contract of $1.2 million and $5.3 million, respectively.

8. Stock-Based Compensation

Employee Stock Purchase Plan

In May 2017, the Company's stockholders approved the 2016 Employee Stock Purchase Plan (the 2016 ESPP). The 2016 ESPP is structured as a qualified employee stock purchase plan under Section 423 of the Internal Revenue Code of 1986, as amended (IRC), and is not subject to the provisions of the Employee Retirement Income Security Act of 1974. The Company reserved 800,000 shares of common stock for issuance under the 2016 ESPP. The 2016 ESPP allows eligible employees to purchase shares of the Company's common stock at a discount through payroll deductions of up to 10% of their eligible compensation, subject to any plan limitations. The 2016 ESPP provides for six-month offering periods ending on May 31 and November 30 of each year. At the end of each offering period, employees are able to purchase shares at 85% of the fair market value of the Company's common stock on the last day of the offering period. During the six months ended June 30, 2021, 12,305 shares of common stock were purchased under the 2016 ESPP.

Employee Stock Option Plans

Effective February 2003, the Company implemented the 2003 Equity Incentive Plan (2003 Plan), and it was amended and approved by the Company's stockholders in 2005. Stock options granted under the 2003 Plan may be either incentive stock options as defined by the IRC, or non-qualified stock options. In 2013, the 2003 Plan was terminated, and no further awards may be issued under the plan. Any shares of common stock subject to awards under the 2003 Plan that expire, terminate, or are otherwise surrendered, canceled, forfeited or repurchased without having been fully exercised, or resulting in any common stock being issued, will become available for issuance under the 2013 Stock Incentive Plan (2013 Plan), up to a specified number of shares. As of June 30, 2021, under the 2003 Plan, there were options to purchase an aggregate of 203,138 shares of common stock outstanding at a weighted average exercise price of $2.98 per share.

In October 2013, the Company implemented the 2013 Plan. The 2013 Plan provides for the grant of stock options and other stock-based awards, as well as cash-based performance awards. The number of shares of common stock reserved for issuance under the 2013 Plan will automatically increase on January 1 of each year from January 1, 2014 through and including January 1, 2023, by the lesser of (a) 1,960,168 shares, (b) 4.0% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year, or (c) the number of shares of common stock determined by the Company's Board of Directors. During the six months ended June 30, 2021, the maximum number of shares of common stock authorized to be issued by the Company under the 2013 Plan was increased to 13,856,781. If an option expires or terminates for any reason without having been fully exercised, if any shares of restricted stock are forfeited, or if any award terminates, expires or is settled without all or a portion of the shares of common stock covered by the award being issued, such shares are available for the grant of additional awards. However, any shares that are withheld (or delivered) to pay withholding taxes or to pay the exercise price of an option are not available for the grant of additional awards. As of June 30, 2021, there were options to purchase an aggregate of 8,407,760 shares of common stock outstanding at a weighted average exercise price of $21.92 per share under the 2013 Plan.

The following stock-based compensation expense was recognized for the periods indicated (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Research and development	$ 3,058	$ 2,589	$ 5,785	$ 5,023
Selling, general and administrative	3,012	2,506	5,571	4,564
Total stock-based compensation expense	$ 6,070	$ 5,095	$ 11,356	$ 9,587

The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model using the assumptions in the following table for options issued during the period indicated:

	Six Months Ended June 30,	
	2021	2020
Expected dividend yield	0%	0%
Expected volatility	86.2% -86.7%	67.3% - 108.8%
Risk-free interest rate	0.6% - 1.4%	0.5% - 1.8%
Expected term	6.25 years	6.25 years

The following table summarizes stock option activity during the six months ended June 30, 2021:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding, December 31, 2020	7,258,353	$ 21.48	6.8	
Granted	1,790,246	20.72		
Exercised	(250,175)	18.35		
Forfeited or expired	(187,526)	16.36		
Outstanding, June 30, 2021	8,610,898	21.48	7.0	$ 53,928
As of June 30, 2021:				
Exercisable	4,957,615	22.96	5.6	25,634
Vested and expected to vest	8,194,010	21.58	6.9	50,662

The weighted-average grant-date fair value of options granted during the six months ended June 30, 2021 and 2020 was $15.11 and $8.30, respectively. The total intrinsic value of options exercised during the six months ended June 30, 2021 and 2020 was approximately $1.8 million and $2.6 million, respectively. The total cash received for options exercised during the six months ended June 30, 2021 and 2020 was approximately $4.6 million and $2.4 million, respectively. The total fair value of shares vested in the six months ended June 30, 2021 and 2020 was approximately $8.1 million and $7.4 million, respectively. As of June 30, 2021, the total unrecognized compensation expense related to unvested stock options, net of related forfeiture estimates, was approximately $40.9 million, which the Company expects to recognize over a weighted-average period of approximately 2.7 years.

Restricted Stock Units

During 2019, the Company awarded restricted stock units (RSUs) under the 2013 Plan to all employees with at least six months of service as of the date of grant except executive officers. Each RSU entitles the holder to receive one share of the Company's common stock when the RSU vests. The RSUs vest in two equal installments on the first and second anniversary of the grant date. Compensation expense is recognized on a straight-line basis.

The following table summarizes RSU activity during the six months ended June 30, 2021:

	Shares	Weighted-Average Grant Date Fair Value
Outstanding, December 31, 2020	209,250	$ 15.92
Granted	10,500	29.17
Exercised	(7,500)	23.68
Forfeited or expired	(17,400)	15.32
Outstanding, June 30, 2021	194,850	16.39

At June 30, 2021, there was $0.8 million of total unrecognized compensation cost related to unvested RSUs, which the Company expects to recognize over a remaining weighted-average period of approximately 1.3 years.

9. Commitments and Contingencies

On September 13, 2019, a securities class action complaint was filed in the U.S. District Court for the District of Maryland by Todd Hill naming the Company, its Chief Executive Officer, Dr. Koenig, and its Chief Financial Officer, Mr. Karrels, as defendants for allegedly making false and materially misleading statements regarding the Company’s SOPHIA trial. On August 17, 2020, the Employees’ Retirement System of the City of Baton Rouge and Parish of East Baton Rouge was appointed as Lead Plaintiff, and on October 16, 2020, the Lead Plaintiff filed an amended complaint. The amended complaint asserts a putative class period stemming from February 6, 2019 to June 4, 2019. The Company filed a Motion to Dismiss on November 30, 2020. Plaintiff filed an Opposition brief on January 29, 2021, to which the Company filed a timely reply. The Company intends to vigorously defend against this action. However, the outcome of this legal proceeding is uncertain at this time and the Company cannot reasonably estimate a range of loss, if any. Accordingly, the Company has not accrued any liability associated with this action.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations is based upon our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q, which have been prepared by us in accordance with U.S. generally accepted accounting principles (GAAP), for interim periods and with Regulation S-X promulgated under the Securities Exchange Act of 1934, as amended. This discussion and analysis should be read in conjunction with these unaudited consolidated financial statements and the notes thereto as well as in conjunction with our audited consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2020.

Overview

We are a biopharmaceutical company focused on developing and commercializing innovative antibody-based therapeutics designed to modulate the human immune response for the treatment of cancer. In December 2020, the U.S. Food and Drug Administration (FDA) approved MARGENZA (margetuximab-cmkb), a human epidermal growth factor receptor 2 (HER2) receptor antagonist indicated, in combination with chemotherapy, for the treatment of adult patients with metastatic HER2-positive breast cancer who have received two or more prior anti-HER2 regimens, at least one of which was for metastatic disease. We launched MARGENZA in March 2021. In addition, we have a pipeline of product candidates in human clinical testing, including eight immuno-oncology programs, that have been created primarily using our proprietary, antibody-based technology platforms. We believe our product candidates have the potential to have a meaningful effect on treating patients' unmet medical needs as monotherapy or, in some cases, in combination with other therapeutic agents.

We commenced active operations in 2000, and have since devoted substantially all of our resources to staffing our company, developing our technology platforms, identifying potential product candidates, undertaking preclinical studies, conducting clinical trials, developing collaborations, business planning and raising capital. We have financed our operations primarily through the public and private offerings of our securities, collaborations with other biopharmaceutical companies, and government grants and contracts. Although it is difficult to predict our funding requirements, we anticipate that our cash, cash equivalents and marketable securities as of June 30, 2021, as well as consideration received from Zai Lab in July 2021, anticipated and potential collaboration payments and product revenues, should enable us to fund our operations through 2023, assuming our programs and collaborations advance as currently contemplated.

Through June 30, 2021, we had an accumulated deficit of $863.0 million. We expect that over the next several years this deficit will increase as we increase our expenditures in research and development in connection with our ongoing activities with several clinical trials, and incur costs related to commercial product sales.

COVID-19 Pandemic

The COVID-19 pandemic has negatively impacted the global economy, created significant financial market volatility, disrupted global supply chains, and resulted in a significant number of infections and deaths worldwide. In addition, several national, state and local governments have placed restrictions on people from gathering in groups or interacting within a certain physical distance.

To date, although there has been some negative impact on our business and operations, including, for example, slowed clinical trial enrollment, we have been able to mitigate against more severe impacts of the COVID-19 pandemic on our business and operations. However, the COVID-19 pandemic could have a more significant negative impact on our business in the future depending on the depth of the effects and the duration of the crisis. In response to the COVID-19 pandemic, we have been focused on keeping our employees safe, continuing patients on trials, and maintaining our manufacturing capabilities and research efforts. The COVID-19 pandemic and its variants are evolving and we continue to monitor our business very closely to try and mitigate any potential impacts. We expect the pandemic to continue to have some near-term impact on the initiation of new studies and on clinical trial enrollment. Significant delays in the timing of our clinical trials and in regulatory reviews could adversely affect our ability to commercialize the product candidates in our pipeline.

Notwithstanding the foregoing, we cannot precisely predict the impact that the COVID-19 pandemic will have in the future due to numerous uncertainties, including the severity, duration and resurgences of the disease and new variants, actions that may be taken by governmental authorities, the impact to the business of potential variations or disruptions in our supply chain, and other factors identified in Part II, Item 1A. “Risk Factors” in this Form 10-Q and "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2020. Given these uncertainties, the COVID-19 pandemic could disrupt the business of certain of our collaborators and impact our business operations and our ability to execute on our associated business strategies and initiatives, and adversely impact our consolidated results of operations and/or our financial

condition in the future. We will continue to closely monitor and evaluate the nature and extent of the impact of the COVID-19 pandemic to our business, consolidated results of operations, and financial condition.

Collaborations

We pursue a balanced approach between product candidates that we develop ourselves and those that we develop with our collaborators. Under our strategic collaborations to date, we have received significant non-dilutive funding and continue to have rights to additional funding upon completion of certain research, achievement of key product development milestones and royalties and other payments upon the commercial sale of products. Our current collaborations include the following:

- *Incyte*. In 2017, we entered into an exclusive global collaboration and license agreement with Incyte Corporation (Incyte) for retifanlimab (also known as INCMGA0012), an investigational monoclonal antibody that inhibits programmed cell death protein 1 (PD-1) (Incyte License Agreement). Incyte has obtained exclusive worldwide rights for the development and commercialization of retifanlimab in all indications, while we retain the right to develop our pipeline assets in combination with retifanlimab. Incyte paid us an upfront payment of $150.0 million under the terms of the agreement. In January 2021, Incyte announced that the FDA had accepted for Priority Review its Biologics License Application (BLA) for retifanlimab as a potential treatment for adult patients with locally advanced or metastatic squamous cell carcinoma of the anal canal. The PDUFA target action date for retifanlimab was July 25, 2021. On July 23, 2021, Incyte announced that the FDA had issued a Complete Response Letter (CRL) regarding its BLA for retifanlimab. Incyte's announcement indicated that the FDA determined that additional data are needed to demonstrate the clinical benefit of retifanlimab for the submitted indication, and that Incyte is reviewing the CRL and will discuss next steps with the FDA.

  Under the terms of the Incyte License Agreement, Incyte leads global development of retifanlimab. Assuming successful development and commercialization of retifanlimab by Incyte, we could receive total development and regulatory milestones of up to approximately $420.0 million and up to $330.0 million in commercial milestones. We received $70.0 million of the total development milestones through June 30, 2021. If retifanlimab is approved and commercialized, we would be eligible to receive tiered royalties of 15% to 24% on any global net sales and we have the option to co-promote retifanlimab with Incyte. We retain the right to develop our pipeline assets in combination with retifanlimab, with Incyte commercializing retifanlimab and us commercializing our asset(s), if any such potential combinations are approved. We also have an agreement with Incyte under which we are to perform development and manufacturing services for Incyte's clinical needs of retifanlimab (Incyte Clinical Supply Agreement) and another agreement under which we are entitled to manufacture a portion of Incyte's global commercial supply of retifanlimab (Incyte Commercial Supply Agreement).

- *Zai Lab*. In 2018, we entered into a collaboration and license agreement with Zai Lab Limited (Zai Lab) under which Zai Lab obtained regional development and commercialization rights in mainland China, Hong Kong, Macau and Taiwan (Zai Lab's territory) for (i) margetuximab, an immune-optimized anti-HER2 monoclonal antibody, (ii) tebotelimab (formerly known as MGD013), a bispecific DART molecule designed to provide coordinate blockade of PD-1 and LAG-3 for the potential treatment of a range of solid tumors and hematological malignancies, and (iii) an undisclosed multi-specific TRIDENT molecule in preclinical development (2018 Zai Lab Agreement). Zai Lab will lead clinical development in its territory.

  Under the terms of the agreement, Zai Lab paid us an upfront payment of $25.0 million less foreign withholding tax of $2.5 million. Assuming successful development and commercialization of margetuximab, tebotelimab and the TRIDENT molecule, we could receive up to $140.0 million in development and regulatory milestones, of which we have already received $4.0 million ($3.6 million net of foreign withholding tax). In addition, Zai Lab would pay us tiered royalties at percentage rates of mid-teens to 20% for net sales of margetuximab in Zai Lab's territory, mid-teens for net sales of tebotelimab in Zai Lab's territory and 10% for net sales of the TRIDENT molecule in Zai Lab's territory, which may be subject to adjustment in specified circumstances.

  In 2019, we entered into two agreements under which the Company is to perform manufacturing services for Zai Lab's clinical needs of margetuximab and tebotelimab (Zai Lab Clinical Supply Agreements).

  In June 2021, we entered into a collaboration and license agreement with Zai Lab US LLC (collectively with Zai Lab Limited referred herein as Zai Lab) involving collaboration programs and license-only programs (collectively, the Programs) encompassing four separate immuno-oncology molecules (2021 Zai Lab Agreement). The first program covers a lead research molecule that incorporates our DART platform and binds CD3 and an undisclosed target that is expressed in multiple solid tumors (Lead Program). The second program covers a target to be

designated by us. For these programs, Zai Lab receives commercial rights in Greater China, Japan, and Korea while we receive commercial rights in all other territories. Under the Lead Program, Zai Lab received an option upon reaching a predefined clinical milestone to convert the regional arrangement into a global 50/50 profit share. If Zai Lab elects such option, Zai Lab is to pay us $85.0 million plus any research costs incurred by both parties as of the option election date. Zai Lab also obtained exclusive, global licenses from us to develop, manufacture and commercialize two additional molecules (license-only programs). Zai Lab granted us a worldwide, royalty-free, co-exclusive license to conduct the development activities allocated to us.

Under the terms of the 2021 Zai Lab Agreement, the Lead Program includes joint research and development services by both us and Zai Lab. For the other programs, Zai Lab can separately negotiate and agree with us to perform research and development services in the future.

In connection with the execution of the 2021 Zai Lab Agreement, Zai Lab will pay us an upfront payment of $25.0 million, which was received in July 2021. Additionally, as part of the consideration for the rights granted to Zai Lab under the 2021 Zai Lab Agreement, we and Zai Lab entered into a separate stock purchase agreement (Stock Purchase Agreement) whereby Zai Lab agreed to pay us approximately $30.0 million to purchase 958,467 newly issued shares of our common stock, par value $0.01, at a fixed price of $31.30 (Offering) which represented a $10.4 million premium over the share price on the Stock Purchase Agreement date. The Offering closed in July 2021.

Assuming successful development and commercialization of the Programs under the 2021 Zai Lab Agreement, we could receive up to $1.4 billion in development, regulatory and commercial milestones. In addition, Zai Lab would pay us tiered royalties at percentage rates of low double digit teens on annual net sales of certain specified products and of mid-single digits to low double digit teens on annual net sales of other specified products in Zai's territory, subject to specified royalty reduction pursuant to the 2021 Zai Lab Agreement. Per the terms of the 2021 Zai Lab Agreement, we may also receive reimbursements from Zai Lab for certain research and development costs incurred by us.

- *I-Mab Biopharma.* In 2019, we entered into a collaboration and license agreement with I-Mab Biopharma (I-Mab) to develop and commercialize enoblituzumab, an immune-optimized, anti-B7-H3 monoclonal antibody that incorporates our proprietary Fc Optimization technology platform (I-Mab Agreement). I-Mab obtained regional development and commercialization rights in mainland China, Hong Kong, Macau and Taiwan (I-Mab's territory), will lead clinical development of enoblituzumab in its territories, and will participate in global studies conducted by us.

  Under the terms of the agreement, I-Mab paid us an upfront payment of $15.0 million. Assuming successful development and commercialization of enoblituzumab, we could receive up to $135.0 million in development and regulatory milestones. In addition, I-Mab would pay us tiered royalties ranging from mid-teens to 20% on annual net sales in its territories.

- *Janssen.* In December 2020, we entered into a research collaboration and global license agreement to develop a preclinical bispecific molecule with Janssen Biotech, Inc. (Janssen). The research collaboration will incorporate our proprietary DART platform to enable simultaneous targeting of two undisclosed targets in a therapeutic area outside oncology. Under the terms of the agreement, Janssen paid us an upfront payment of $20.0 million and will be responsible for funding all expenses. We will also be eligible to receive up to $312.0 million in potential milestone payments and tiered royalties of up to 10% on worldwide product sales.

Critical Accounting Policies and Significant Judgments and Estimates

Our critical accounting policies are those policies which require the most significant judgments and estimates in the preparation of our consolidated financial statements. Except as described below with respect to revenue recognition for product revenue and inventory, during the six months ended June 30, 2021, there have been no material changes with respect to our critical accounting policies disclosed in Part II, Item 7, of our Annual Report on Form 10-K for the year ended December 31, 2020.

Inventory

We outsource the manufacturing of MARGENZA. Prior to FDA approval of MARGENZA in December 2020, the cost of materials and expenses associated with the manufacturing of MARGENZA were recorded as research and development expense. Subsequent to regulatory approval, we began capitalizing MARGENZA inventory costs. We value our inventories at

the lower of cost and estimated net realizable value. We determine the cost of our inventories, which includes amounts related to materials and third-party contract manufacturing costs, on a first-in, first-out basis. We perform an assessment of the recoverability of capitalized inventory during each reporting period, and we write down any excess and obsolete inventories to their estimated realizable value in the period in which the impairment is first identified. Such write downs, should they occur, are recorded within the cost of sales in the statement of operations.

As of June 30, 2021, our inventory balance consisted primarily of raw materials purchased and work in progress manufactured after the FDA approval of MARGENZA.

Product Revenue, Net

We entered into a limited number of arrangements with specialty distributors in the United States to distribute MARGENZA. These arrangements are considered to be contracts with customers and are in the scope of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606). We have written contracts with each of our customers that have a single performance obligation - to deliver products upon receipt of a customer order - and these obligations are satisfied when delivery occurs and the customer receives the product. The specialty distributors subsequently resell our product to healthcare providers. Product revenue is recorded net of applicable reserves for variable consideration, including discounts and allowances. Shipping and handling costs for product shipments occur prior to the customer obtaining control of the goods and are recorded in cost of sales. For the three and six months ended June 30, 2021, the shipping costs incurred to ship the product were immaterial.

Reserves for Variable Consideration

Revenue from product sales is recorded at the net sales price, which includes estimates of variable consideration. Components of variable consideration typically include discounts, product returns, provider chargebacks and discounts and government rebates. Variable consideration is estimated following the expected value method in accordance with ASC 606 and includes such factors as current contractual and statutory requirements, specific known market events and trends, industry data, and forecasted customer buying and payment patterns. The amount of variable consideration that is included in the transaction price may be constrained and is included in the net sales price only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized under the contract will not occur in a future period. Estimates of the variable consideration were not deemed constrained during six months ended June 30, 2021.

Customer Discounts and Service Fees

We may provide customers with discounts which are explicitly stated in our contracts. These discounts are recorded as a reduction of revenue in the period the related product revenue is recognized. In addition, these contracts may include written service arrangements whereby the Company pays fees to customers who provide services such as sales order management, data, contract administration and distribution services, at rates which we believe to be consistent with fair market value. We have determined such services received to date are not distinct from the sale of products to our customers and, therefore, these payments have been recorded as a reduction of revenue within the statement of operations.

Product Returns

Consistent with industry practice, we offer the specialty distributors product return rights pursuant to written contracts and/or our returned goods policies. We estimate the amount of product sales that may be returned by our customers and record an estimated liability and a reduction of revenue in the period the related product revenue is recognized. We currently estimate product returns using industry benchmarking as well as other information available, such as visibility into the inventory remaining in the distribution channel, since we do not have our own returns experience. Our estimates of product returns may be adjusted in the future based on actual returns experience, known or expected changes in the marketplace, or other factors.

Provider Chargebacks and Discounts

Chargebacks for fees and discounts to healthcare providers represent the estimated obligations resulting from contractual commitments to sell products to qualified healthcare providers at prices lower than the list prices charged to our customers who directly purchase the product from us. In such cases, customers charge us for the difference between what they pay for the product and the ultimate selling price to the qualified healthcare providers. The reserve for chargebacks is established in the same period that the related revenue is recognized, resulting in a reduction of product revenue. Chargeback amounts are generally determined at the time of resale to the qualified healthcare provider by customers, and we generally issue credits for such amounts within a few weeks of the customer’s notification to us of the resale. Chargebacks consist of credits we expect to issue for units that remain in the distribution channel at each reporting period end that we expect will be sold to qualified healthcare providers and chargebacks that customers have claimed, but for which we have not yet issued a credit.

Government Rebates

We are subject to discount and/or rebate obligations under state Medicaid programs, Medicare and contractual agreements with and statutory obligations to certain Federal and State entities. These reserves are recorded in the same period the related revenue is recognized, resulting in a reduction of product revenue. Our liability for these rebates consists of invoices received for claims from prior quarters that have not been paid or for which an invoice has not yet been received, estimates of claims for the current quarter, and estimates of future claims that will be made for product that has been recognized as revenue, but which remains in the distribution channel at the end of each reporting period.

Customer discounts are recorded as reductions of accounts receivable on the consolidated balance sheets. Allowance for product returns, provider chargebacks, government and other rebates and service fees are recorded as a component of accrued expenses and other current liabilities on the consolidated balance sheets.

Cost of product sales

Cost of product sales relates to sales of MARGENZA. These costs include material, manufacturing and shipping costs, as well as royalties payable on net sales of MARGENZA. All product costs incurred prior to FDA approval of MARGENZA in December 2020 were expensed as research and development expense. We expect cost of product sales to continue to be positively impacted as we sell through inventory that was expensed prior to FDA approval of MARGENZA in December 2020. We are currently unable to estimate how long it will be until we begin selling product manufactured post FDA approval.

Results of Operations

Revenue

The following represents a comparison of our revenue for the three and six months ended June 30, 2021 and 2020:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021	2020	Change	%	2021	2020	Change	%
	(dollars in millions)				(dollars in millions)			
Revenue from collaborative and other agreements	$ 27.2	$ 15.7	$ 11.5	73 %	$ 42.4	$ 28.6	$ 13.8	48 %
Product revenue, net	3.2	—	3.2	N/A	4.1	—	4.1	N/A
Revenue from government agreements	0.4	4.6	(4.2)	(91) %	1.2	5.3	(4.1)	(77) %
Total revenue	**$ 30.8**	**$ 20.3**	**$ 10.5**	**52 %**	**$ 47.7**	**$ 33.9**	**$ 13.8**	**41 %**

The increase in revenue of $10.5 million for the three months ended June 30, 2021 compared to the three months ended June 30, 2020 was primarily due to:

- recognition of a $5.0 million development milestone from Incyte related to retifanlimab;
- recognition of $14.4 million in revenue from the 2021 Zai Agreement executed in June 2021;
- $2.8 million recognized under the Incyte Commercial Supply Agreement which was executed in late 2020; and
- $3.2 million in net product revenue from sales of MARGENZA which was approved by the FDA in December 2020.

These increases were partially offset by:

- recognition during the three months ended June 30, 2020 of a $12.0 million payment from Boehringer Ingelheim International GmbH for retention of rights to two DART molecules; and
- a decrease of $4.2 million in revenue recognized under the National Institute of Allergy and Infectious Diseases (NIAID) contract due to decreased development costs related to the second DART molecule.

The increase in revenue of $13.8 million for the six months ended June 30, 2021 compared to the six months ended June 30, 2020 was primarily due to:

- recognition of $15.0 million in development milestones from Incyte related to retifanlimab;
- recognition of $14.4 million in revenue from the 2021 Zai Agreement executed in June 2021;

- $6.0 million recognized under the Incyte Commercial Supply Agreement which was executed in late 2020; and
- $4.1 million in net product revenue from sales of MARGENZA which was approved by the FDA in December 2020.

These increases were partially offset by:

- recognition during the six months ended June 30, 2020 of a $12.0 million payment from Boehringer Ingelheim International GmbH for retention of rights to two DART molecules;
- a decrease of approximately $6.6 million in revenue recognized under the Incyte Clinical Supply Agreement due to decreased development activity;
- a decrease of $4.1 million in revenue recognized under the NIAID contract due to decreased development costs related to the second DART molecule; and
- a decrease of $3.6 million in revenue recognized under the 2018 Zai Lab Agreement due to a milestone being recognized in the first quarter of 2020.

Cost of Product Sales

Cost of product sales for the three and six months ended June 30, 2021 consisted primarily of product royalty fees. Product sold during the three and six months ended June 30, 2021 consisted of drug product that was previously charged to research and development expense prior to FDA approval of MARGENZA. This minimal cost drug product had a positive impact on our cost of product sales and related product gross margins for the three and six months ended June 30, 2021. No similar cost of product sales was recognized during the three and six months ended June 30, 2020.

Research and Development Expense

The following represents a comparison of our research and development expense for the three and six months ended June 30, 2021 and 2020:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021	2020	Change	%	2021	2020	Change	%
	(dollars in millions)				(dollars in millions)			
Margetuximab	$ 10.0	$ 14.1	(4.1)	(29) %	$ 22.1	$ 26.1	(4.0)	(15) %
MGC018	10.0	4.6	5.4	117 %	14.7	6.7	8.0	119 %
Flotetuzumab	8.3	7.4	0.9	12 %	17.7	11.8	5.9	50 %
Tebotelimab	5.4	8.7	(3.3)	(38) %	10.7	13.5	(2.8)	(21) %
Retifanlimab	4.9	3.1	1.8	58 %	8.8	15.2	(6.4)	(42) %
Enoblituzumab	4.1	5.4	(1.3)	(24) %	8.2	9.2	(1.0)	(11) %
MGD019	2.7	2.1	0.6	29 %	5.8	3.7	2.1	57 %
DART molecules under HIV government contract	1.3	3.5	(2.2)	(63) %	2.8	4.8	(2.0)	(42) %
IMGC936	1.1	1.1	—	— %	2.1	2.3	(0.2)	(9) %
MGD024	1.6	1.0	0.6	60 %	2.5	1.5	1.0	67 %
Other programs (a)	6.4	6.4	—	— %	13.5	11.4	2.1	18 %
Total research and development expense	**$ 55.8**	**$ 57.4**	**$ (1.6)**	**(3) %**	**$ 108.9**	**$ 106.2**	**$ 2.7**	**3 %**

(a) Includes research and discovery projects, as well as early preclinical and terminated molecules.

Our research and development expense for the three months ended June 30, 2021 decreased by $1.6 million compared to the three months ended June 30, 2020 primarily due to:

- decreased clinical trial and Biologics License Application support costs for margetuximab;
- decreased development and manufacturing costs related to tebotelimab;
- decreased development and manufacturing costs related to our HIV government contract; and
- decreased clinical trial enrollment costs related to enoblituzumab.

These decreases were partially offset by:

- increased development, manufacturing and clinical trial costs related to MGC018; and
- increased development and manufacturing costs related to retifanlimab due to timing of manufacturing activities for Incyte under the Incyte supply agreements.

Our research and development expense for the six months ended June 30, 2021 increased by $2.7 million compared to the six months ended June 30, 2020 primarily due to:

- increased MGC018 development, manufacturing and clinical trial costs related to our Phase 1 dose expansion study;
- increased flotetuzumab development and clinical trial costs related to our Phase 1/2 dose expansion study; and
- increased clinical trial costs related to our MGD019 Phase 1 dose expansion study.

These increases were partially offset by:

- decreased development and manufacturing costs related to retifanlimab due to timing of manufacturing activities for Incyte under the Incyte supply agreements;
- decreased clinical trial and Biologics License Application support costs for margetuximab;
- decreased development and manufacturing costs related to tebotelimab; and
- decreased development and manufacturing costs related to our HIV government contract.

We expect our research and development expense will continue to increase as we progress our pipeline of product candidates.

Selling, General and Administrative Expense

Selling, general and administrative expenses increased by $5.0 million for the three months ended June 30, 2021 compared to the three months ended June 30, 2020, and by $9.8 million for the six months ended June 30, 2021 compared to the six months ended June 30, 2020, primarily due to costs related to the launch of MARGENZA in 2021. We expect our selling, general and administrative expense to continue to increase as we continue to launch MARGENZA.

Other Income

The decrease in other income for the three and six months ended June 30, 2021 compared to the three and six months ended June 30, 2020 is primarily due to decreased investment income.

Liquidity and Capital Resources

Our multiple product candidates currently under development will require significant additional research and development efforts that include extensive preclinical studies and clinical testing, and regulatory approval prior to commercial use.

As a biotechnology company, we have primarily funded our operations with proceeds from the sale of our common stock in equity offerings, revenue from our multiple collaboration agreements, and contracts and grants from NIAID. Management regularly reviews our available liquidity relative to our operating budget and forecast to monitor the sufficiency of our working capital, and anticipates continuing to draw upon available sources of capital, including equity and debt instruments, to support our product development activities. There can be no assurances that new sources of capital will be available to us on

commercially acceptable terms, if at all. Also, any future collaborations, strategic alliances and marketing, distribution or licensing arrangements may require us to give up some or all rights to a product or technology at less than its full potential value. If we are unable to enter into new arrangements or to perform under current or future agreements or obtain additional capital, we will assess our capital resources and may be required to delay, reduce the scope of, or eliminate one or more of our product research and development programs or clinical studies, and/or downsize our organization. Although it is difficult to predict our funding requirements, we anticipate that our cash, cash equivalents and marketable securities as of June 30, 2021, plus consideration received from Zai Lab in July 2021, as well as anticipated and potential collaboration payments, and product revenues should enable us to fund our operations through 2023, assuming our programs and collaborations advance as currently contemplated.

Similar to the other risk factors pertinent to our business, the COVID-19 pandemic might unfavorably impact our ability to generate such additional funding. Given the uncertainty in the rapidly changing market and economic conditions related to the COVID-19 pandemic and its variants, we will continue to evaluate the nature and extent of the impact of the pandemic on our business and financial position.

Cash Flows

The following table represents a summary of our cash flows for the six months ended June 30, 2021 and 2020:

	Six Months Ended June 30,	
	2021	**2020**
	(dollars in millions)	
Net cash provided by (used in):		
Operating activities	$ (74.7)	$ (80.7)
Investing activities	(20.4)	51.6
Financing activities	103.0	99.2
Net change in cash and cash equivalents	**$ 7.9**	**$ 70.1**

Operating Activities

Net cash used in operating activities reflects, among other things, the amounts used to advance our clinical trials and preclinical activities. The principal use of cash in operating activities for all periods presented was primarily the result of our net loss, adjusted for non-cash items. The six months ended June 30, 2021 benefited from the $15.0 million milestone payment from Incyte and the six months ended June 30, 2020 benefited from the $3.6 million development milestone from Zai Lab.

Investing Activities

Net cash used in investing activities during the six months ended June 30, 2021 is primarily due to purchases of marketable securities, partially offset by maturities of marketable securities. Net cash provided by investing activities during the six months ended June 30, 2020 is primarily due to maturities of marketable securities, partially offset by purchases of marketable securities.

Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2021 reflects net cash proceeds from our securities offerings of approximately $98.2 million.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, as defined under the rules and regulations of the Securities and Exchange Commission (SEC).

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary objective when considering our investment activities is to preserve capital in order to fund our operations. We also seek to maximize income from our investments without assuming significant risk. Our current investment policy is to invest principally in deposits and securities issued by the U.S. government and its agencies, Government Sponsored Enterprise agency debt obligations, corporate debt obligations and money market instruments. As of June 30, 2021, we had cash, cash equivalents and marketable securities of $297.3 million. Our primary exposure to market risk is related to changes in interest rates. Due to the short-term maturities of our cash equivalents and marketable securities and the low risk profile of our marketable securities, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our cash equivalents and marketable securities. We have the ability to hold our marketable securities until maturity, and we therefore do not expect a change in market interest rates to affect our operating results or cash flows to any significant degree.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, including our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2021. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed in our periodic reports filed with the SEC (such as this Quarterly Report on Form 10-Q) has been appropriately recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. Based on their evaluation of our disclosure controls and procedures as of June 30, 2021, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are effective at the reasonable assurance level.

Changes in Internal Control

There were no changes in our internal control over financial reporting during the three months ended June 30, 2021 that materially affected, or are reasonably likely to materially effect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary course of business, we are or may be involved in various legal or regulatory proceedings, claims or class actions related to alleged patent infringements and other intellectual property rights, or alleged violation of commercial, corporate, securities, labor and employment, and other matters incidental to our business. We do not currently, however, expect such legal proceedings to have a material adverse effect on our business, financial condition or results of operations. However, depending on the nature and timing of a given dispute, an eventual unfavorable resolution could materially affect our current or future results of operations or cash flows.

See note 9, Commitments and Contingencies, to the consolidated financial statements of this Quarterly Report on Form 10-Q for more information.

Item 1A. Risk Factors

There have been no material changes in the risk factors described in “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2020.

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

On June 15, 2021, we entered into a stock purchase agreement in which we agreed to issue and sell to Zai Lab an aggregate of 958,467 newly issued shares of our common stock (Shares), with a per share purchase price of $31.30 for aggregate gross proceeds of approximately $30.0 million. We completed the private placement on July 1, 2021. Our offering and sale of the Shares were made in reliance on an exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended. For more information, please refer to Part I, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operation - Collaborations - Zai Lab" in this Quarterly Report on Form 10-Q.

Item 6. Exhibits

10.1†	Collaboration and License Agreement by and between the Company and Zai Lab US LLC, dated June 15, 2021
10.2	Stock Purchase Agreement by and between the Company and Zai Lab Limited, dated June 14, 2021
31.1	Rule 13a-14(a) Certification of Principal Executive Officer
31.2	Rule 13a-14(a) Certification of Principal Financial Officer
32.1	Section 1350 Certification of Principal Executive Officer
32.2	Section 1350 Certification of Principal Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Labels Linkbase Document
101.PRE	XBRL Presentation Linkbase Document
104	Cover Page Interactive Data (formatted as Inline XBRL and contained in Exhibit 101 filed herewith)

† Portions of this exhibit (indicated by asterisks) have been omitted.

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.

MACROGENICS, INC.

BY: /s/ Scott Koenig
Scott Koenig, M.D., Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

BY: /s/ James Karrels
James Karrels
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated: July 29, 2021

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

COLLABORATION AND LICENSE AGREEMENT

This Collaboration and License Agreement ("**Agreement**"), effective as of June 15, 2021 (the "**Effective Date**"), is entered into by and between MacroGenics, Inc., a Delaware corporation with a place of business at 9704 Medical Center Drive, Rockville, MD 20850 ("**MacroGenics**"), and Zai Lab US LLC, a limited liability company organized under the laws of the State of Delaware, the United States, with a place of business at 1440 O'Brien Drive, Suite C, Menlo Park, CA 94025 ("**Zai**"). MacroGenics and Zai may be referred to herein individually as a "**Party**" or collectively as the "**Parties**".

RECITALS

WHEREAS, MacroGenics has expertise in, and platforms for, the discovery and development of products for the treatment of patients with cancer, inflammatory and infectious diseases;

WHEREAS, Zai has expertise in the research, development and commercialization of pharmaceutical products;

WHEREAS, Zai and MacroGenics desire to enter into a collaboration for the development of certain bi-specific antibodies based on MacroGenics' proprietary DART® and TRIDENT® platforms, and if approved for commercialization, the commercialization of such bi-specific antibodies in the Territory (as defined below), pursuant to the terms and conditions set forth in this Agreement;

WHEREAS, MacroGenics desires to grant to Zai, and Zai desires to receive, an exclusive license to research, develop, manufacture and commercialize bi-specific antibodies based on MacroGenics' proprietary DART® and TRIDENT® platforms in the Field in the Territory, pursuant to the terms and conditions set forth in this Agreement; and

WHEREAS, MacroGenics desires to grant to Zai, and Zai desires to receive, an option to convert a royalty arrangement into a profit and loss sharing arranging with respect to certain bi-specific antibody- based product(s) on a worldwide basis, pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants herein contained, the Parties hereby agree as follows:

AGREEMENT

1. **DEFINITIONS**. Unless specifically set forth to the contrary herein, the following capitalized terms, whether used in the singular or plural, shall have the respective meanings set forth below:

1.1. "[***] **Molecule**" means a therapeutic bi-specific molecule which binds to [***] and CD3 and is generated from MacroGenics' proprietary DART or TRIDENT platforms.

1.2. "[***]**Opt-In Territory**" means the (a) [***]Territory; (b) the countries, regions and territories of [***]; and (c) Europe.

1.3. "[***]**Profit Share Option Payment**" means (a) eighty-five million US Dollars ($85,000,000) *plus* (b) an amount equal to the total [***] Research Costs incurred by both Parties pursuant to Section 4.2(c)(i) as of the Opt-In date.

1.4. "[***]**Product**" means a product that incorporates a [***] Molecule as an active ingredient.

1.5. "[***] **Profit Share Option**" has the meaning set forth in Section 5.1(e).

1.6. "[***] **Research Costs**" has the meaning set forth in Section 4.2(c)(i).

1.7. "[***] **Territory**" means Greater China, Japan and Korea.

1.8. "[***] **Program**" means the program of activities conducted by the Parties under this Agreement for the Development and Commercialization of the [***] Molecules and [***] Products.

1.9. "**Accounting Standards**" means (a) with respect to MacroGenics, U.S. generally accepted accounting principles ("**GAAP**"), as consistently applied, and (b) with respect to Zai, International Financial Reporting Standards ("**IFRS**"), as consistently applied.

1.10. "**Acting Improperly**" has the meaning set forth in Section 7.3(b)(i).

1.11. "**Adverse Event**" means any adverse medical occurrence in a patient or clinical investigation subject to whom a Licensed Molecule or Product is administered and which could but does not necessarily have a causal relationship with such Licensed Molecule or Product, including any unfavorable and unintended sign (including an abnormal laboratory finding, for example), symptom, or disease temporally associated with the administration of such Licensed Molecule or Product, whether or not considered related to such administration.

1.12. "**Affiliate**" means with respect to any Party, any person or entity controlling, controlled by or under common control with such Party. For purposes of this Section 1.12, "control" means (a) in the case of a corporate entity, direct or indirect ownership of at least fifty percent (50%) or more of the stock or shares having the right to vote for the election of directors of such corporate entity and (b) in the case of an entity that is not a corporate entity, the possession, directly or indirectly, of the power to direct, or cause the direction of, the management or policies of such entity, whether through the ownership of voting securities, by contract or otherwise.

1.13. "**Anti-Corruption Laws**" means the U.S. Foreign Corrupt Practices Act, as amended, the UK Bribery Act 2010, as amended, and any other applicable anti-corruption laws and laws for the prevention of fraud, racketeering, money laundering or terrorism.

1.14. "[***]" means [***].

1.15. "**Applicable Laws and Regulations**" means all international, national, federal, state, regional, provincial, municipal and local government laws, rules, and regulations that apply to either Party or to the conduct of any Development, Manufacturing or Commercialization activities under this Agreement including cGMP, GCP, GBPS, and the laws, rules and regulations of the ICH, the United States and any country or Region in the applicable Territory, each as may be then in effect, as applicable and amended from time to time.

1.16. "**Available**" shall mean, with respect to a Target selected by a Party in a written notice pursuant to Section 4.1(a) or Section 4.1(b), [***].

1.17. "**Biosimilar Product**" means, with respect to a Product sold in a country or Region, a product that: (a) is marketed by a Third Party that has not obtained the rights to such product as a Sublicensee or distributor of, or through any other contractual relationship with, either Party or any of its Affiliates or Sublicensees; and (b)(i) contains the same or similar amino acid sequence as the applicable Product, or (ii) has been granted Regulatory Approval as a biosimilar or interchangeable biological product by the applicable Regulatory Authority according to a biosimilar regulatory pathway that is materially equivalent to that of Section 351(k) of the US Public Health Service Act (42 U.S.C. § 262(k)), as may be amended, or any subsequent or superseding law, statute or regulation.

1.18. "**BLA**" means a Biologics License Application or New Drug Application ("**NDA**") filed with the FDA for marketing approval of a Product or any successor applications or procedures, and all supplements and amendments that may be filed with respect to the foregoing, or similar filings with applicable Regulatory Authorities (including the NMPA), for approval to commercially market, import and sell a Product. The term BLA shall exclude pricing and reimbursement approvals.

1.19. "**Business Day**" means a day on which banking institutions in Washington, DC, USA, Boston, MA, USA, Hong Kong, and Shanghai, PRC are open for business, excluding any Saturday or Sunday.

1.20. "**Calendar Quarter**" means the respective periods of three (3) consecutive calendar months ending on March 31, June 30, September 30 and December 31.

1.21. "**Calendar Year**" means the respective periods of twelve (12) months commencing on January 1 and ending on December 31.

1.22. "**cGMP**" means current Good Manufacturing Practices as set forth in the FDCA and the Public Health Service Act (the "**PHS Act**"), and in regulations at 21 C.F.R. Parts 210, 211 and 600, as in effect at the time when any Product is being manufactured for clinical development or commercial use, when any Product is being sold or when any clinical trial regarding a Product is being conducted, provided, and to the extent applicable to such clinical trial, as such regulations are interpreted and enforced by the FDA, including as set forth in applicable guidance documents issued by the FDA, and in accordance with applicable, generally accepted industry standards, and the equivalent legal requirements in other applicable jurisdictions, all as the same may be amended from time to time.

1.23. "[***]" means a therapeutic bi-specific molecule which (a) binds to CD3 and [***]; (b) is generated from MacroGenics' proprietary DART or TRIDENT platform; and (c)[***].

1.24. "[***]" means a product that incorporates a [***] as an active ingredient.

1.25. "[***]" means the program of activities conducted by the Parties under this Agreement for the Development, Manufacture and Commercialization of the [***] and [***] .

1.26. "**Clinical Data**" means all data generated or arising from the conduct of a Clinical Trial under this Agreement.

1.27. "**Clinical Trial**" means a Phase I Clinical Trial, Phase II Clinical Trial, Phase III Clinical Trial, Phase IV Clinical Trial or Registration Trial, as applicable.

1.28. "**CMC**" means Chemistry Manufacturing and Controls.

1.29. "**CMO**" means a contract manufacturing organization.

1.30. "**Co-Commercialization Plan**" means a written Commercialization plan intended to support Commercialization of [***] Molecules and [***] Products after the Opt-In in the Field worldwide, as may be updated and amended periodically in form and substance approved by the JSC in accordance with Section 7.1(c).

1.31. "**Co-Development Plan**" means a written Development plan intended to support Development and Regulatory Approval of [***] Molecules and [***] Products after the Opt-In in the Field worldwide, as may be updated and amended periodically in form and substance approved by the JSC in accordance with Section 5.1(a)(ii).

1.32. "**Collaboration Molecule**" means each of the [***] Molecule and the MGNX Option Molecule.

1.33. "**Collaboration Product**" means each of the [***] Product and the MGNX Option Product.

1.34. "**Collaboration Program**" means each program of activities conducted by the Parties under this Agreement for the Development and Commercialization of the Collaboration Molecules and Collaboration Products.

1.35. "**Collaboration Territory**" means (a) with respect to the [***] Molecule and the [***] Product before the Opt-In, the [***] Territory, (b) with respect to the [***] Molecule and the [***] Product after the Opt-In, the [***] Opt-In Territory, and (b) with respect to the MGNX Option Molecule and MGNX Option Product, the MGNX Option Territory.

1.36. "**Combination Product**" mean (a) any single product comprising both (i) a Licensed Molecule and (ii) one or more other therapies or pharmaceutically active compounds or substances that is not a Licensed Molecule; (b) any sale of a Product with one or more other therapies or products for a single invoice price; or (c) any sale of a Product as part of a bundle with one or more other therapies, products or services (i.e., where a Product and such other therapies, products or services are sold for a single invoice price or where a discount, rebate or other amount that reduces the price of a Product is provided in exchange for, or otherwise conditioned upon, the purchase of such other therapies, products or services), to the extent not described in clause (a) or (b). The Licensed Molecule portion of any Combination Product shall be deemed the "**Licensed Component**" and the other portion of such Combination Product shall be deemed the "**Other Component**", and each Combination Product shall be deemed a Product hereunder.

1.37. "**Commercialization**" or "**Commercialize**" means activities taken before and after obtaining Regulatory Approval relating specifically to the pre-launch, launch, promotion, marketing, sales force recruitment, sale, offering for sale, and distribution of a pharmaceutical product and post-launch medical activities, including: (a) distribution, storage, transportation, importation and exportation; (b) strategic marketing, sales force, detailing, advertising, and market and product support; (c) medical education and liaison and any Phase IV Clinical Trials unless required as a condition for approval, to the extent permitted by this Agreement; (d) all customer support and product distribution, invoicing and sales activities; and (e) all post-approval regulatory activities, including those necessary to maintain Regulatory Approvals. For clarity, "**Commercialization**" or "**Commercialize**" does not include any related Manufacturing activities.

1.38. "**Commercially Reasonable Efforts**" means, with respect to the efforts to be expended by a Party with respect to any objective under this Agreement, reasonable, good faith efforts to accomplish such objective as such Party would normally use to accomplish a similar objective of such Party under similar circumstances, it being understood and agreed that with respect to the Commercialization of Licensed Molecule and Products, such efforts shall be similar to those efforts and resources commonly used by a pharmaceutical or biopharmaceutical company, as applicable, of comparable size and resources to such Party in the applicable country or Region for a similar biological or pharmaceutical product owned by it or to which it has exclusive-rights, which product is at a similar stage in its development or product life and is of similar market potential taking into account efficacy, safety, other medical and clinical considerations, anticipated or approved labeling, the competitiveness of alternative products in the marketplace, market exclusivity, market potential, financial return, the patent and other proprietary position of the product, and the likelihood of Regulatory Approval given the regulatory structure involved, regulatory environments and other technical, legal, scientific, medical or commercial factors that such a company would reasonably deem to be relevant.

1.39. "**Confidential Information**" means any and all non-public scientific, pre-clinical, clinical, regulatory, manufacturing, marketing, financial and commercial information and data, in any tangible or intangible form.

1.40. "**Control**", "**Controls**" or "**Controlled by**" means, with respect to any item of or right under Patents or Know-How, the extent of the ability of a Party (whether through ownership or license, other than pursuant to this Agreement) to grant access to, or a license or sublicense of, such item or right as provided for herein without violating the terms of any agreement or other arrangement with any Third Party or creating a payment obligation upon such Party, unless the other Party agrees to bear the applicable Triggered Third Party Payment pursuant to Section 3.8 or otherwise.

1.41. "**Cover**" means, with respect to a product, technology, process or method, that, in the absence of possession of the right (by ownership, license or otherwise) under a Valid Claim, the practice or exploitation of such product, technology, process or method would infringe such Valid Claim (or, in the case of a Valid Claim that has not yet issued, would infringe such Valid Claim if it were to issue).

1.42. "**CRO**" means a clinical research organization.

1.43. "**Data Exclusivity Period**" means the period, if any, during which the applicable Regulatory Authority (including the FDA and the NMPA) prohibits reference, without the consent of the owner of a BLA, to the clinical and other data that is contained in such BLA and that is not published or publicly available outside of such BLA.

1.44. "**Deadlock**" has the meaning set forth in Section 2.2(c).

1.45. "**Depot Subcontractor**" means any subcontractor engaged by Zai to store, distribute, handle or otherwise possess Licensed Molecule or Product that was provided by MacroGenics to supply a Clinical Trial.

1.46. "**Develop**", "**Development**" or "**Developing**" means research, discovery, and preclinical and clinical drug or biological development activities, including toxicology, formulation, statistical analysis, preclinical and Clinical Trials (but excluding Phase IV Clinical Trials unless required as a condition for Regulatory Approval) and regulatory affairs, approval and registration, in each case, of a Licensed Molecule or a Product in the Field. For clarity, "**Develop**", "**Development**" or "**Developing**" does not include any related Manufacturing activities.

1.47. "**Development Costs**" means all costs incurred in connection with any Development activities, including (a) site investigator fees and monitoring costs, (b) contract research organization and site management organization fees, (c) data management costs, (d) safety surveillance and reporting costs
(e) patient costs, (f) drug comparator and standard-of-care drug costs, (g) drug administration costs, (h) development, validation, and procurement costs related to any companion diagnostic product, and (i) central and local lab costs.

1.48. "**Development Plan Activities**" has the meaning set forth in Section 5.1(c)(i).

1.49. "**Dispute**" means any dispute, claim, or controversy (other than matters that are within the decision-making authority of a Party pursuant to Section 2.2(c), or are expressly stated herein to require the consent of both Parties) arising from or related to this Agreement or to the interpretation, application, breach, termination, or validity of this Agreement, including any claim of inducement of this Agreement by fraud or otherwise.

1.50. "**EMA**" means the European Medicines Agency, or any successor agency thereto.

1.51. "**Europe**" means all countries that are officially recognized as member states of the European Union as of the Effective Date, the United Kingdom, Switzerland, Iceland, Norway and Liechtenstein.

1.52. "**Executive Officer**" means, with respect to either Party, the Chief Executive Officer of such Party (or his or her designee who will be a senior executive directly reporting to the Chief Executive Officer of such Party and with authority to bind such Party).

1.53. "**Failure to Supply**" means the failure of MacroGenics or its Affiliates to supply Zai, its Affiliates or Sublicensees with [***]percent ([***]%) [***] be supplied to Zai, its Affiliates or Sublicensees pursuant to a supply agreement between the Parties[***].

1.54. "**FDA**" means the United States Food and Drug Administration, or any successor agency
thereto.

1.55. "**FDCA**" means the Federal Food, Drug and Cosmetic Act, as amended.

1.56. "**Field**" means the treatment, prevention and diagnosis of all Indications; provided that, in the case of any Licensed Molecule or Product Covered by a Patent or other intellectual property right licensed in one or more MacroGenics Third Party Agreement or Zai Third Party Agreement, "Field" in which such Patent or other intellectual property right may be practiced with respect to such Licensed Molecule or Product shall be limited to the minimum extent necessary to comply with the terms of such MacroGenics Third Party Agreement or Zai Third Party Agreement for so long as such limitation is necessary to avoid a breach of the MacroGenics Third Party Agreement or Zai Third Party Agreement.

1.57. "**First Commercial Sale**" means, with respect to any Product, the first sale to a Third Party for end use or consumption of such Product in a country or Region after Regulatory Approval has been granted by the Regulatory Agency for the Product in such country or Region.

1.58. "**FTE**" means, with respect to a Party, [***] hours of work devoted to or in direct support of specified activities under this Agreement, conducted by one or more qualified employees of such Party or its Affiliate. For clarity, any individual contributing less than [***] hours per Calendar Year (or equivalent pro-rata portion thereof for the

period beginning on the Effective Date and ending on the last day of the first Calendar Year) shall be deemed a fraction of an FTE on a pro-rata basis.

1.59. "**FTE Cost**" means, with respect to any period and a Party or its Affiliate, the FTE Rate multiplied by the number of FTEs expended by such Party or its Affiliate during such period; provided that a Party shall not charge the other Party more than once for any FTE Cost if such FTE Cost is already included as a component of other expenses payable to such charging Party under this Agreement.

1.60. "**FTE Rate**" means a rate of [***] US Dollars (US$[***]) per FTE per Calendar Year, pro-rated for the period beginning on the Effective Date and ending on the last day of the first Calendar Year; provided, however, that such rate shall be increased or decreased annually beginning on [***], by the applicable CPI Adjustment.

1.61. "**Fully-Burdened Manufacturing Cost**" means, with respect to a particular Collaboration Molecule or Collaboration Product, whether as active pharmaceutical ingredient or finished form, supplied by a Party, [***]percent ([***]%) of either: (i) if Manufactured by a Third Party, [***] for the Manufacture of such Collaboration Molecule or Collaboration Product without mark-up (for clarity, [***]); or (ii), if Manufactured by such Party or its Affiliate, [***] and applicable FTE costs, and in accordance with such Party's Accounting Standards, including the following incurred by or on behalf of such Party or its Affiliate and reasonably allocated to such Collaboration Molecule or Collaboration Product:
[***]

1.62. "**Future Third Party Agreement**" has the meaning set forth in Section 3.8(a).

1.63. "**Gatekeeper**" has the meaning set forth in Section 4.1(c).

1.64. "**GBPS**" means the General Biological Products Standards as set forth in 21 C.F.R. Part 610, to the extent applicable.

1.65. "**GCP**" or "**Good Clinical Practices**" means current Good Clinical Practices as set forth in the Applicable Laws and Regulations, such as FDCA and the PHS Act and regulations set forth at 21
C.F.R. Part 312, as well as (but not limited to) the requirements set forth in Directive 2001/20/EC of the European Parliament and of the Council of 4 April 2001 and Commission Directive 2005/28/EC of 8 April 2005, to the extent applicable to a clinical trial regarding any Product, as such obligations are interpreted and enforced by the applicable Regulatory Authority (e.g., FDA and Member States of the European Union), and as interpreted under prevailing industry standards, including standards of medical ethics, applicable guidance documents issued by the FDA and any other Regulatory Authority, including ICH GCP, the informed consent requirements set forth in 21 C.F.R. Part 50 and the equivalent legal requirements in other applicable jurisdictions, the requirements relating to Institutional Review Boards set forth in 21
C.F.R. Part 56 and the equivalent legal requirements in other applicable jurisdictions, as the same may be amended from time to time.

1.66. "**Global Branding Strategy**" has the meaning set forth in Section 7.1(d).

1.67. "**Global Development Plan**" means a written Development plan intended to support Development and Regulatory Approval of Collaboration Molecules and Collaboration Products (other than [***] Molecules and [***] Products after the Opt-In) in the Field both within the Collaboration Territory and outside of the Collaboration Territory, as may be updated and amended periodically in form and substance approved by the JSC in accordance with Section 5.1(a).

1.68. "**Global Product Brand**" has the meaning set forth in Section 7.1(d).

1.69. "**GLP**" or "**Good Laboratory Practices**" means the recognized rules governing the conduct of non-clinical safety studies and ensuring the quality, integrity and reliability of study data as set forth in Applicable Laws and Regulations, such as 21 C.F.R. Part 58, and the equivalent legal requirements in other applicable jurisdictions, as the same may be amended from time to time.

1.70. "**Government Official**" means any Person employed by or acting on behalf of a government, government-owned or -controlled entity or public international organization; any political party, party official or candidate; any Person who holds or performs the duties of an appointment, office or position created by custom or convention; and any Person who holds himself out to be the authorized intermediary of any of the foregoing.

1.71. "**Greater China**" means the PRC, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan.

1.72. "**ICC Rules**" has the meaning set forth in Section 15.3.

1.73. "**ICH**" means the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use.

1.74. "**In-License Party**" has the meaning set forth in Section 3.8(a).

1.75. "**IND**" means an Investigational New Drug application, or similar application or submission for approval to conduct human clinical investigations filed with or submitted to a Regulatory Authority in conformance with the requirements of such Regulatory Authority.

1.76. "**Indemnifying Party**" means the Party that is obligated to indemnify the Indemnitee under Article 13.

1.77. "**Indemnitee**" means either the Zai Indemnitee or the MacroGenics Indemnitee, as applicable.

1.78. "**Indication**" means a separate and distinct disease, disorder or medical condition in humans or non-human animals with different tissue origin classified as a three-character category in International Statistical Classification of Diseases and Related Health Problems (or "**ICD**") 10-CM published by the World Health Organization, for which a Product can be used to diagnose, treat or prevent, which use is the subject of a separate Regulatory Filing to support a Regulatory Approval for such use. Notwithstanding the foregoing, [***].

1.79. "**Initiation**" means, with respect to a clinical trial of a Product, the first dosing of such Product in the first subject in such clinical trial.

1.80. "[***]" shall mean an [***] conducted by a Party or its Affiliates that (a) [***], and (b) has a [***].

1.81. "**Joint Commercialization Committee**" or "**JCC**" has the meaning set forth in Section 2.4(a).

1.82. "**Joint Research and Development Committee**" or "**JRDC**" has the meaning set forth in Section 2.3(a).

1.83. "**Joint Steering Committee**" or "**JSC**" has the meaning set forth in Section 2.2(a).

1.84. "**Jointly Owned IP**" means, collectively, all Know-How and inventions, whether patentable or not, that are (a) conceived or reduced to practice in the course of conducting activities under this Agreement and (b) jointly owned by the Parties pursuant to this Agreement, together with all intellectual property rights therein. For clarity, Jointly Owned IP shall include the Research IP.

1.85. "**Jointly Owned Patents**" has the meaning set forth in Section 14.2(b)(iv).

1.86. "**Know-How**" means (a) any proprietary scientific or technical information, results and data of any type whatsoever, in any tangible or intangible form whatsoever, including databases, practices, methods, techniques, specifications, formulations, formulae, knowledge, know-how, skill, experience, test data including pharmacological, medicinal chemistry, biological, chemical, biochemical, toxicological and clinical test data, analytical and quality control data, stability data, studies and procedures, and manufacturing process and development information, results and data, and (b) any proprietary biological, chemical or physical materials.

1.87. "**License-Only Molecule**" means [***].

1.88. "**License-Only Product**" means [***].

1.89. "**License-Only Program**" means each program of activities conducted by the Parties under this Agreement for the Development, Manufacture and Commercialization of the License-Only Molecules and License-Only Products.

1.90. "**License-Only Territory**" means worldwide.

1.91. "**Licensed Molecule**" means each of the [***] Molecule, the MGNX Option Molecule, the [***] and the Zai Selection Molecule.

1.92. "**Losses**" has the meaning set forth in Section 13.1.

1.93. "**MacroGenics Audit**" has the meaning set forth in Section 7.3(c)(vi).

1.94. "**MacroGenics Improvement Plan**" has the meaning set forth in Section 7.3(c)(iii)(1).

1.95. "**MacroGenics Improvement IP**" has the meaning set forth in Section 14.1(c).

1.96. "**MacroGenics Indemnitee**" has the meaning set forth in Section 13.1.

1.97. "**MacroGenics Manufacturing In-Licenses**" means agreements executed prior to the Effective Date by MacroGenics with Third Parties to the extent such agreements grant MacroGenics the right to use Patents and/or Know-How controlled by such Third Party for Manufacturing any Licensed Molecule or Product.

1.98. "**MacroGenics Licensed Know-How**" means any Know-How (excluding any Patents) that is (a) Controlled by MacroGenics or any of its Affiliates as of the Effective Date or at any time during the Term, and (b) necessary or reasonably useful for Zai to Develop, Manufacture and Commercialize Licensed Molecules and Products in accordance with this Agreement, including MacroGenics' interest in any Know-How with the Jointly Owned IP or MacroGenics Improvement IP; provided that, MacroGenics Licensed Know-How shall exclude any Know-How [***].

1.99. "**MacroGenics Licensed Patent**" means any Patent that is (a) Controlled by MacroGenics or any of its Affiliates as of the Effective Date or at any time during the Term, and (b) necessary or reasonably useful for Zai to Develop, Manufacture and Commercialize Licensed Molecules and Products in accordance with this Agreement, including any MacroGenics' interest in any Patent within the Jointly Owned IP or MacroGenics Improvement IP; provided that, MacroGenics Licensed Patent shall exclude [***]. The MacroGenics Licensed Patents Controlled by MacroGenics or any of its Affiliates as of the Effective Date are listed in Exhibit A attached hereto.

1.100. "**MacroGenics Licensed Technology**" means the MacroGenics Licensed Patents and the MacroGenics Licensed Know-How.

1.101. "**MacroGenics Licensed Trademarks**" means any and all Trademarks [***].

1.102. "**MacroGenics Platform**" means MacroGenics' proprietary DART, TRIDENT and other MacroGenics' proprietary platforms that are used to generate, evaluate and select bi-specific molecules comprising one or more covalently-bonded diabody domains including, but not limited to those disclosed in the Patents listed in Exhibit A, which may be updated from time to time by MacroGenics.

1.103. "**MacroGenics Product-Specific Patent**" means any MacroGenics Licensed Patent that solely and exclusively Covers the (a) composition of matter of a License-Only Molecule or License-Only Product or (b) the method of using such License-Only Molecule or License-Only Product as a therapeutic, prophylactic or diagnostic, in each case (a)-(b) in the applicable Territory, and does not also Cover the composition of matter of, or the method of using, any other product that is not a License-Only Molecule or License-Only Product. For clarity, MacroGenics Product-Specific Patent shall exclude [***].

1.104. "**MacroGenics Representatives**" has the meaning set forth in Section 7.3(c).

1.105. "**MacroGenics Third Party Agreements**" means any agreement between MacroGenics and its Third Party licensor that is entered into after the Effective Date and for which Zai elects to obtain a sublicense under Section 3.8.

1.106. "**Major European Country**" means the [***].

1.107. "**Major Safety Issue**" means, with respect to a Product, any of the following: (a) an adverse safety profile of a Product, or receipt or generation by a Party of any safety, tolerability or other data, indicating, as measured by safety and efficacy evaluation criteria and methodology customarily used by a majority of clinicians conducting studies on similar products for the same or substantially the same Indication as being pursued by such Party for such Product in the applicable country or Region, that such Product has or is reasonably likely to have serious risks for medical applications in humans to require a recall, withdrawal, or similar action; or (b) any notice, information or correspondence received by a Party from [***], or any action taken by any such Regulatory Authority, in each case, indicates that Regulatory Approval is reasonably unlikely to be granted therefor or, if already granted, the Regulatory Approval therefor would reasonably likely be revoked, or causes the Regulatory Approval therefor not to be granted or, if already granted, to be revoked.

1.108. "**Manufacture**" or "**Manufacturing**" means all operations involved in the manufacturing (including process development activities, quality assurance and quality control testing (including test method development and in-process, release and stability testing, if applicable), storage, releasing, packaging and importation of a Licensed Molecule or a Product) to supply Licensed Molecule and Product for Development and Commercialization under this Agreement. For purposes of clarification, "Manufacturing" is not included in Development or Commercialization.

1.109. "**Marketing Authorization Application**" or "**MAA**" means a New Drug Application ("**NDA**") or any other application to the appropriate Regulatory Authority for approval to market a Product, but excluding pricing approvals.

1.110. "**MGNX Option Molecule**" means a therapeutic bi-specific molecule which (a) binds to
(i) a Target selected by MacroGenics pursuant to Section 4.1(a) and (ii) CD47; (b) is generated from MacroGenics' proprietary DART or TRIDENT platform; and (c) comprises a sequence that is the same as or similar to a sequence provided by Zai and encodes a CD47 binding moiety.

1.111. "**MGNX Option Product**" means a product that incorporates a MGNX Option Molecule as an active ingredient.

1.112. "**MGNX Option Program**" means the program of activities conducted by the Parties under this Agreement for the Development and Commercialization of the MGNX Option Molecules and MGNX Option Products.

1.113. "**MGNX Option Territory**" means Greater China, Japan and Korea.

1.114. "**NMPA**" means National Medical Products Administration, or any successor agency thereto.

1.115. "**Net Sales**" means the gross amount invoiced for Products sold by Zai or its Related Parties directly to Third Parties which are not Related Parties after deducting, if not previously deducted, from the amount invoiced, the following, in each case to the extent included in the gross invoice price:

(a) reasonable trade, quantity and cash discounts and rebates (including wholesaler inventory management fees), chargebacks, and retroactive price reductions or allowances actually allowed or granted from the billed amount;

(b) credits or allowances actually granted upon claims, rejections or returns of such sales of Products, including recalls and amounts credited or repaid because of retroactive price reductions specifically identifiable to the Product;

(c) bad debts written off which are attributable to sales of Products (subject to cap equal to [***] percent ([***]%) of gross amount invoiced for Products sold);

(d) taxes imposed on the production, sale, import, delivery or use of the Product (including sales, use, excise or value added taxes but excluding income taxes), duties or other governmental charges (including charges for product testing required for importation) levied on or measured by the billing amount when included in billing, as adjusted for rebates and refunds; and

(e) costs actually incurred for distribution or importing (including transportation, freight and insurance, and warehousing in the Territory).

Such amounts shall be determined from the books and records of Zai or its Related Party, maintained in accordance with Zai's Accounting Standards, as consistently applied. Zai further agrees, in determining such amounts, it shall use Zai's then-current standard procedures and methodology, including Zai 's then-current standard exchange rate methodology for the translation of foreign currency sales into US Dollars or, in the case of Sublicensees, such similar methodology, consistently applied. Without limiting the generality of the foregoing, non-invoiced transfers or dispositions of Product for charitable, compassionate use, promotional (including samples, in amounts reasonably customary in the industry), non-clinical, clinical, or regulatory purposes shall be excluded from Net Sales, as will sales or transfers of Product among a Party and its Related Parties, unless such Party or Related Party is the end user of such Product, but rather the Net Sales shall be deemed to have arisen upon the subsequent sale or transfer of Product to Third Parties.

If Zai or any of its Related Parties sells a Product as a Licensed Component of a Combination Product in a country or Region in any Calendar Quarter, then Net Sales shall be calculated by multiplying the Net Sales of the Combination Product during such Calendar Quarter by the fraction A/(A+B), where

A is the average Net Sales per unit sold of the Licensed Component when sold separately in such country or

Region during such Calendar Quarter (calculated by determining the Net Sales of the Licensed Component during such Calendar Quarter in accordance with the definition of Net Sales set forth herein and dividing such Net Sales by the number of units of the Licensed Component during such Calendar Quarter) and B is the average Net Sales per unit sold of the Other Component(s) included in the Combination Product when sold separately in such country or Region during such Calendar Quarter (calculated by determining the Net Sales of such Other Component(s) sold during such Calendar Quarter by applying the definition of Net Sales set forth herein as if it applied to sales of such Other Component(s) and dividing such Net Sales by the number of units of such Other Component(s) sold during such Calendar Quarter).

For purposes of calculating the average Net Sales per unit sold of a Licensed Component and Other Component(s) of a Combination Product, any of the deductions described herein that apply to such Combination Product shall be allocated among sales of the Licensed Component and sales of the Other Component(s) included in such Combination Product as follows: (i) deductions that are attributable solely to the Licensed Component or one of the Other Component(s) shall be allocated solely to Net Sales of the Licensed Component or such Other Component, as applicable, and (ii) all other deductions shall be allocated among sales of the Licensed Component and sales of the Other Component(s) in proportion to Zai's and MacroGenics' mutual agreement of the fair market value of the Licensed Component and the Other Component(s).

In the event that no separate sales of the Licensed Component or any Other Component(s) included in a Combination Product are made by Zai or its Related Parties, during a Calendar Quarter in which such Combination Product is sold, the average Net Sales per unit sold shall be determined by mutual agreement of the Parties in good faith based on the relative economic value contributions of the Licensed Component and each of the Other Component(s) included in such Combination Product.

1.116. "**Opt-In**" means Zai's exercise of the [***] Profit Share Option in accordance with Section 5.1(e).

1.117. "**Patents**" means (a) all patents and patent applications in any country, region (including Region) or supranational jurisdiction and (b) any provisionals, substitutions, divisions, continuations, continuations in part, reissues, renewals, registrations, confirmations, reexaminations, extensions, supplementary protection certificates and the like, of any such patents or patent applications.

1.118. "**Patent Prosecution**" means the responsibility for (a) preparing, filing, prosecuting, and pursuing registration of, applications (of all types) for any Patent (b) for maintaining any Patent, and (c) for managing any interference or opposition proceeding relating to the foregoing.

1.119. "**Payment Taxes**" means VAT and income taxes withholding required under Applicable Law to be paid to a tax authority.

1.120. "**Permitted Subcontractor**" has the meaning set forth in Section 5.1(f)(i).

1.121. "**Person**" means an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or other similar entity or organization, including a government or political subdivision, department or agency of a government.

1.122. "**Phase I Clinical Trial**" means a human clinical trial, or the relevant portion of such trial, of a Product in patients in any country (including country or Region) in accordance with GCP that generally provides for the first introduction into humans of a Product and intended to determine safety,

metabolism and pharmacokinetic properties and clinical pharmacology of a Product in health patients, or that would

otherwise satisfy the requirements of Applicable Laws and Regulations for such country in which such human clinical trial is conducted, such as 21 C.F.R. § 312.21(a), relating to human clinical trials conducted in the United States, or any successor regulation thereto or foreign equivalents.

1.123. "**Phase II Clinical Trial**" means a human clinical trial, or the relevant portion of such trial, conducted in patients with a Product, in accordance with GCP and intended to demonstrate efficacy and a level of safety in the particular Indication tested, as well as to obtain a preliminary Indication of the unit or daily dosage regimen required, or that would otherwise satisfy the requirements of Applicable Laws and Regulations of the country or Region in which such human clinical trial is conducted, such as 21 C.F.R.
§ 312.21(b), relating to human clinical trials conducted in the United States, or any successor regulation thereto or foreign equivalents. For clarity, a Phase I Clinical Trial with an expansion cohort of patients that meets the descriptions or otherwise satisfies the requirements in the foregoing shall be deemed a Phase II Clinical Trial.

1.124. "**Phase III Clinical Trial**" means a human clinical trial, or the relevant portion of such trial, in any country that is conducted in accordance with GCPs and the results of which are intended to be used as a pivotal study to establish both safety and efficacy of a Product as a basis for a BLA submitted to the FDA, the NMPA or the appropriate Regulatory Authority of such other country or Region, or that would otherwise satisfy the requirements of 21 C.F.R. § 312.21(c), or any successor regulation thereto or foreign equivalents.

1.125. "**Phase IV Clinical Trial**" means a human clinical trial conducted after the Regulatory Approval of a Product in a country or Region, which trial is conducted (a) voluntarily to enhance scientific knowledge of such Product (e.g., for expansion of product labeling or dose optimization); or (b) conducted due to a request or requirement of a Regulatory Authority of a country or Region.

1.126. "**Plan**" means individually and collectively the Research Plans, Global Development Plans, Territory Specific Development Plans, Co-Development Plan and Co-Commercialization Plan.

1.127. "**POC Clinical Trial**" means one or more Clinical Trials in which patients are treated with the [***] Product that has in aggregate either: (a) [***], or (b) [***].

1.128. "**POC Data Package**" means [***].

1.129. "**PRC**" means the People's Republic of China, which for purposes of this Agreement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region, and Taiwan.

1.130. "**Product**" means each of the Collaboration Products and the License-Only Products.

1.131. "**Program**" means a Collaboration Program or a License-Only Program.

1.132. "[***]" means [***].

1.133. "**Region**" means each of Hong Kong Special Administrative Region and Macau Special Administrative Region.

1.134. "**Registration Trial**" means the first clinical trial which is designed to support Regulatory Approval for the Product in a country or Region. Notwithstanding, any Phase III Clinical Trial shall be deemed a Registration Trial.

1.135. "**Regulatory Approval**" means a BLA approval from the relevant Regulatory Authority in a country or Region to market and sell a Product in such country or Region.

1.136. "**Regulatory Authority**" means any applicable government regulatory authority involved in granting approvals for the conduct of clinical trials or the manufacturing, marketing, reimbursement or pricing, as applicable, of a Product, including in the United States, the FDA and in the PRC, the NMPA, and any successor governmental authority having substantially the same function.

1.137. "**Regulatory Submissions**" means any filing, application, or submission with any Regulatory Authority, including authorizations, approvals or clearances arising from the foregoing, including INDs, BLAs, NDAs, and Regulatory Approvals, and all correspondence or communication with or from the relevant Regulatory Authority, as well as minutes of any material meetings, telephone conferences or discussions with the relevant Regulatory Authority, in each case, with respect to a Product.

1.138. "**Related Party**" means, with respect to a Party, its Affiliates and Sublicensees.

1.139. "**Requesting Party**" has the meaning set forth in Section 10.7.

1.140. "**Research IP**" has the meaning set forth in Section 14.1(f).

1.141. "**Research Plan**" has the meaning set forth in Section 4.2(a).

1.142. "**Research Plan Activities**" has the meaning set forth in Section 4.2(b).

1.143. "**Research Term**" means [***].

1.144. "**ROW**" means all countries in the world except those in the [***] Opt-In Territory.

1.145. "**Royalty Term**" means, on a Product-by-Product and country-by-country or Region-by- Region basis, the time period beginning on the First Commercial Sale of such Product in such country or Region and expiring on the latest of the following dates: (a) the twelfth (12^{th}) anniversary of the date of First Commercial Sale of the Product in the applicable country or Region, (b) the expiration of the last-to-

expire MacroGenics Licensed Patent having a Valid Claim Covering the composition, Manufacture, use, sale or importation of the Product in the applicable country or Region, or (c) the expiration of the last-to- expire Data Exclusivity Period for the Product in the applicable country or Region.

1.146. "**Safety Data**" means any data related solely to any adverse drug experiences and serious adverse drug experience as such information is reportable to Regulatory Authorities, including any "adverse events", "adverse drug reactions", and "unexpected adverse drug reactions" as defined in the ICH Harmonised Tripartite Guideline for Clinical Safety Data Management: Definitions and Standards for Expedited Reporting.

1.147. "**Sublicensee**" means a Third Party that is granted a sublicense under the licenses granted to a Party under this Agreement, as permitted herein.

1.148. "**Target**" shall [***].

1.149. "**Term**" has the meaning set forth in Section 16.1.

1.150. "**Terminated Program**" means any Program that is terminated by a Party pursuant to Section 16.2, Section 16.3, Section 16.4, Section 16.5, Section 16.6 or Section 16.7.

1.151. "[***]" means each of (a) [***], (b) [***], (c) [***], (d) [***], (e) [***], and (f) [***] (a)-(e).

1.152. "**Territory**" means (a) with respect to the Collaboration Molecules and Collaboration Products, the applicable Collaboration Territory, and (b) with respect to the License-Only Molecules and License-Only Products, the License-Only Territory.

1.153. "**Territory-Specific Development Plan**" means a written plan for Development of the Collaboration Molecules and Collaboration Products (other than [***] Molecules and [***] Products after the Opt-In) in the Field in the applicable Collaboration Territory that is primarily intended to support Regulatory Approval of the Collaboration Product in such Collaboration Territory (and not outside such Collaboration Territory) and not otherwise included within the Global Development Plan, as may be updated and amended periodically in form and substance approved by the JSC in accordance with Section 5.1(a).

1.154. "**Third Party**" means an entity other than (a) Zai and its Affiliates, and (b) MacroGenics and its Affiliates.

1.155. "**Trademark**" means all trade names, logos, common law trademarks and service marks, trademark and service mark registrations and applications throughout the world.

1.156. "**Trademark Prosecution**" means the responsibility for (a) preparing, filing, and seeking registration of, trademark applications (of all types) for any Trademark, (b) for maintaining any Trademark, and (c) for managing any interference or opposition proceeding relating to the foregoing.

1.157. "**Triggered Third Party Payment**" means, with respect to a Future Third Party Agreement for which a Party elects to obtain a sublicense under Section 3.8, [***]percent ([***]%) of any payments that the In-License Party would be obligated to pay the Third Party licensor of such Future Third Party Agreement as a result of the grant of a sublicense to the other Party, including all royalty

payments, milestone payments, license maintenance (or similar payment) or sublicense payments payable by the In-License Party pursuant to such Future Third Party Agreement.

1.158. "**United States**" or "**US**" means the United States of America and its territories and possessions, including the Commonwealth of Puerto Rico and the U.S. Virgin Islands.

1.159. "**US Dollars**" means United States Dollars, the lawful currency of the US.

1.160. "**Valid Claim**" means a claim of: (a) an issued and unexpired Patent included within the MacroGenics Licensed Patents in a country or Region which has not been revoked or held unenforceable or invalid by a decision of a court or other governmental agency of competent jurisdiction, unappealable or unappealed within the time allowed for appeal, and has not been abandoned, disclaimed or admitted to be invalid or unenforceable through reissue, disclaimer or otherwise; or (b) a pending patent application that has been filed in good faith and that has not been cancelled, withdrawn, or abandoned and has not been pending for more than [***] from the earliest priority date, provided that, if a claim ceases to be a Valid Claim by reason of the foregoing subclause (b), then such claim shall again be deemed a Valid Claim in the event such claim subsequently issues.

1.161. "**Zai Audit**" has the meaning set forth in Section 7.3(b)(vi).

1.162. "**Zai Improvement IP**" has the meaning set forth in Section 14.1(d).

1.163. "**Zai Improvement Plan**" has the meaning set forth in Section 7.3(b)(iii)(1).

1.164. "**Zai Indemnitees**" has the meaning set forth in Section 13.2.

1.165. "**Zai License-Only IP**" has the meaning set forth in Section 14.1(e).

1.166. "**Zai Licensed Know-How**" means any Know-How (excluding any Patent) Controlled by Zai or any of its Affiliates as of the Effective Date or at any time during the Term that is necessary or reasonably useful for MacroGenics to (a) conduct the Development activities allocated to it under the applicable Research Plans or (b) Develop, Manufacture and Commercialize Collaboration Molecules and Collaboration Products in accordance with this Agreement, including Zai's interest in any Know-How with the Jointly Owned IP or Zai Improvement IP.

1.167. "**Zai Licensed Patent**" means any Patent Controlled by Zai or any of its Affiliates as of the Effective Date or at any time during the Term that is necessary or reasonably useful for MacroGenics to (a) conduct the Development activities allocated to it under the applicable Research Plans or (b) Develop, Manufacture and Commercialize Collaboration Molecules and Collaboration Products in accordance with this Agreement, including Zai's interest in any Patent with the Jointly Owned IP or Zai Improvement IP. [***] and are Controlled by Zai or any of its Affiliates as of the Effective Date are listed in Exhibit C attached hereto.

1.168. "**Zai Licensed Technology**" means the Zai Licensed Patents and the Zai Licensed Know-How.

1.169. "**Zai Platform**" means [***].

1.170. "**Zai Product-Specific Patent**" means [***].

1.171. "**Zai Representatives**" has the meaning set forth in Section 7.3(b).

1.172. "**Zai Selection Molecule**" means [***].

1.173. "**Zai Selection Product**" means a product that incorporates a Zai Selection Molecule as an active ingredient.

1.174. "**Zai Selection Program**" means the program of activities conducted by the Parties under this Agreement for the Development, Manufacture and Commercialization of the Zai Selection Molecules and Zai Selection Products.

1.175. "**Zai Third Party Agreements**" means any agreement between Zai and its Third Party licensor that is entered into after the Effective Date and for which MacroGenics elects to obtain a sublicense under Section 3.8.

2. OVERVIEW; GOVERNANCE

2.1. **Overview**. The Parties intend and have agreed to undertake the Development, Manufacturing and Commercialization activities under this Agreement, consisting of the following components:

(a) [***] Collaboration Programs, pursuant to which

(i) the Parties will jointly conduct [***] Development activities in accordance with the applicable Research Plans;

(ii) with respect to any [***]
the Parties will jointly conduct [***] Development activities in accordance with the applicable Global Development Plan and Territory-Specific Development Plan[***] will have the [***] Development and Commercialization of [***] MGNX Option Territory [***] Development and Commercialization of [***] MGNX Option Territory, in each case of (B) and (C), [***] in the applicable Research Plan, Global Development Plan and Territory-Specific Development Plan;

(iii) with respect to any [***] Molecule and [***] Product [***]
the Parties will jointly conduct certain Development activities in accordance with the applicable Global Development Plan and Territory-Specific Development Plan [***] Development and Commercialization of such [***] Molecule and [***] Product Development and Commercialization of such [***] Molecule and [***] Product

[***], in each case of (B) and (C), [***] in the applicable Research Plan, Global Development Plan and Territory-Specific Development Plan; and

(iv) with respect to any [***] Molecule and [***] Product [***]
the Parties will jointly Develop and Commercialize such [***] Molecule and [***] Product worldwide in accordance with the Co-Development Plan and Co-Commercialization Plan, [***] Development and Commercialization of such [***] Molecule and [***] Product [***] Development and Commercialization of such [***] Molecule [***], in each case of (B) and (C), [***]Co-Development Plan and Co-
Commercialization Plan; and

(b) [***] License-Only Programs, pursuant to which [***] Development activities in accordance with the applicable Research Plans [***] Zai will have the exclusive rights and be solely responsible for the Development, Manufacturing and Commercialization of License-Only Molecules and License-Only Products in the License-Only Territory.

1.2. **Joint Steering Committee**

(a) **Membership**. The Parties hereby establish a joint steering committee (the "**Joint Steering Committee**" or "**JSC**"), to coordinate and oversee (i) the Parties' conduct of the Research Plan and subsequent conduct of each Collaboration Program and (ii) the Parties' conduct of the Research Plan of each License-Only Program during the applicable Research Term. For clarity, neither the JSC nor any other committee established pursuant to this Agreement shall have the right to oversee or have any decision making authority with respect to the Development, Manufacturing or Commercialization of any License- Only Program other than the Parties' conduct mentioned in (ii) above. The JSC shall consist of [***] representatives [***]. [***] shall designate [***] of its representatives as the initial chairperson of the JSC. Thereafter, the role of chairperson shall alternate between MacroGenics and Zai representatives on a [***]. Each Party may replace its appointed JSC representatives at any time upon reasonable written notice to the other Party. The initial representatives and chair of the JSC shall be established within [***] after the Effective Date. The chair shall have the responsibility to call regular meetings, circulate meeting agendas at least [***] prior to each regular JSC meeting, draft minutes for each JSC meeting and circulate such minutes for both Parties' written approval. The chair shall have no other authority or special voting power.

(b) **Responsibilities**. The responsibilities of the JSC shall be:

(i) to provide a forum by which the Parties may share information regarding the overall strategy for the Collaboration Programs;

(ii) to facilitate the exchange of information between the Parties with respect to the activities hereunder and to establish procedures for the efficient sharing of information necessary for the Parties to fulfill their respective responsibilities with respect to the Collaboration Programs;

(iii) review, discuss and approve each Research Plan, Global Development Plan and Territory-Specific Development Plan and the Co-Development Plan and Co- Commercialization Plan, and updates or amendments thereto and to share and discuss the progress of activities under the Research Plans, Global Development Plans, Territory-Specific Development Plans, Co-Development Plan and Co-Commercialization Plan on a quarterly basis;

(iv) to share and discuss the data generated by or on behalf of the Parties in the course of performance towards the goals set forth in the Research Plans, Global Development Plans, Territory-Specific Development Plans, Co-Development Plan and Co-Commercialization Plan;

(v) to coordinate Development and Commercialization strategies of the Collaboration Programs, and allocate resources and set timelines for Development and Commercialization activities with respect to the Collaboration Programs;

(vi) to establish an overall regulatory strategy for (1) each [***] Molecule and [***] Product before the Opt-In or (2) any MGNX Option Molecule and MGNX Option Product, in each case of (1) and (2), in the applicable Collaboration Territory that is consistent with and complements the worldwide regulatory strategy being implemented by MacroGenics for the applicable Collaboration Molecule and Product;

(vii) to establish an overall worldwide regulatory strategy for any [***] Molecule and [***] Product after the Opt-In;

(viii) to create any subcommittees (including the JRDC and JCC) as agreed in writing by both Parties, to oversee the activities of such subcommittees, and to seek to resolve any issues that such subcommittees cannot resolve;

(ix) to establish an overall strategy for the filing, prosecution and maintenance of MacroGenics Licensed Patents, MacroGenics Licensed Trademarks and Zai Licensed Patents in the Territory and any applicable Patent and Trademark term extensions; and

(x) to perform such other functions as expressly set forth in this Agreement or as appropriate to further the purposes of this Agreement, as determined by the Parties.

(c) **Decision-Making**. The JSC shall make decisions unanimously, with each Party's representatives collectively having one (1) vote and at least one (1) representative from each Party present. In the event the JSC cannot reach an agreement regarding any matter within the JSC's authority for a period of [***] (a "**Deadlock**"), then either Party may elect to [***], and if a Party makes an [***], [***]to resolve promptly such matter, which such [***]shall include at least [***]. If any Deadlock is not resolved after [***]within [***] after its submission to them, such Deadlock shall be finally determined by the applicable Party in accordance with Sections 2.2(c)(i) and 2.2(c)(ii), respectively.

(i) With respect to any Deadlock pertaining to (A) any [***] Molecule and [***] Product arising at any time before the Opt-In or (B) any MGNX Option Molecule and MGNX Option Product arising at any time during the Term, if the [***]on any such matter within [***] after its submission to them, the Deadlock shall be resolved in accordance with the provisions of this Section 2.2(c)(i):

(1) Except for those Deadlocks set forth in Section 2.2(c)(i)(2) for which Zai has the final decision-making authority, MacroGenics shall have the final decision-making authority with respect to all Deadlocks pertaining to any [***]with respect thereto; provided that such decision shall [***].

(2) Zai shall have the final decision-making authority on all Deadlocks pertaining to any of the following: (A) all Deadlocks [***], (B) [***], and (C) [***] in accordance with Section [***] ; provided that such decision pursuant to (B) or (C) shall[***].

(3) Notwithstanding Section 2.2(c)(i)(1) and Section 2.2(c)(i)(2), no exercise of a Party's unilateral decision-making authority on any such matters may, without the other Party's prior written consent, be used to (A) make a determination as to whether a particular milestone or other criteria has been achieved or that any of its obligations under this Agreement has been fulfilled, (B) amend or add to such Party's consent or approval rights or otherwise expand or reduce its obligations provided under this Agreement, (C) impose any requirements that the other Party take or decline to take any action that would result in a violation of Applicable Laws and Regulations or any agreement with any Third Party (including any MacroGenics Third Party Agreements and Zai Third Party Agreements) or the infringement of intellectual property rights of any Third Party, (D) make a decision that is expressly stated to require the consent or approval of the other Party, (E) otherwise conflict with this Agreement, or (F) reduce the other Party's rights under this Agreement without such other Party's written consent.

(ii) With respect to any Deadlock pertaining to any [***] Molecule and [***] Product arising at any time after the Opt-In, if the [***] are unable to reach consensus on any such matter within [***] after its submission to them, the Deadlock shall be resolved in accordance with the provisions of this Section 2.2(c)(ii):

(1) Subject to Section 2.2(c)(ii)(3) and Section 2.2(c)(ii)(4), [***]shall have the final decision-making authority on all Deadlocks pertaining to all [***]in accordance with Section [***]for [***] Molecules and [***] Products in the [***]; provided that such decision shall [***].

(2) Subject to Section 2.2(c)(ii)(3) and Section 2.2(c)(ii)(4), [***]shall have the final decision-making authority on all Deadlocks pertaining to all [***]in accordance with Section [***]for [***] Molecules and [***] Products in the Field in the [***] Opt-In Territory; provided that such decision shall[***].

(3) In the event that a Party [***]which would cause the [***]percent ([***]%) of the [***] in the [***] (as the case may be), the Parties will discuss any such

proposal in good faith and attempt to resolve and mitigate such overages related thereto through good faith negotiation.

(4) Notwithstanding Section 2.2(c)(ii)(1) and Section 2.2(c)(ii)(2), no exercise of a Party's unilateral decision-making authority on any such matters may, without the other Party's prior written consent, be used to (A) [***] that includes at least [***] and where the [***] is expected to [***]of the total [***], (B) make a determination as to whether a particular milestone or other criteria has been achieved or that any of its obligations under this Agreement has been fulfilled, (C) amend or add to such Party's consent or approval rights or otherwise expand or reduce its obligations provided under this Agreement, (D) impose any requirements that the other Party take or decline to take any action that would result in a violation of Applicable Laws and Regulations or any agreement with any Third Party (including any MacroGenics Third Party Agreements and Zai Third Party Agreements) or the infringement of intellectual property rights of any Third Party, (E) make a decision that is expressly stated to require the consent or approval of the other Party, (F) otherwise conflict with this Agreement, or (G) reduce the other Party's rights under this Agreement without such other Party's written consent.

(d) **JSC Meetings**. JSC meetings shall be held [***], or on any other schedule mutually agreed by the Parties. With the consent of the representatives of each Party serving on the JSC, other representatives of each Party may attend meetings as non-voting observers (provided such non-voting observers have confidentiality obligations to such Party that are at least as stringent as those set forth in this Agreement). A JSC meeting may be held either in person or by audio, video or internet teleconference with the consent of each Party. Meetings of the JSC shall be effective only if at least one (1) representative of each Party is present or participating. Each Party shall be responsible for all of its own expenses of participating in the JSC meetings. The Parties shall alternate hosting the in-person meeting, and the Party hosting is responsible for preparing and circulating the minutes of the JSC meetings.

(e) **Duration of JSC**. The JSC shall continue to exist until the first to occur of (i) the Parties mutually agreeing in writing to disband the JSC or (ii) termination of this Agreement in accordance with the terms hereof.

(f) **Limitations**. The JSC shall have no authority other than that expressly set forth in this Section 2.1 and, specifically, shall have no authority (i) to amend or interpret this Agreement, or (ii) to determine whether or not a breach of this Agreement has occurred.

(g) **Subcommittees**. Any subcommittee (including the JRDC and JCC) established hereunder shall be composed of an equal number of representatives from each Party. Each Party may replace its subcommittee representatives upon written notice to the other Party. All decisions of a subcommittee shall be made by unanimous vote, with each Party's representatives having one vote. In the event the Parties are unable to reach a unanimous vote with respect to a matter, such matter shall be referred to the JSC for resolution in accordance with Section 2.2(c).

1.3. **Joint Research and Development Committee**

(a) **General**. Within [***] of the Effective Date, the Parties shall establish a joint development committee (the "**Joint Research and Development Committee**" or the "**JRDC**") to oversee (i) the day-to-day Development of the Collaboration Molecules and Collaboration Products, (ii) the day-to-day Development of the License-Only Molecules and License-Only Products as described in the applicable Research Plan(s) during the Research Term, (iii) the execution of the Research Plans,

Global Development Plans, Territory-Specific Development Plans and Co-Development Plan, (iv) the progress of

the Regulatory Approvals and Regulatory Submissions for the Collaboration Molecules and Collaboration Products, (v) sharing of information regarding proposed sites for Clinical Trials of Collaboration Molecules and Collaboration Products in the Territories, and (vi) such other Development related activities pertaining to the Collaboration Molecules and Collaboration Products delegated to it by the JSC. Each Party shall appoint [***] representatives to the JRDC, each of whom shall be an officer or employee of the applicable Party having sufficient knowledge regarding Development of the Collaboration Molecules and Collaboration Products.

(b) **Meetings**. While the Parties are developing and conducting Clinical Trials for Collaboration Molecules and Collaboration Products in the Territory, the JRDC shall meet at least [***]. The Parties shall endeavor to schedule meetings of the JRDC at least [***] in advance.

1.4. **Joint Commercialization Committee**

(a) **General**. Within [***] of initiating a Registration Trial for a Collaboration Product, the Parties shall establish a joint commercialization committee (the "**Joint Commercialization Committee**" or the "**JCC**") to oversee and coordinate (i) the day-to-day Commercialization of Collaboration Products in the applicable Collaboration Territory and, in the case of [***] Products after Opt-In, both in and outside the [***] Opt-In Territory, including review of branding, marketing strategy, Product positioning, pricing and reimbursement strategy (to the extent legally permissible), (ii) the progress of Commercialization activities for Collaboration Products in the applicable Collaboration Territory and, in the case of [***] Products after Opt-In, both in and outside the [***] Opt-In Territory, (iii) the execution of the Co-Commercialization Plan, and (iv) such other Commercialization related activities delegated to it by the JSC. Each Party shall appoint [***]representatives to the JCC, each of whom shall be an officer or employee of the applicable Party having sufficient knowledge regarding Commercialization of the Collaboration Products.

(b) **Meetings**. While the Parties are Commercializing Collaboration Products in the applicable Collaboration Territory, the JCC shall meet at least [***] . The Parties shall endeavor to schedule meetings of the JCC at least [***] in advance.

3. LICENSES

3.1. **Licenses to Zai**

(a) **Research and Development License**. Subject to the terms and conditions of this Agreement, MacroGenics hereby grants to Zai a worldwide, royalty-free, co-exclusive (with MacroGenics) license, with the right to grant sublicenses to its Affiliates only, under the MacroGenics Licensed Technology to conduct the Development activities allocated to Zai under the applicable Research Plans, Co-Development Plan, Global Development Plans and Territory-Specific Development Plans.

(b) **Development and Commercialization Licenses for Collaboration Products**.

(i) [***] **Products**. Subject to the terms and conditions of this Agreement, effective as of the Effective Date, MacroGenics hereby grants to Zai an exclusive (even as to MacroGenics except to the extent needed by MacroGenics to perform its assigned responsibilities under the Plans), royalty-bearing license, with the right to grant sublicenses to its Affiliates and Third Party (subject to Section 3.3), under the MacroGenics Licensed Technology and the MacroGenics Licensed Trademarks for the Development, Commercialization, use and otherwise exploitation of

[***] Molecules and [***] Products in the Field in the [***] Territory; provided that, after the Opt-In, the license under this

Section 3.1(b)(i) shall become royalty-free and the Territory for such license shall be expanded to the [***] Opt-In Territory. Notwithstanding the foregoing, to the extent needed by Zai to perform any responsibility assigned to it under the Co-Development Plan, Co-Commercialization Plan or this Agreement in any country outside the [***] Opt-In Territory after the Opt-In, the license under this Section 3.1(b)(i) shall become royalty-free and co-exclusive (with MacroGenics) for the purpose of performing such responsibility in such country outside the [***] Opt-In Territory.

(ii) **MGNX Option Products**. Subject to the terms and conditions of this Agreement, effective as of the MGNX Option Target Date, MacroGenics hereby grants to Zai an exclusive (even as to MacroGenics except to the extent needed by MacroGenics to perform its assigned responsibilities under the Plans), royalty-bearing license, with the right to grant sublicenses to its Affiliates and Third Party (subject to Section 3.3), under the MacroGenics Licensed Technology and the MacroGenics Licensed Trademarks for the Development, Commercialization, use and otherwise exploitation of MGNX Option Molecules and MGNX Option Products in the Field in the MGNX Option Territory.

For clarity, the licenses granted to Zai under this Section 3.1(b) shall (A) [***]; (B) [***]; and (C) be subject to the [***] in the event any such [***]are subject to [***] for which Zai elects to [***].

(c) **Manufacturing License for Collaboration Products**.

(i) [***] **Products**. Subject to the terms and conditions of this Agreement, [***] with respect to a [***] Product, MacroGenics hereby grants to Zai a co-exclusive (with MacroGenics) license, with the right to grant sublicenses to its Affiliates and Third Parties, under the MacroGenics Licensed Technology for the Manufacture of [***] Molecules and [***] Products in the Field worldwide, solely to Develop, Commercialize, use and otherwise exploit [***] Molecules and [***] Products within the scope of the license grant in Section 3.1(b)(i).

(ii) **MGNX Option Products**. Subject to the terms and conditions of this Agreement, [***] with respect to a MGNX Option Product, MacroGenics hereby grants to Zai a co-exclusive (with MacroGenics) license, with the right to grant sublicenses to its Affiliates and Third Party, under the MacroGenics Licensed Technology for the Manufacture of the applicable MGNX Option Molecule and MGNX Option Product in the Field in the MGNX Option Territory.

(d) **Development, Manufacturing and Commercialization License for License-Only Products**.

(i) [***]. Subject to the terms and conditions of this Agreement, effective as of the Effective Date, MacroGenics hereby grants to Zai an exclusive (even as to MacroGenics), royalty-bearing license, with the right to grant sublicenses to its Affiliates and Third Party (subject to Section 3.3) under the MacroGenics Licensed Technology, for the Development (other than the Development activities allocated to MacroGenics under the Research Plan for the [***]), Manufacture, Commercialization, use and otherwise exploitation of [***] and [***] in the Field in the License-Only Territory.

(ii) **Zai Selection Product**. Subject to the terms and conditions of this Agreement, effective as of the Zai Selection Target Date, MacroGenics hereby grants to Zai an exclusive (even as to MacroGenics), royalty-bearing license, with the right to grant sublicenses to its Affiliates and Third Parties (subject to Section 3.3), under the MacroGenics Licensed Technology, for the Development (other than the Development activities allocated to MacroGenics under the Research Plan for the Zai Selection Program), Manufacture, Commercialization, use and otherwise exploitation of Zai Selection Molecules and Zai Selection Products in the Field in the License-Only Territory.

For clarity, the licenses granted to Zai under this Section 3.1(d) shall [***].

1.2. **License to MacroGenics**.

(a) **Research and Development License**. Subject to the terms and conditions of this Agreement, Zai hereby grants to MacroGenics a worldwide, royalty-free, co-exclusive (with Zai) license, with the right to grant sublicenses to its Affiliates only, under the Zai Licensed Patents and Zai Licensed Know-How to conduct the Development activities allocated to MacroGenics under the applicable Research Plans, Co-Development Plan, Global Development Plans and Territory-Specific Development Plans.

(b) **Development and Commercialization Licenses for Collaboration Products**.

(i) [***] **Products**. Subject to the terms and conditions of this Agreement, effective as of the Effective Date, Zai hereby grants to MacroGenics an exclusive (even as to Zai except to the extent needed by Zai to perform its assigned responsibilities under the Plans), royalty-free (except as set forth in Section 16.8) license, with the right to grant sublicenses to its Affiliates and Third Party (subject to Section 3.3), under the Zai Licensed Technology for the Development, Commercialization, use and otherwise exploitation of [***] Molecules and [***] Products in the Field outside the [***] Territory; provided that, after the Opt-In, the Territory for the license under this Section 3.2(b)(i) shall be revised to the ROW. Notwithstanding the foregoing, to the extent needed by MacroGenics to perform any responsibility assigned to it under the Co-Development Plan, Co-Commercialization Plan or this Agreement in any country outside the ROW after the Opt-In, the license under this Section 3.1(b)(i) shall become co-exclusive (with Zai) for the purpose of performing such responsibility in such country outside the ROW.

(ii) **MGNX Option Products**. Subject to the terms and conditions of this Agreement, effective as of the Effective Date, Zai hereby grants to MacroGenics an exclusive (even as to Zai except to the extent needed by Zai to perform its assigned responsibilities under the Plans), royalty- free (except as set forth in Section 16.8) license, with the right to grant sublicenses to its Affiliates and Third Party, under the Zai Licensed Patents and Zai Licensed Know-How for the Development (other than the Development activities allocated to MacroGenics under the Research Plan, Global Development Plan and Territory-Specific Development Plan for the MGNX Option Program), Commercialization, use and otherwise exploitation of MGNX Option Molecules and MGNX Option Products in the Field outside the MGNX Option Territory.

For clarity, the license granted to MacroGenics under this Section 3.2 shall (i) [***]by reason of [***], and (ii) be subject to [***]in the event any such [***].

1.3. **Sublicensees**.

(a) **Sublicenses to Affiliates**. Each Party shall have the right to grant sublicenses of the licenses granted to such Party in Section 3.1 or Section 3.2 (as applicable), including sublicenses to a subset of the rights granted thereunder, to any of its Affiliates without the other Party's consent.

(b) **Sublicenses to Third Parties.**

(i) [***] **Product Before Exercise of the** [***] **Profit Share Option**. Before the Opt-In, each Party shall have the right to grant sublicenses of the license granted in Section 3.1(b)(i) or Section 3.2(b)(i) (as applicable), including sublicenses to a subset of the rights granted thereunder, to a third party only with the other Party's express prior written consent.

(ii) [***] **Product After Exercise of the** [***] **Profit Share Option**. After the Opt-In, the Parties will jointly decide on any matter in connection with grant of sublicenses of the license granted in Section 3.1(b)(i) or Section 3.2(b)(i) (as applicable), including sublicenses to a subset of the rights granted thereunder.

(iii) **MGNX Option Product**. Zai shall have the right to grant sublicenses of the license granted in Section 3.1(b)(ii) or Section 3.2(b)(ii) (as applicable), including sublicenses to a subset of the rights granted thereunder, to a Third Party only with the MacroGenics' express prior written consent, not to be unreasonably withheld, conditioned or delayed.

(iv) **License-Only Product**. Zai shall have the right to grant sublicenses of the license granted in Section 3.1(d), including sublicenses to a subset of the rights granted thereunder, to any Third Party without MacroGenics' consent.

(v) **Contractor Sublicenses**. Notwithstanding anything to the contrary in this Section 3.3(b), but subject to Section 5.1(f), a Party shall not be required to obtain the other Party's consent to grant sublicenses under this Section 3.3(b) to subcontractors subcontracted by such Party to perform responsibilities assigned to such Party under a Plan.

(c) **Sublicense Requirements**. Each sublicense granted by any party (a "**Licensor**") shall be consistent with this Agreement and subject thereto, and the Licensor shall remain responsible to the other Party for the compliance of each such Sublicensee with the terms and conditions of this Agreement, including, with respect to the financial and other obligations due under this Agreement. Except with respect to sublicenses granted under Section 3.3(b)(v), each sublicense granted by a Licensor pursuant to Section 3.3(b) shall be in writing and the Licensor shall provide a complete copy of each such sublicense (and all amendments or restatements thereof) to the other Party so that the other Party can confirm the Licensor's compliance with the foregoing. Each sublicense granted to a Third Party by a Licensor under this Agreement shall permit the conversion of such sublicense to a direct license with the other Party at the other Party's sole discretion in the event this Agreement is terminated and, upon such conversion, the other Party shall be responsible for all former obligations of the Licensor under such sublicense. The Licensor shall include in each such sublicense a requirement obligating such Sublicensee to cooperate with the other Party.

1.4. **Limitations**. During the Term, neither Party may, either by itself or with or through a Related Party or Third Party, (a) Develop or Commercialize any Collaboration Product, (b) [***] or (c) with respect to Zai, practice the MacroGenics Licensed Technology or, with respect to MacroGenics, practice the Zai Licensed Technology, in each case (a)-(c), outside of the scope of this Agreement; provided that MacroGenics shall have the right to practice the Zai Licensed Technology, and

Zai shall have the right to practice the MacroGenics Licensed Technology, in each pursuant to the licenses granted under the Collaboration Agreement entered into by the Parties on November 29, 2018.

1.5. **Retained Rights**. Each Party shall retain all rights not otherwise granted to the other Party. For clarity, notwithstanding the licenses granted to Zai pursuant to Section 3.1, no right or license is granted by MacroGenics to Zai under the MacroGenics Licensed Technology or MacroGenics Licensed Trademarks with respect to any molecule or product Covered by such MacroGenics Licensed Technology or MacroGenics Licensed Trademarks other than the Licensed Molecules and Products (including any Other Component of a Combination Product) solely in accordance with Section 3.1, and notwithstanding the licenses granted to MacroGenics pursuant to Section 3.2, no right or license is granted by Zai to MacroGenics under the Zai Licensed Technology with respect to any molecule or product Covered by such Zai Licensed Technology other than the Collaboration Molecules and Collaboration Products (including any Other Component of a Combination Product) solely in accordance with Section 3.2.

1.6. **Negative Covenant; No Implied Licenses**. Each Party covenants that, except to the extent Third Parties generally are lawfully permitted to do so without a granted license from or other contractual right with the other Party, it shall not use or practice any of the other Party's intellectual property rights licensed to it under this Article except for the purposes expressly permitted in the applicable license grant. Except as explicitly set forth in this Agreement, neither Party grants any license, express or implied, under its intellectual property rights to the other Party.

1.7. **Third Party Agreements**.

(a) All licenses and other rights granted to Zai under this Agreement are subject to the rights and obligations of MacroGenics under the MacroGenics Third Party Agreements. Zai will comply with all applicable provisions of the MacroGenics Third Party Agreements and Zai agrees to (and shall cause its Related Parties to) timely perform and take such actions as may be required to allow MacroGenics to comply with its obligations thereunder, including to provide to MacroGenics such information and reports as it reasonably requires, comply with reasonable requests for access to Zai's (and its Related Parties') records or facilities or otherwise cooperate with MacroGenics, including with respect to any financial and regulatory reporting, audit and payment obligations under each MacroGenics Third Party Agreement, insofar as they pertain to a Licensed Molecule or any Product or Zai's (and its Related Parties') activities hereunder.

(b) All licenses and other rights granted to MacroGenics under this Agreement are subject to the rights and obligations of Zai under the Zai Third Party Agreements. MacroGenics will comply with all applicable provisions of the Zai Third Party Agreements and MacroGenics agrees to (and shall cause its Related Parties to) timely perform and take such actions as may be required to allow Zai to comply with its obligations thereunder, including to provide to Zai such information and reports as it reasonably requires, comply with reasonable requests for access to MacroGenics' (and its Related Parties') records or facilities or otherwise cooperate with Zai, including with respect to any financial and regulatory reporting, audit and payment obligations under each Zai Third Party Agreement, insofar as they pertain to a Licensed Molecule or any Product or MacroGenics' (and its Related Parties') activities hereunder

1.8. **Future Third Party Agreements**

(a) If, after the Effective Date, either Party enters into a license agreement in which it would Control any Patents or Know-How licensed from a Third Party that would fall under the definitions of (i) in the case of MacroGenics, MacroGenics Licensed Patents or MacroGenics Licensed Know-How, or (ii) in the case of Zai, Zai Licensed Patents or Zai Licensed Know-How (each, an "**Future Third**

Party Agreement"), then such licensee Party (the "**In-License Party**") shall promptly notify the other Party in

writing of the terms and conditions of such Future Third Party Agreement, including a description of such Patents or Know-How, any restrictions on use, obligations required to be undertaken by, or otherwise applicable to, any (sub)license and any Triggered Third Party Payment that would be payable if the other Party elects to obtain a sublicense under such Patents or Know-How; and upon the other Party's reasonable written request, provide a copy of such Future Third Party Agreement, provided that the licensee Party shall have the right to redact confidential, proprietary or sensitive information from such copy.

(b) Subject to Section 3.8(c), unless the other Party [***], and subject to all other applicable terms of the Future Third Party Agreement to the extent that would be applicable to the rights (sub)licensed hereunder to such Party, then (i) in the case of MacroGenics as the In-License Party, the MacroGenics Licensed Patents or MacroGenics Licensed Know-How, or (ii) in the case of Zai as the In-License Party, Zai Licensed Patents or Zai Licensed Know-How, in each case (i)-(ii) shall not include such Patents or Know-How in-licensed pursuant to such Future Third Party Agreement.

(c) [***], with respect to any Patents or Know-How that is (i) licensed to the In-License Party under a Zai Third Party Agreement or MacroGenics Third Party Agreement and (ii) necessary or reasonably useful for the non-In-License Party to perform its obligations under this Agreement or exercise the rights licensed to it under this Agreement with respect to the [***] Program, then:

(i) any Triggered Third Party Payment that is (A) associated with such Patents or Know-How and (B) payable by the In-License Party after the Opt-In shall be [***]; and

(ii) such Patents or Know-How shall be [***] (in the case of MacroGenics as the In-License Party) or [***] (in the case of Zai as the In-License Party).

(d) [***]

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4. TARGET NOMINATION; RESEARCH

4.1. Target Nomination

(a) **MGNX Option Molecule**. During the period starting from the Effective Date and for [***] thereafter, MacroGenics shall have the right to nominate a Target for the MGNX Option Molecule. To exercise such right, MacroGenics shall notify Zai (or the Gatekeeper, if either Party elects to implement a Gatekeeper pursuant to Section 4.1(c)) in writing of the Target that MacroGenics wishes to be the subject of activities under the Research Plan for the MGNX Option Program. Zai shall notify MacroGenics in writing within [***] following the receipt of MacroGenics' notice whether it agrees to the inclusion of the selected Target within the MGNX Option Program, provided that Zai may only withhold its consent to such inclusion on the basis that the designated Target is not Available to Zai. If Zai agrees to the inclusion of the selected Target, such Target shall be deemed the Target selected by MacroGenics for the MGNX Option Molecule as of the date of MacroGenics' receipt of Zai's acceptance notice (the "**MGNX Option Target Date**").

(b) **Zai Selection Molecule**. During the period starting from the Effective Date and for [***] thereafter, Zai shall have the right to nominate a Target for the Zai Selection Molecule. To exercise such right, Zai shall notify MacroGenics (or the Gatekeeper, if either Party elects to

implement a Gatekeeper pursuant to Section 4.1(c)) in writing of the Target that Zai wishes to be the subject of activities under the Research Plan for the Zai Selection Program. MacroGenics shall notify Zai in writing within [***] following the receipt of Zai's notice whether it agrees to the inclusion of the selected Target within the Zai Selection Program, provided that MacroGenics may only withhold its consent to such inclusion on the basis that the designated Target is not Available to MacroGenics. If MacroGenics agrees to the inclusion of the selected Target, such Target shall be deemed the Target selected by Zai for the Zai Selection Molecule as of the date of Zai's receipt of MacroGenics' acceptance notice (the "**Zai Selection Target Date**").

(c) **Target Availability**. Upon either Party's reasonable request, the Parties shall mutually agree upon an independent, nationally-recognized law firm to act as a gatekeeper (the "**Gatekeeper**") solely for purposes of facilitating Target nomination and verifying whether or not a Target is Available, as further described in this Section 4.1(c), and the Parties shall [***] the Gatekeeper in connection therewith. At the nominating Party's request, the non-nominating Party shall provide the nominating Party (or, at non-nominating Party's discretion, the Gatekeeper) with [***]; provided that, the non-nominating Party shall not be obligated to provide to the nominating Party any confidential information of a Third Party, or to breach the terms of any agreement with a Third Party in providing such information. The Parties shall agree upon and enter into a customary three-way agreement with the Gatekeeper, whereby (i) the nominating Party will provide the Gatekeeper with the proposed Target, (ii) the non-nominating Party will provide the Gatekeeper with a list of Targets that are not Available, and (iii) upon review of both lists, the Gatekeeper will inform the nominating Party (and only the nominating Party) of whether the proposed Target is Available; provided that the nominating Party's proposed Target shall be the Confidential Information of nominating Party, and the non-nominating Party's list of Targets shall be the Confidential Information of the non-nominating Party. In the event of any dispute with respect to the Availability of a Target under this Section 4.1, whether or not a Gatekeeper is implemented to facilitate the Target nomination process, either Party may submit such dispute for resolution pursuant to Article 15.

1.2. **Research**

(a) **Research Plan**. During the Research Term, the Parties will jointly conduct early Development activities pursuant to a Research Plan for each of the Programs. Within (i) [***] following the Effective Date with respect to the [***] Program, (ii) [***] following the Effective Date with respect to the [***], and (iii) [***] following the MGNX Option Target Date with respect to the MGNX Option Program, and (iv) [***] following the Zai Selection Target Date with respect to the Zai Selection Program, the Parties shall mutually agree to a research and early development plan and budget ("**Research Plan**") for the applicable Program, which shall set forth the deliverables, timelines, responsibilities of each Party, criteria for selecting development candidates, and budgeted FTEs and out-of-pocket costs for Development activities. Each Research Plan shall set forth the Development activities to be conducted by the Parties for the applicable Program which extend through [***](including completion of [***], [***], and [***]) during the Research Term. The JSC shall review each Research Plan no less than [***] during the Research Term, and make updates as appropriate. During the Research Term, each Party shall use Commercially Reasonable Efforts to conduct the activities allocated to such Party in each Research Plan, and the JRDC shall oversee and facilitate the conduct of such activities.

(b) **Records; Updates**. Each Party shall maintain complete, current and accurate records of (i) all activities conducted pursuant to the Research Plan and (ii) other pre-IND activities that are mutually agreed upon by the Parties and conducted after the Effective Date (collectively the "**Research Plan Activities**"), and all data and other information resulting from such Research Plan Activities. Such

records shall fully and properly reflect all work performed and results achieved in the performance of such Research Plan Activities in good scientific manner appropriate for regulatory and patent purposes. During each JRDC meeting, each Party shall provide the JRDC with an update on the progress of Research Plan Activities and any information and data generated from such Research Plan Activities since the prior JRDC meeting.

(c) **Research Costs**

(i) [***] **Program**. With respect to the [***] MacroGenics and Zai [***] with Research Plan Activities for the [***] Product in the [***] Program [***] Molecule or [***] Product under the Research Plan ("[***] **Research Costs**").

(ii) [***] **Program**. With respect to the [***] Program, [***] Research Plan Activities for the applicable Product in the applicable Program.

(iii) [***] **Program**. With respect to the [***] Program, [***]Research Plan Activities [***] Program.

(d) **Subcontractors**. Each Party shall have the right to engage Third Party contractors to perform any portion of its obligations under the Research Plans without the other Party's consent; provided that any subcontractor engaged by a Party pursuant to this Section 4.2(d) shall be required to agree in writing to be bound by terms regarding maintaining the confidentiality of proprietary information that are no less stringent than those contained in this Agreement and regarding ownership of intellectual property that are consistent with those contained in this Agreement. Use of subcontractors for the foregoing purposes by any Party shall not relieve it of any of its obligations pursuant to this Agreement.

5. DEVELOPMENT; REGULATORY

5.1. Collaboration Programs

(a) **Development Plans**.

(i) [***] **Program Before Opt-In and MGNX Option Program**. [***], the Parties will jointly conduct Development activities pursuant to a Global Development Plan and a Territory-Specific Development Plan for such Collaboration Program; provided that, with respect to the [***] Program, the Parties will so conduct the Development activities unless and until Zai elects to exercise its Opt-In pursuant to Section 5.1(e). Subject to Section 5.1(a)(ii), no later than [***] prior to the date the Parties reasonably [***], the Parties shall mutually prepare a Global Development Plan and a Territory-Specific Development Plan for such Collaboration Program for the JSC's review and approval. Each Global Development Plan and Territory-Specific Development Plan shall set forth in reasonable detail the major

Development and regulatory activities to be conducted by or on behalf of each Party (or its Affiliates or Sublicensees) and the estimated timelines for achieving such activities to obtain Regulatory Approval in each country or Region in the applicable Collaboration Territory. Pursuant to each Global Development Plan and Territory-Specific Development Plan for a Collaboration Program Zai shall be primarily responsible for conducting Clinical Trials in the applicable Collaboration Territory, and MacroGenics shall be primarily responsible for conducting Clinical Trials outside the applicable Collaboration Territory. The JSC shall review each Global Development Plan and Territory-Specific Development Plan no less than [***] and make updates as appropriate, and the JRDC shall oversee and facilitate cooperation and information transfer between the Parties in conducting the activities set forth in the Global Development Plan and Territory-Specific Development Plan.

(ii) [***] **Program After Opt-In**. If Zai exercises the [***] Profit Share Option pursuant to Section 5.1(e) the Parties shall mutually prepare a Co-Development Plan within [***] of Zai's exercise of the [***] Profit Share Option for the JRDC's review and approval; provided that, if there is a Global Development Plan or Territory Specific Development Plan in effect at such time, the Co-Development Plan shall replace such Global Development Plan or Territory Specific Development Plan. The Co-Development Plan shall set forth in reasonable detail (1) the major Development and regulatory activities to be conducted by or on behalf of each Party (or its Affiliates or Sublicensees), (2) the estimated timelines for achieving such activities to obtain Regulatory Approval in each country or Region in the world, and (3) the respective budgets for the Development of the applicable [***] Product (A) under the Research Plan, if ongoing, (B) in the [***] Opt-In Territory, and (C) in the ROW. Pursuant to the Co-Development Plan and unless otherwise specified therein, Zai shall be primarily responsible for finishing all Clinical Trials it is conducting in the [***] Territory at the time of the Opt-In and conducting Clinical Trials in the [***] Opt-In Territory that will be initiated after the Opt- In, and MacroGenics shall be primarily responsible for finishing all Clinical Trials it is conducting outside the [***] Territory at the time of the Opt-In and conducting Clinical Trials in all countries in the ROW that will be initiated after the Opt-In. The JSC shall review the Co-Development Plan no less than [***] and make updates as appropriate, and the JRDC shall oversee and facilitate cooperation and information transfer between the Parties in conducting the activities set forth in the Co- Development Plan.

(b) **Diligence; Standards**

(i) **Zai's Responsibilities for** [***] **Program Before Opt-In and MGNX Option Program**. Zai shall use Commercially Reasonable Efforts to conduct the Development activities allocated to Zai under the Global Development Plans and Territory-Specific Development Plans for (1) the [***] Program before the Opt-In and (2) the MGNX Option Program, and to achieve the Development goals as described in each Global Development Plan and Territory-Specific Development Plan. Without limiting the generality of the foregoing, with respect to each such Collaboration Program, Zai shall use Commercially Reasonable Efforts to either (y) [***] or (z) include the [***]. Further, Zai shall provide reasonable assistance to MacroGenics with submissions to and interactions with the FDA and other Regulatory Authorities outside of the applicable Collaboration Territory, at MacroGenics' request and expense; provided that, with respect to the provision of data, information and materials, such obligation to assist shall not require Zai to generate any data not within its possession or control.

(ii) **MacroGenics' Responsibilities for** [***] **Program Before Opt-In and MGNX Program**. MacroGenics shall use Commercially Reasonable Efforts to conduct the Development activities allocated to MacroGenics under the Global Development Plans and Territory-

Specific Development Plans for (1) the [***] Program before the Opt-In and (2) the MGNX Program, and to achieve the Development goals as described in the Global Development Plan and Territory-Specific Development Plan. Further, MacroGenics shall provide reasonable assistance to Zai with submissions to and interactions with the NMPA and other Regulatory Authorities in the applicable Collaboration Territory, at Zai's request and expense; provided that, with respect to the provision of data, information and materials, such obligation to assist shall not require MacroGenics to generate any data not within its possession or control.

(iii) **Parties' Responsibilities for** [***] **Program After Opt-In**. After Opt-In, each Party shall use Commercially Reasonable Efforts to conduct the Development activities allocated to it under the Co-Development Plan for the [***] Program, and to achieve the Development goals as described in the Co-Development Plan. Each Party shall provide reasonable assistance to the other Party with submissions to and interactions with the Regulatory Authorities that the other Party is responsible for under the Co-Development Plan, at the other Party's request; provided that (a) any cost incurred by such other Party in connection therewith [***], and (b) with respect to the provision of data, information and materials, such obligation to assist shall not require such other Party to generate any data not within its possession or control.

(iv) **Standards**. Each Party shall conduct all Development Plan Activities in compliance with: (A) the terms and conditions of this Agreement; (B) as may be updated from time to time, the Global Development Plans, Territory Specific Development Plans and Co-Development Plan;
(C) all applicable GLP, GCP and applicable cGMP requirements, including those specified by the ICH; and (D) all Applicable Laws and Regulations.

(c) **Records; Data; Information Sharing**

(i) **Records; Updates**. Each Party shall maintain complete, current and accurate records of all activities conducted pursuant to each Global Development Plan, each Territory-Specific Development Plan and the Co-Development Plan (collectively the "**Development Plan Activities**"), and all data and other information resulting from such Development Plan Activities. Such records shall fully and properly reflect all work performed and results achieved in the performance of such Development Plan Activities in good scientific manner appropriate for regulatory and patent purposes. During each JRDC meeting, each Party shall provide the JRDC with an update on the progress of Development Plan Activities and any information and data generated from such Development Plan Activities since the prior JRDC meeting.

(ii) **Ownership of Data**.

(1) [***]. Subject to Section[***], [***] shall be (A) the sole owner of [***] generated or arising [***](x) the [***] in the Field [***], (y) the [***] in the Field [***]and (z) the [***]in the Field [***]; (B) the [***] mentioned in Section [***] above; and (C) to the extent permitted under the Applicable Laws and Regulations, the[***], as appliable, [***], outside the [***] and in the [***]as set forth in clause (A) above.

(2) [***]. Subject to Section [***], [***] shall be
(A) the sole owner of [***]generated or arising [***](x) the [***]in the Field [***], (y) the [***]in the Field [***] and (z) the [***] in the Field [***]; (B) the [***] mentioned in Section [***] above; and (C) to the extent permitted under the Applicable Laws and Regulations, the [***] in, as applicable, the [***], the [***] and the [***] as set forth in clause (A) above.

(3) [***]. [***] shall be (A) the sole owner of [***] generated in the conduct of any [***] that is [***] for (x) any [***]and at least [***], (y) any [***] and at least [***], or (z) any [***] in at least [***]and at least [***]; and (B) the [***] mentioned in clause (A) above.

(4) **Assignment Obligation and License**. Each Party hereby assigns, transfers and conveys (and to the extent a present assignment is prohibited by Applicable Laws and Regulations, shall assign) to the other Party its, its Affiliates' and its Sublicensees' right, title and interest in and to the data generated or arising after the Research Term from the Collaboration Programs in such a way as to effectuate the terms set forth in this Section 5.1(c)(ii). For clarity, all such Data solely owned by a Party shall be deemed to be such Party's Licensed Know-How, under which such Party shall grant to the other Party a license pursuant to Section 3.1 or Section 3.2.

(iii) **Information Sharing**.

(1) **General**. In addition to each Party's rights and obligations set forth in Section 5.1(c)(i) and Section 5.1(c)(ii), each Party shall use Commercially Reasonable Efforts to provide to the other Party summaries of data generated from its conduct of Development Plan Activities. Upon a Party's reasonable request, and at such Party's cost and expense, the other Party shall, to the extent permitted by the Applicable Laws and Regulations, provide more detailed information and data (including Clinical Data) that is reasonably available to such other Party and in support of such summary data provided by such other Party.

(2) [***] **Program Before Opt-In and MGNX Program**. With respect to (A) the [***] Program before the Opt-In and (B) the MGNX Option Program, Zai shall, to the extent permitted by the Applicable Laws and Regulations, have the right to use any information or data so provided by MacroGenics to Develop and obtain Regulatory Approval for the applicable Collaboration Molecules and Collaboration Products in the Field in the applicable Collaboration Territory under the applicable Territory Specific Development Plan, and MacroGenics shall, to the extent permitted by the Applicable Laws and Regulations, have the right to use any information or data so provided by Zai to Develop and obtain Regulatory Approval for the applicable Collaboration Molecules and Collaboration Products in the Field outside the applicable Collaboration Territory under the applicable Global Development Plan.

(3) [***] **Program After Opt-In**. With respect to the [***] Program after the Opt-In, each Party shall, to the extent permitted by the Applicable Laws and Regulations, have the right to use any information or data so provided by the other Party to carry out the Development and regulatory activities with respect to the [***] Molecules and [***] Products solely in accordance with the Co-Development Plan under the [***] Opt-In Territory and the ROW.

(d) **Development Costs for [***] Program Before Opt-In and MGNX Program**

(i) **Within the** [***] **Territory and MGNX Option Territory**. With respect to (A) [***], and (B) the [***], [***] shall be responsible [***] Development Costs incurred by [***] in connection with the conduct of any Development Plan Activities that are [***].

(ii) **Outside the** [***] **Territory and MGNX Option Territory**. With respect to (A) [***], and (B) the [***], [***]shall be responsible [***] Development Costs incurred by [***] in connection with the conduct of any Development Plan Activities that are [***].

(iii) **Global Development Costs**. With respect to (A) the [***], and (B) [***], [***]Development Costs incurred by [***] in connection with the conduct of any Development Plan Activities that (A) are [***], and (B) [***] (e.g. [***]), as follows: (x) [***] such Development Costs, and (y) [***]such Development Costs.

(e) **[***] Profit Share Option.**

(i) Subject to the terms and conditions of this Agreement (including Section 5.1(e)(ii)), MacroGenics hereby grants Zai an option ("[***] **Profit Share Option**") to:

(1) share in the profit and losses with respect to the [***] Product on a worldwide basis, as set forth in more detail in Exhibit D; and

(2) [***].

(ii) Zai may exercise the [***] Profit Share Option only during the period [***]by providing a written notice to MacroGenics and paying MacroGenics the Profit Share Option Payment within [***] after providing such notice.

(f) **Subcontractors for Collaboration Programs**.

(i) [***] **Program Before Opt-In and MGNX Program**. With respect to (i) the [***] Program before the Opt-In and (ii) the MGNX Program, each Party shall have the right to engage Third Party contractors to perform any portion of its obligations under this Agreement (each such subcontractor, a "**Permitted Subcontractor**"); provided, however, that [***] to be unreasonably withheld, conditioned or delayed.

(ii) [***] **Program After Opt-In**. With respect to the [***] Program after the Opt-In, each Party shall have the right to engage Third Party contractors to perform any portion of its

obligations under this Agreement; provided, however, that (A) any such Third Party contractor for which such Party is engaging to conduct services [***], and (B) [***], in each case (A)-(B) [***] to be unreasonably withheld, conditioned or delayed (any such subcontractor, as permitted under this Section 5.1(f)(ii), also a "**Permitted Subcontractor**").

(iii) **Subcontract Requirements**. Any Permitted Subcontractor engaged by a Party pursuant to Section 5.1(f)(i) or Section 5.1(f)(ii) shall be required to agree in writing to be bound by terms regarding maintaining the confidentiality of proprietary information that are no less stringent than those contained in this Agreement and regarding ownership of intellectual property that are consistent with those contained in this Agreement. Use of Permitted Subcontractors by any Party shall not relieve it of any of its obligations pursuant to this Agreement.

1.2. **License-Only Programs**

(a) **Overview; Diligence**. Following expiration of the applicable Research Term with respect to a License-Only Program, as between the Parties, Zai shall be solely responsible for the Development of License-Only Molecules and License-Only Products for such License-Only Program in the Field in the License-Only Territory and be the sole owner of all data (including Clinical Data) generated or arising from any License-Only Program after the Research Term. Zai shall use Commercially Reasonable Efforts to Develop License-Only Molecules and License-Only Products in the Field in the License-Only Territory.

(b) **Standards**. Zai shall conduct all Development activities under this Section 5.2 in compliance with: (i) the terms and conditions of this Agreement; (ii) all applicable GLP, GCP and applicable cGMP requirements, including those specified by the ICH; and (iii) all Applicable Laws and Regulations.

(c) **Records; Updates**. Zai shall maintain complete, current and accurate records of all Development activities conducted pursuant to this Section 5.2, and all data and other information resulting from such Development activities. Such records shall fully and properly reflect all work performed and results achieved in the performance of such Development activities in good scientific manner appropriate for regulatory and patent purposes.

(d) **Subcontractors**. Zai shall have the right to engage Third Party contractors to perform any portion of its obligations with respect to the License-Only Program, other than those under the Research Plans, without MacroGenics' consent.

6. REGULATORY

6.1. **Collaboration Program**

(a) [***] **Program Before Opt-In and MGNX Option Program within the Collaboration Territory**

(i) **Regulatory Submissions**. With respect to (1) the [***] Program before the Opt-In and (2) the MGNX Option Program, as between the Parties, subject to this Section 6.1(a)(i), Zai shall be solely responsible for, at [***], preparing, translating (to the extent required by the applicable Regulatory Authority in the applicable Collaboration Territory) and filing all Regulatory Submissions, and obtaining and maintaining Regulatory Approvals, for the Collaboration

Products in the applicable Collaboration Territory, in compliance with all Applicable Laws and Regulations. MacroGenics shall have the right, but not the obligation, to review and comment on all Regulatory Submissions for any Collaboration Product to any Regulatory Authority in the applicable Collaboration Territory, and Zai shall reasonably consider any such comments in such Regulatory Submissions prior to filing thereof and shall promptly provide copies of any Regulatory Submissions (including all updates thereof) to MacroGenics. MacroGenics shall cooperate with Zai in all material respects and be actively involved in Zai's efforts with respect to such Regulatory Submissions, including without limitation providing to Zai any revisions to the investigator's brochure and CMC information required for Regulatory Submissions to Regulatory Authorities in the applicable Collaboration Territory.

(ii) **Interactions with Regulatory Authorities**. With respect to (1) the [***] Program before the Opt-In and (2) the MGNX Option Program, as between the Parties, subject to this Section 6.1(a)(ii), Zai shall be responsible for, at [***], responding to inquiries and correspondence from the applicable Regulatory Authorities with respect to Collaboration Products in the applicable Collaboration Territory. MacroGenics (or its designee) shall have a right to be present at (but not participate in, unless otherwise requested by Zai or the applicable Regulatory Authority) meetings with the Regulatory Authorities if (1) it is reasonably likely that there would be discussions on the agenda about the Collaboration Product beyond the scope of Zai's Development of the Collaboration Product in the applicable Collaboration Territory (e.g., CMC matters, Clinical Data generated by MacroGenics),
(2) MacroGenics' (or its designee's) attendance is permitted under the Applicable Laws and Regulations and by the Regulatory Authorities, and (3) MacroGenics' (or its designee's) attendance would not delay any such meetings. Following each substantive communication (whether by phone or in person) with a Regulatory Authority with respect to a Collaboration Product, Zai shall prepare a record of such meeting in accordance with its standard business practices (e.g., written minutes) and provide to MacroGenics a copy of such record.

(b) [***] **Program Before Opt-In and MGNX Program outside the Territory**. With respect to (1) the [***] Program before the Opt-In and (2) the MGNX Option Program, as between the Parties, MacroGenics shall be solely responsible for, at [***], (i) preparing, translating and filing all Regulatory Submissions, and obtaining and maintaining Regulatory Approvals, for the Collaboration Products outside the applicable Collaboration Territory, in compliance with all Applicable Laws and Regulations, and (ii) responding to inquiries and correspondence from the applicable Regulatory Authorities with respect to Collaboration Products outside the applicable Collaboration Territory. MacroGenics or its designee shall own and hold all Regulatory Approvals for Collaboration Products outside the applicable Collaboration Territory. Zai shall cooperate with MacroGenics in all material respects and be actively involved in MacroGenics' efforts with respect to such Regulatory Submissions, including without limitation providing to MacroGenics any revisions to the investigator's brochure and pharmacovigilance information required for Regulatory Submissions to Regulatory Authorities in the applicable jurisdiction outside the Collaboration Territory.

(c) [***] **Program After Opt-In**. With respect to the [***] Program after the Opt-In, subject to the Co-Development Plan, Zai shall be responsible for the regulatory activities in the [***] Opt-in Territory and MacroGenics shall be responsible for the regulatory activities in the ROW (each such Party responsible for regulatory activities, the "**Responsible Party**"). Subject to the Co-Development Plan, (1) the Responsible Party shall comply with Sections 6.1(a)(i) and 6.1(a)(ii), *mutatis mutandis*, with respect to the conduct of regulatory activities in the country or Region allocated to it; and (2) the other Party shall have the same rights and obligations set forth in Sections 6.1(a)(i) and 6.1(a)(ii), *mutatis mutandis*, with respect to such country or Region; provided that, in each case of (1) and (2), any cost incurred by any Party in connection therewith will [***].

(d) **Market Authorization Applications and Regulatory Approvals in Greater China**. With respect to (i) the [***] Program (whether before or After the Opt-In) and (ii) the MGNX Program, unless otherwise required by Applicable Laws and Regulations, [***] shall file all MAAs for Collaboration Products as imported products in Greater China, in [***] name. For clarity, such Regulatory Approvals shall be deemed [***] for so long as such Regulatory Approvals are in [***] name, under which [***] shall grant to [***] a license pursuant to Section [***]. For so long as such Regulatory Approvals are in [***] name, [***] hereby designates [***] as [***] regulatory agent and exclusive general distributor for each Collaboration Product in Greater China. In the event later permitted by Applicable Laws or Regulations, and upon [***] reasonable request, [***] shall promptly assist and cooperate with [***] and transfer and assign all MAAs or Regulatory Approvals for each Collaboration Product in Greater China to [***] to allow [***] to be the holder and sole owner of the Regulatory Approval for each Collaboration Product in Greater China within the scope of the license granted to [***] under Section [***].

(e) **Pharmacovigilance**

(i) **Pharmacovigilance and Safety Data**. MacroGenics shall establish and maintain, at [***], a global drug safety database for the Collaboration Products. Zai shall have the right to access from such global drug safety database all Safety Data necessary for Zai to comply with all Applicable Laws and Regulations in the applicable Collaboration Territory. Zai may establish and maintain, at [***], a local drug safety database for the Collaboration Products in the applicable Collaboration Territory. Each Party will be responsible, at its sole cost and expense, for: (A) collecting all pharmacovigilance and other Safety Data for the Collaboration Products in its respective territory as required by Applicable Laws and Regulations; and
(B) reporting any such pharmacovigilance and other Safety Data, including Adverse Events in its respective territory, for the Collaboration Products to the applicable Regulatory Authorities in its respective territory, as appropriate to be in compliance with all Applicable Laws and Regulations, including reporting Safety Data to the other Party in XML files (or CIOMS format) (in English) for entry into the global safety database; provided that any cost incurred by any Party in connection therewith with respect to the [***] Program [***]. Each Party expressly acknowledges that the other Party may provide information it receives pursuant to this Section 6.1(e)(i) to appropriate Regulatory Authorities within its respective territory by itself or through any of its Affiliates or Sublicensees engaged in Development and Commercialization activities of the Collaboration Products in its respective territory.

(ii) **Pharmacovigilance Agreement**. Within [***] following the Effective Date, or such other period as the Parties may agree (but in any case before the first IND filing of the first Product in the applicable Collaboration Territory), the Parties shall enter into a mutually acceptable pharmacovigilance agreement setting forth the Parties' respective obligations in detail regarding pharmacovigilance and the exchange of Safety Data for the Collaboration Programs during the period before the First Commercial Sale of a first Collaboration Product in the applicable Collaboration Territory. Further, no less than [***] before the estimated date of the first Regulatory Approval of a first Collaboration Product in the applicable Collaboration Territory, the Parties shall amend such pharmacovigilance agreement to set forth the Parties' respective obligations in the detail regarding pharmacovigilance and the exchange of Safety Data during the period after the First Commercial Sale of a first Collaboration Product in the applicable Collaboration Territory. In the event Zai elects to Opt-In with respect to the [***] Program, the Parties will determine the need to amend the pharmacovigilance agreement in view of the Parties' responsibilities set forth in the Co-Development Plan and Co-Commercialization Plan.

(f) **Recalls**.

(i) **General**. If a Party is required by a Regulatory Authority of competent jurisdiction a recall, withdrawal, or correction (including the dissemination of relevant information) of any Collaboration Product ("**Recall**"), or if a Recall is deemed advisable by a Party in its sole discretion, then such Party shall so notify the other Party no later than [***] hours in advance of the earlier of (i) initiation of Recall, or (ii) the submission of plans for such Recall to a Regulatory Authority. Promptly after being notified of a Recall, each Party shall provide the other Party with such assistance in connection with such Recall as may be reasonably requested by such other Party.

(ii) [***] **Program Before Opt-In and MGNX Program**. With respect to (1) the [***] Program before the Opt-In and (2) the MGNX Program, Zai shall handle exclusively the organization and implementation of any Recalls of any Collaboration Product in the applicable Collaboration Territory, at [***], and MacroGenics shall handle exclusively the organization and implementation of any Recalls of any Collaboration Product outside the Collaboration Territory, at [***].

(iii) [***] **Program After Opt-In**. With respect to the [***] Program after the Opt-In, Zai shall handle exclusively the organization and implementation of any Recalls of any [***] Product in the [***] Opt-In Territory, and MacroGenics shall handle exclusively the organization and implementation of any Recalls of any [***] Product in the ROW; provided that any cost incurred by any Party in connection therewith will [***].

1.2. **License-Only Programs**. As between the Parties, Zai shall [***], (a) preparing, translating and filing all Regulatory Submissions, and obtaining and maintaining Regulatory Approvals, for the License-Only Products in the License-Only Territory, in compliance with all Applicable Laws and Regulations, (b) responding to inquiries and correspondence from the applicable Regulatory Authorities with respect to License-Only Products in the License-Only Territory, and (c) handling exclusively the organization and implementation of any Recalls of any License-Only Products [***]. Zai or its designee shall own and hold all Regulatory Approvals for License-Only Products.

7. COMMERCIALIZATION

7.1. Collaboration Programs

(a) [***] **Program Before Opt-In and MGNX Program Within the Territory**. With respect to (1) the [***] Program before the Opt-In and (2) the MGNX Program, as between the Parties, subject to this Section 7.1, Zai shall be solely responsible for the Commercialization of Collaboration Products in the applicable Collaboration Territory, at [***], including developing and executing a plan for commercial launch, obtaining all required approvals from Regulatory Authorities for Commercialization (including reimbursement activities), marketing and promotion, booking sales and distribution and performance of related services, providing customer support, including handling medical queries, and performing other related functions. Following Regulatory Approval of a Collaboration Product in the Field in any country or Region in the applicable Collaboration Territory, (i) Zai shall use Commercially Reasonable Efforts to Commercialize such Collaboration Product in the Field in such country or Region, and (ii) at each JCC meeting, Zai shall provide the JCC with an update with respect to its Commercialization activities for such Collaboration Product in the Field in such country or Region, and

consider in good faith any comments thereto provided by the JCC. As between the Parties, Zai shall book all sales of Collaboration Products in any country or Region in the applicable Collaboration Territory, and shall have the sole right to determine all pricing of Collaboration Products in such country or Region.

(b) [***] **Program Before Opt-In and MGNX Program Outside the Territory**. With respect to (1) the [***] Program before the Opt-In and (2) the MGNX Program, as between the Parties, subject to this Section 7.1, MacroGenics shall be solely responsible for the Commercialization of Collaboration Products in the Field outside the applicable Collaboration Territory.

(c) [***] **Program After Opt-In**. If Zai elects to Opt-In with respect to the [***] Program pursuant to Section 5.1(e), no later than [***] prior to the anticipated First Commercial Sale of the first [***] Product worldwide, the Parties shall mutually prepare a Co- Commercialization Plan for the JCC's review and approval. The Co-Commercialization Plan shall set forth in reasonable detail the major Commercialization activities to be conducted by or on behalf of each Party (or its Affiliates or Sublicensees), (2) the estimated timelines for achieving such activities in each country or Region in the world, and (3) the respective budgets for the Commercialization of the applicable [***] Product in (A) the [***] Opt-in Territory, and (B) the ROW. The JSC shall review the Co-Commercialization Plan on a regular basis and make updates as appropriate. The Parties hereby agree that, after the Opt-In, as between the Parties, [***] shall book all sales of [***] Products in [***] and [***] shall book all sales of [***] Products in [***]. Each Party shall use Commercially Reasonable Efforts to conduct the Commercialization activities allocated to it under the Co-Commercialization Plan for the [***] Program. At each JCC meeting, each Party shall provide the JCC with an update with respect to its Commercialization activities for the [***] Product in the Field worldwide, and consider in good faith any comments thereto provided by the JCC.

(d) **Global Branding; Promotional Materials**.

(i) [***] **Program Before Opt-In and MGNX Option Program**. With respect to each [***] Product before the Opt-In and MGNX Option Product, Zai shall reasonably cooperate with MacroGenics and its designees to establish a global branding strategy worldwide ("**Global Branding Strategy**"). Zai shall Commercialize each such Collaboration Product in the applicable Collaboration Territory under a worldwide brand (the "**Global Product Brand**") specified by MacroGenics consistent with the Global Branding Strategy, except to the extent such Global Product Brand is not practicable in the applicable Collaboration Territory or not permitted by any applicable Regulatory Authority in such Collaboration Territory, in which case MacroGenics and Zai shall agree on an alternate product brand specific to such Collaboration Territory or MacroGenics may make adjustments to the Global Branding Strategy, as MacroGenics deems appropriate.

(ii) [***] **Program After Opt-In**. In the event that Zai elects to Opt-In with respect to the [***] Program pursuant to Section 5.1(e), each Party shall Commercialize each [***] Product in accordance with a Global Branding Strategy jointly established by the Parties after the Opt-In and under the Global Product Brand jointly specified by the Parties after the Opt-In, except to the extent such Global Product Brand is not practicable or not permitted by in any country or Region in the world, in which case the Party responsible for Commercialization of [***] Products in such country shall decide on an alternate product brand specific to such country or Region.

(iii) **Zai's Responsibilities**. Except for any Trademarks that are intended to identify MacroGenics' as the manufacturer or owner of a Collaboration Product, and subject to Section 7.1(d)(i) and Section 7.1(d)(ii), Zai shall be responsible for the following aspects of Commercialization of the Collaboration Products: (i) the design and supply of printable artworks and labels in promotional materials for Collaboration Products for the applicable Collaboration Territory (and other countries

allocated to Zai under the Co-Commercialization Plan with respect to the [***] Program after the Opt-In),
(ii) determining the product names of the Collaboration Products in a local language and how the Collaboration Products shall be presented and described in any promotional materials to the medical community in the applicable Collaboration Territory (and other countries allocated to Zai under the Co- Commercialization Plan with respect to the [***] Program after the Opt-In), (iii) the placement of the name and logos of Zai in any such promotional materials and (iv) branding the Collaboration Products in the applicable Collaboration Territory (and other countries allocated to Zai under the Co-Commercialization Plan with respect to the [***] Program after the Opt-In) using any trademarks it determines appropriate, which branding may vary by country or Region, in each case (i)-(iii) as permitted by Applicable Laws and Regulation and consistent with the applicable Global Branding Strategy. Except with respect to the MacroGenics Licensed Trademarks, Zai will own all rights in all other trademarks it creates for the [***] Products and MGNX Option Products for use in the applicable Collaboration Territory, and register and maintain such trademarks in the applicable Collaboration Territory, where and how it determines appropriate.

(e) **No Diversion**

(i) Each Party hereby covenants and agrees that it shall not, either directly or indirectly, promote, market, distribute, import, sell or have sold Collaboration Products, including via the Internet or mail order, to any Third Party, address or Internet Protocol address in the other Party's territory.

(ii) If any of the Collaboration Products are diverted into the other Party's territory (the "**Unauthorized Territory**") for use (excluding use by or on behalf of any Party, its Affiliates and Sublicensees for activities permitted under this Agreement) or sale therein ("**Unauthorized Activity**"), the following shall apply: (1) if such Collaboration Products were diverted by an identifiable customer, distributor, employee, consultant or agent of the source Party (each an "**Unauthorized Person**") then, upon the request of the other Party, the source Party shall not sell such Collaboration Products to, or allow the sale of such Collaboration Products by, such Unauthorized Person (including by requiring the discontinuation of sales of such Collaboration Product or enforcement of contractual obligations against such Unauthorized Person) for the remaining Term and shall use Commercially Reasonable Efforts to buy back all such Collaboration Products from such Unauthorized Person within [***] of such request from the other Party; or (2) the source Party shall use Commercially Reasonable Efforts to investigate the location of such diverted Collaboration Products and buy them back; but, if and to the extent that, the source Party elects not to, or is unable to, buy back the applicable diverted Collaboration Products, then the other Party may, in its sole discretion, buy back the applicable diverted Collaboration Products, and the source Party shall reimburse the other Party for all reasonable costs incurred by such other Party in connection with the buy-back or lost sales of any such diverted Collaboration Products. Notwithstanding the foregoing, any cost incurred by any Party in connection with (1) or (2) above with respect to the [***] Program after the Opt-In [***].

1.2. **License-Only Programs**. As between the Parties, Zai shall be solely responsible for the Commercialization of License-Only Products in the Field in the License-Only Territory. Following the Regulatory Approval of a License-Only Product in the Field in any country or Region in the License-Only Territory, Zai shall use Commercially Reasonable Efforts to Commercialize such License-Only Product in the Field in such country or Region. Zai will own all rights in all other trademarks it creates for the License- Only Products for use in the License-Only Territory, and register and maintain such trademarks in the License-Only Territory, where and how it determines appropriate

1.3. **Compliance**.

(a) **General**. Each Party shall comply with the terms of this Agreement and all Applicable Laws and Regulations relating to activities performed or to be performed by such Party (or its Affiliates, contractor(s) or Sublicensee(s)) under or in relation to the Commercialization of Products pursuant to this Agreement.

(b) **Zai's Covenants, Representations and Warranties**. Without limiting the generality of Section 7.3(a), Zai agrees, on behalf of itself, its officers, directors and employees and on behalf of its Affiliates, agents, representatives, consultants, and Subcontractors (together with Zai, the "**Zai Representatives**") that for the performance of its obligations hereunder:

(i) The Zai Representatives shall not directly or indirectly pay, offer or promise to pay, or authorize the payment of any money, or give, offer or promise to give, or authorize the giving of anything else of value, to: (1) any Government Official in order to influence official action;
(2) any Person (whether or not a Government Official) (a) to influence such Person to act in breach of a duty of good faith, impartiality or trust ("**Acting Improperly**"), (b) to reward such Person for Acting Improperly, or (c) where such Person would be Acting Improperly by receiving the money or other thing of value; (3) any other Person while knowing or having reason to know that all or any portion of the money or other thing of value shall be paid, offered, promised or given to, or shall otherwise benefit, a Government Official in order to influence official action for or against either Party in connection with the matters that are the subject of this Agreement; or (4) any Person to reward that Person for Acting Improperly or to induce that Person to Act Improperly.

(ii) The Zai Representatives shall not, directly or indirectly, solicit, receive or agree to accept any payment of money or anything else of value in violation of the Anti-Corruption Laws.

(iii) Zai and the other Zai Representatives shall comply with the Anti- Corruption Laws and shall not take any action that shall, or would reasonably be expected to, cause either Party (or its Affiliates) to be in violation of any such laws. In furtherance of the foregoing, Zai acknowledges and confirms the following:

(1) Zai has reviewed its internal programs in relation to the Anti- Corruption Laws and the ability of the Zai representatives to adhere to such laws in performance of its obligations hereunder in advance of the signing of this Agreement and warrants that it and the other Zai Representatives can and shall continue to comply with such Anti-Corruption Laws in performance of its obligations hereunder and further represents and warrants that should either Party identify in writing to the other Party any measures that should be reasonably taken to improve Zai Representatives' compliance with such Anti-Corruption Laws for the performance of its obligations hereunder (the "**Zai Improvement Plan**"), Zai shall use Commercially Reasonable Efforts to implement such Zai Improvement Plan within an agreed reasonable timeframe (which shall in any event not be in excess of [***]) from the date the Zai Improvement Plan is delivered to the receiving Party. In the absence of the full implementation by Zai of such Zai Improvement Plan within the aforesaid [***] period, MacroGenics shall be entitled to terminate this Agreement, upon written notice to Zai with immediate effect, to be relieved of any obligations, and to seek compensation from Zai;

(2) To the best of Zai's and its Affiliates' knowledge after reasonable diligence, no Zai Representative that shall participate or support Zai's performance of its obligations hereunder has, directly or indirectly, (x) paid, offered or promised to pay, or authorized the payment of

any money; (y) given, offered or promised to give, or authorized the giving of anything else of value; or
(z) solicited, received or agreed to accept any payment of money or anything else of value, in each case ((x), (y) and (z)), in violation of the Anti-Corruption Laws during the [***] preceding the date of this Agreement.

(3) To the best of Zai 's and its Affiliates' knowledge, none of its intellectual property rights, technology, contracts, materials, or licenses or other assets that are the subject of this Agreement, other than those provided by or on behalf of MacroGenics, were procured in violation of any Anti-Corruption Laws.

(iv) Zai, on behalf of itself and the Zai Representatives, represents and warrants to MacroGenics that all information provided by Zai and the Zai Representatives to MacroGenics in any anti-bribery and corruption due diligence checklist, similar due diligence process performed by MacroGenics or its Affiliates or inquiry by MacroGenics related to Zai 's or the Zai Representatives compliance with Anti-Corruption Laws is true, complete and correct in all material respects at the date it was provided and that any material changes in circumstances relevant to the answers provided in such exercise shall be promptly disclosed to MacroGenics.

(v) Zai shall promptly provide MacroGenics with written notice of the following events: (i) upon becoming aware of any actual, alleged, or potential breach or violation by Zai or any Zai Representative of any representation, warranty or undertaking set forth in this Section 0; or
(ii) upon receiving a formal notification that it is the target of a formal investigation by a government authority for any violation of any Anti-Corruption Law or upon receipt of information from any of the Zai Representatives that any of them is the target of a formal investigation by a government authority for a violation of any Anti-Corruption Law.

(vi) For the Term and for [***] following the expiration or earlier termination of the Agreement, Zai shall for the purpose of auditing and monitoring the performance of its compliance with this Agreement and particularly this Section 0 permit MacroGenics, its Affiliates, any auditors of any of them and any government authority to have reasonable access to any premises of Zai or other Zai Representatives used in connection with this Agreement, together with a right to reasonably access personnel and records that relate to this Agreement ("**Zai Audit**"). Zai shall provide or procure that the Zai Representatives shall provide all co-operation as reasonably requested by MacroGenics for the purposes of the Zai Audit, with the understanding that MacroGenics shall be responsible for all costs and fees of any Zai Audit and MacroGenics shall procure that any auditor enters into a confidentiality agreement consistent with the confidentiality provisions elsewhere in this Agreement in all material respects.

(vii) If (A) MacroGenics becomes aware of, whether or not through a Zai Audit, that Zai (or any other Zai Representative) is in breach or violation of any representation, warranty or undertaking in Section 0 or of the Anti-Corruption Laws; or (B) MacroGenics receives notification that a suspected or actual violation of an Anti-Corruption Law has occurred by Zai or any other Zai Representative, in each case of (A)-(B), MacroGenics shall have the right, in addition to any other rights or remedies under this Agreement or to which MacroGenics may be entitled in law or equity, to take such steps as are reasonably necessary in order to avoid a potential violation or continuing violation by MacroGenics or any of its Affiliates of the Anti-Corruption Laws, including by requiring that Zai agrees to and uses Commercially Reasonable Efforts to implement any curative actions requested by MacroGenics. In the event that Zai refuses to agree to all of the curative actions requested by MacroGenics (and provided that MacroGenics has (x) provided Zai with an explanation in reasonable detail as to why MacroGenics considers such actions necessary, (y) given Zai a

reasonable opportunity to review and comment upon the proposed actions and to provide its view as to the necessity or

usefulness of these to address the event concerned, and (z) considered such comments in good faith), MacroGenics shall be entitled to terminate this Agreement in its entirety with immediate effect. Any termination of this Agreement pursuant to this Section 0 shall be treated as a termination for breach by Zai of this Agreement and the consequences of termination shall apply and additionally: (1) subject to the accrued rights of the Parties prior to termination, MacroGenics shall have no liability to Zai for any fees, reimbursements or other compensation or for any loss, cost, claim or damage resulting, directly or indirectly, from such termination; and (2) any amounts that would otherwise be payable to Zai pursuant to this Agreement in its entirety, as applicable, including any then outstanding and unpaid claims for payment shall be null and void to the extent permissible under Applicable Laws and Regulations.

(viii) Zai shall be responsible for any breach of any representation, warranty or undertaking in this Section 0 or of the Anti-Corruption Laws by any Zai Representative.

(ix) MacroGenics may disclose the terms of this Agreement or any action taken under this Section 0 to prevent a potential violation or continuing violation of applicable Anti-Corruption Laws, including the identity of Zai and the payment terms, to any government authority if MacroGenics determines, upon advice of counsel, that such disclosure is necessary.

(c) **MacroGenics's Covenants, Representations and Warranties**. Without limiting the generality of Section 7.3(a), MacroGenics agrees, on behalf of itself, its officers, directors and employees and on behalf of its Affiliates, agents, representatives, consultants, and Subcontractors (together with MacroGenics, the "**MacroGenics Representatives**") that for the performance of its obligations hereunder:

(i) The MacroGenics Representatives shall not directly or indirectly pay, offer or promise to pay, or authorize the payment of any money, or give, offer or promise to give, or authorize the giving of anything else of value, to: (1) any Government Official in order to influence official action; (2) any Person (whether or not a Government Official) (a) to influence such Person to act in breach of a duty of good faith, impartiality or trust, (b) to reward such Person for Acting Improperly, or (c) where such Person would be Acting Improperly by receiving the money or other thing of value;
(3) any other Person while knowing or having reason to know that all or any portion of the money or other thing of value shall be paid, offered, promised or given to, or shall otherwise benefit, a Government Official in order to influence official action for or against either Party in connection with the matters that are the subject of this Agreement; or (4) any Person to reward that Person for Acting Improperly or to induce that Person to Act Improperly.

(ii) The MacroGenics Representatives shall not, directly or indirectly, solicit, receive or agree to accept any payment of money or anything else of value in violation of the Anti-Corruption Laws.

(iii) MacroGenics and the other MacroGenics Representatives shall comply with the Anti-Corruption Laws and shall not take any action that shall, or would reasonably be expected to, cause either Party (or its Affiliates) to be in violation of any such laws. In furtherance of the foregoing, MacroGenics acknowledges and confirms the following:

(1) MacroGenics has reviewed its internal programs in relation to the Anti-Corruption Laws and the ability of the MacroGenics representatives to adhere to such laws in performance of its obligations hereunder in advance of the signing of this Agreement and warrants that it and the other MacroGenics Representatives can and shall continue to comply with such Anti-

Corruption Laws in performance of its obligations hereunder and further represents and warrants that should either Party identify in writing to the other Party any measures that should be reasonably taken

to improve MacroGenics Representatives' compliance with such Anti-Corruption Laws for the performance of its obligations hereunder (the "**MacroGenics Improvement Plan**"), MacroGenics shall use Commercially Reasonable Efforts to implement such MacroGenics Improvement Plan within an agreed reasonable timeframe (which shall in any event not be in excess of [***]) from the date the MacroGenics Improvement Plan is delivered to the receiving Party. In the absence of the full implementation by MacroGenics of such MacroGenics Improvement Plan within the aforesaid [***] period, Zai shall be entitled to terminate this Agreement, upon written notice to MacroGenics with immediate effect, to be relieved of any obligations, and to seek compensation from MacroGenics;

(2) To the best of MacroGenics's and its Affiliates' knowledge after reasonable diligence, no MacroGenics Representative that shall participate or support MacroGenics's performance of its obligations hereunder has, directly or indirectly, (x) paid, offered or promised to pay, or authorized the payment of any money; (y) given, offered or promised to give, or authorized the giving of anything else of value; or (z) solicited, received or agreed to accept any payment of money or anything else of value, in each case ((x), (y) and (z)), in violation of the Anti-Corruption Laws during the
[***] preceding the date of this Agreement.

(3) To the best of MacroGenics 's and its Affiliates' knowledge, none of its intellectual property rights, technology, contracts, materials, or licenses or other assets that are the subject of this Agreement, other than those provided by or on behalf of Zai, were procured in violation of any Anti-Corruption Laws.

(iv) MacroGenics, on behalf of itself and the MacroGenics Representatives, represents and warrants to Zai that all information provided by MacroGenics and the MacroGenics Representatives to Zai in any anti-bribery and corruption due diligence checklist, similar due diligence process performed by Zai or its Affiliates or inquiry by Zai related to MacroGenics 's or the MacroGenics Representatives compliance with Anti-Corruption Laws is true, complete and correct in all material respects at the date it was provided and that any material changes in circumstances relevant to the answers provided in such exercise shall be promptly disclosed to Zai.

(v) MacroGenics shall promptly provide Zai with written notice of the following events: (i) upon becoming aware of any actual, alleged, or potential breach or violation by MacroGenics or any MacroGenics Representative of any representation, warranty or undertaking set forth in this Section 0; or (ii) upon receiving a formal notification that it is the target of a formal investigation by a government authority for any violation of any Anti-Corruption Law or upon receipt of information from any of the MacroGenics Representatives that any of them is the target of a formal investigation by a government authority for a violation of any Anti-Corruption Law.

(vi) For the Term and for [***] following the expiration or earlier termination of the Agreement, MacroGenics shall for the purpose of auditing and monitoring the performance of its compliance with this Agreement and particularly this Section 0 permit Zai, its Affiliates, any auditors of any of them and any government authority to have reasonable access to any premises of MacroGenics or other MacroGenics Representatives used in connection with this Agreement, together with a right to reasonably access personnel and records that relate to this Agreement ("**MacroGenics Audit**"). MacroGenics shall provide or procure that the MacroGenics Representatives shall provide all co-operation as reasonably requested by Zai for the purposes of the MacroGenics Audit, with the understanding that Zai shall be responsible for all costs and fees of any MacroGenics Audit and Zai shall procure that any auditor enters into a confidentiality agreement consistent with the confidentiality provisions elsewhere in this Agreement in all material respects.

(vii) If (A) Zai becomes aware of, whether or not through a MacroGenics Audit, that MacroGenics (or any other MacroGenics Representative) is in breach or violation of any representation, warranty or undertaking in Section 0 or of the Anti-Corruption Laws; or (B) Zai receives notification that a suspected or actual violation of an Anti-Corruption Law has occurred by MacroGenics or any other MacroGenics Representative, in each case of (A)-(B), Zai shall have the right, in addition to any other rights or remedies under this Agreement or to which Zai may be entitled in law or equity, to take such steps as are reasonably necessary in order to avoid a potential violation or continuing violation by Zai or any of its Affiliates of the Anti-Corruption Laws, including by requiring that MacroGenics agrees to and uses Commercially Reasonable Efforts to implement any curative actions requested by Zai. In the event that MacroGenics refuses to agree to all of the curative actions requested by Zai (and provided that Zai has (x) provided MacroGenics with an explanation in reasonable detail as to why Zai considers such actions necessary, (y) given MacroGenics a reasonable opportunity to review and comment upon the proposed actions and to provide its view as to the necessity or usefulness of these to address the event concerned, and (z) considered such comments in good faith), Zai shall be entitled to terminate this Agreement in its entirety with immediate effect. Any termination of this Agreement pursuant to this Section 0 shall be treated as a termination for breach by MacroGenics of this Agreement and the consequences of termination shall apply and additionally: (1) subject to the accrued rights of the Parties prior to termination, Zai shall have no liability to MacroGenics for any fees, reimbursements or other compensation or for any loss, cost, claim or damage resulting, directly or indirectly, from such termination; and (2) any amounts that would otherwise be payable to MacroGenics pursuant to this Agreement in its entirety, as applicable, including any then outstanding and unpaid claims for payment shall be null and void to the extent permissible under Applicable Laws and Regulations.

(viii) MacroGenics shall be responsible for any breach of any representation, warranty or undertaking in this Section 0 or of the Anti-Corruption Laws by any MacroGenics Representative.

(ix) Zai may disclose the terms of this Agreement or any action taken under this Section 0 to prevent a potential violation or continuing violation of applicable Anti-Corruption Laws, including the identity of MacroGenics and the payment terms, to any government authority if Zai determines, upon advice of counsel, that such disclosure is necessary.

8. MANUFACTURE AND SUPPLY

8.1. Supply of [***] Products Before Opt-In and MGNX Products

(a) **MacroGenics Responsibility**. With respect to the [***] Products before the Opt-In and the MGNX Products, subject to other provisions in this Agreement (including Section 4.2(c)(i) and Section 8.3), MacroGenics shall be solely responsible for the Manufacture, either by itself or through one or more Third Parties selected by MacroGenics at its sole discretion, of (i) all such Collaboration Molecules and Collaboration Products required for the Clinical Trials described in each Global Development Plan or Territory-Specific Development Plan, at MacroGenics' Fully-Burdened Manufacturing Cost, and (ii) all commercial supplies of Collaboration Products required by Zai for the Commercialization of Collaboration Products in the applicable Collaboration Territory, at MacroGenics' Fully-Burdened Manufacturing Cost.

(b) **Supply Agreements**. No later than [***] before the first anticipated IND filing for a Collaboration Molecule or Collaboration Product in the applicable Collaboration Territory, the Parties shall enter into negotiations for a supply agreement governing the clinical supply to Zai for its requirements of such Collaboration Molecule and Collaboration Product required for Development

hereunder in the applicable Collaboration Territory. Within [***] (but no later than [***]) prior to the projected date of First Commercial Sale of a Product in any country or

Region in the applicable Collaboration Territory, the Parties shall negotiate and enter into a supply agreement governing the commercial supply of such Collaboration Product to Zai for its requirements of such Collaboration Product for Commercialization in the applicable Collaboration Territory. Each supply agreement shall provide customary terms and conditions, such as acceptance and rejection procedures, forecast and order procedures, release documentations and audit rights by Zai and for MacroGenics and Zai to discuss and agree upon a Third Party supplier for Products in the event of certain material supply failures, as determined in accordance with criteria to be mutually agreed by the Parties thereunder.

(c) **Manufacturing Specifications**. All clinical and commercial supplies of Collaboration Molecules and Collaboration Product supplied by MacroGenics shall be manufactured in accordance with the specifications (i) determined by MacroGenics, (ii) subject to Section 8.1(d), consistent with those specifications required by the applicable Regulatory Authority in the Territory provided by Zai to MacroGenics in writing, and (iii) in compliance with all regulatory requirements and all Applicable Laws and Regulations, as further set forth in the supply agreements and related quality agreements.

(d) **Change of Manufacturing Process**. MacroGenics shall reasonably inform Zai of developments in matters of process development and Manufacture of the Collaboration Products, and shall consult with Zai with respect to the development and Manufacture processes of the Collaboration Products adopted by MacroGenics to the to obtain Regulatory Approval(s) of the same in the Collaboration Territory, all as described in further detail in the supply agreements and quality agreements. In addition, MacroGenics shall implement changes required by Regulatory Authority in the Collaboration Territory to the extent commercially practicable, provided that Zai shall bear any and all incremental costs resulting from any changes to the manufacturing specifications required by the applicable Regulatory Authority in the Collaboration Territory but not by any of the Regulatory Authorities outside the Collaboration Territory, and the supply agreements and quality agreements shall provide the mechanism for such implementation. In the event it is not commercially practicable for MacroGenics or its supplier to implement a change required by a Regulatory Authority in the Collaboration Territory, the Parties shall explore the potential engagement of any other Third Party supplier or [***]. Each Party shall promptly notify the other Party of any information that may impact approvability or regulatory status (before or after approval) of Collaboration Products of which it is aware and reasonably believes may impact the regulatory status before or after Regulatory Approval of a Product in the Collaboration Territory.

1.2. **Supply of** [***] **Products After Opt-In**. With respect to each [***] Product after the Opt- In, the Parties will [***] .

1.3. **[***]Collaboration Products**.

(a) [***]. In the event that [***] Collaboration Molecule or Collaboration Product other than because of (1) [***]or (2) [***], or (ii) following the [***],

then in each case of (i) or (ii) Zai may, upon written notice to MacroGenics [***] request MacroGenics to initiate, or cause its applicable Affiliate or designated Third Party to [***].

(b) [***]. [***]the Parties will [***]. MacroGenics will use Commercially Reasonable Efforts to [***]. Among other things, [***]will provide that MacroGenics will, or will cause its applicable Affiliate or designated Third Party to, [***] Collaboration Molecule and Collaboration Product [***] such Collaboration Molecule and Collaboration Product [***] Zai, its Affiliates or Sublicensees as [***]

(c) If Zai, its Affiliate [***], MacroGenics shall have the right [***]. MacroGenics may exercise such right by providing written notice to Zai of its intent to do so, and promptly following Zai's receipt thereof, the Parties shall [***].

1.4. **Supply of cGMP Materials for the First Phase I Clinical Trial of MGNX Option Product**. Notwithstanding anything to the contrary in this Agreement, [***] the Manufacture and supply of the cGMP materials for the first Phase I Clinical Trial of the MGNX Option Product at its own cost and expense.

1.5. **Supply of License-Only Products**. Zai shall be solely responsible for the manufacture of clinical and commercial supply of License-Only Molecules and License-Only Products, at its sole cost and expense. Zai shall ensure that all clinical and commercial supplies of License-Only Molecules and License- Only Products are manufactured in accordance with the specifications in compliance with all regulatory

requirements and all Applicable Laws and Regulations in the applicable country or Region in the License- Only Territory.

9. **PAYMENTS**

9.1. **Upfront Payment**. Within [***] after the Effective Date, Zai shall pay to MacroGenics Twenty-Five Million US Dollars (US$25,000,000) (the "**Upfront Payment**"), which shall be non-creditable, non-refundable against any other payments due under this Agreement.

9.2. **Equity Investments**. As partial consideration for the rights granted to Zai hereunder, the Parties are entering into separate stock issuance and related agreements concurrently with the execution of this Agreement whereby Zai will purchase Thirty Million Seventeen US Dollars and Ten Cents (US$30,000,017.10) of MGNX stock at Thirty-One US Dollars and Thirty Cents ($31.30) per share.

9.3. **Development and Regulatory Milestone Payments**. On a Program-by-Program basis, Zai shall pay to MacroGenics the non-creditable, non-refundable milestone payments listed set forth in the table below within [***] after the first achievement of the applicable milestone events by the first Product in such Program, whether by or on behalf of Zai, its Affiliate or any Sublicensee. For clarity, each of the following milestone payments shall be payable only once per Program, regardless of the number of times such milestone is achieved.

Milestone Event	**Milestone Payment**		
For each of the Collaboration Programs			
[***]	[***])		
[***]	[***])		
	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]

[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
For each of the License-Only Programs			
[***]	[***]		
[***]	[***]		
	[***]	[***]	[***]

provided that, after Zai exercises the [***] Profit Share Option, [***].

The milestone events above are intended to be successive with respect to each Product and each Program, such that if a particular milestone event set forth in the table above for a Product for an Indication is not achieved prior to the achievement of the next milestone event set forth in the table above for such Product in such Indication (and with respect to the BLA submission acceptance and Regulatory Approval milestones, in the corresponding country or Region) (such non-achieved milestone event, a "**Skipped Milestone**"), then such Skipped Milestone shall be deemed to have been achieved upon the achievement of such next milestone event to occur, and the milestone payment for such Skipped Milestone shall be due and payable by Zai to MacroGenics at the time the milestone payment is due and payable for such next milestone event. For example, if a Registration Trial for a Collaboration Product for an Indication has not been Initiated in the applicable Collaboration Territory prior to the acceptance of a BLA submission for such Collaboration Product for such Indication in China, then the milestone payment for both milestone events shall be due and payable by Zai to MacroGenics at the time the milestone payment for the BLA acceptance milestone event is due and payable under this Section 9.3.

1.4. **Commercial Milestone Payments for License-Only Products**. With respect to each License-Only Program, Zai shall pay to MacroGenics the non-creditable, non-refundable milestone payments set forth in the table below within [***]after the first achievement of aggregate annual Net Sales for all License-Only Products for a License-Only Program in a Calendar Year of the applicable sales milestone event. For clarity, the milestone payments in this Section 9.4 shall be additive such that if multiple milestone events specified below are achieved in the same Calendar Year, then the milestone payments for all such milestone events shall be payable with respect to such Calendar Year. For clarity, each of the following milestone payments shall be payable only once for each License-Only Program regardless of the number of times such milestone is achieved.

Commercial Milestone Event	Milestone Payment
[***]	[***]
[***]	[***]

[***])	[***]
[***])	[***]

1.5. **Royalties on Net Sales of Products Other Than [***] Products After Opt-In**

(a) **Royalty Rate**. On a Product-by-Product basis, other than any [***] Product in the event that Zai elects to Opt-In pursuant to Section 5.1(e), subject to the terms and conditions of this Section 9.5, for each Calendar Quarter during the Royalty Term, Zai shall pay to MacroGenics non-creditable, non- refundable royalties on Net Sales of such Product (excluding any [***] Product in the event that Zai elects to Opt-In pursuant to Section 5.1(e)) in the Territory during such Calendar Quarter, as calculated by multiplying the applicable royalty rate by the corresponding amount of incremental Net Sales of such Product in the Territory, as follows:

Annual Net Sales of each Product in the Territory	Royalty Rate
For each of the [***] Products prior to the Opt-In	
For that portion of annual Net Sales of a Product less than or equal to [***]Dollars ($[***])	[***]
For that portion of annual Net Sales of a Product greater than [***]Dollars ($[***]) but less than or equal to [***]Dollars ($[***])	[***]
For that portion of annual Net Sales of a Product greater than [***]Dollars ($[***])	[***]
For each of the MGNX Option Products, [***] and Zai Selection Products	
For that portion of annual Net Sales of a Product less than or equal to [***]Dollars ($[***])	[***]
For that portion of annual Net Sales of a Product greater than [***]Dollars ($[***]) but less than or equal to [***]Dollars ($[***])	[***]
For that portion of annual Net Sales of a Product greater than [***]Dollars ($[***]) but less than or equal to [***]Dollars ($[***])	[***]
For that portion of annual Net Sales of a Product greater than [***]Dollars ($[***])	[***]

(b) **Royalty Reduction**

(i) **Biosimilar Product Market Effect**. Subject to Section 9.5(c), with respect to a Product in a country or Region in the Territory, (1) if, in any Calendar Quarter, one or more Biosimilar Products for such Product are on the market in such country or Region and the sales of such Biosimilar Products in such country or Region constitute [***]percent ([***]%) or more of the total sales [***]in such country or Region, the royalty payment for such Product in such country or Region for such Calendar Quarter shall be reduced to [***][***]% of the amount otherwise payable with respect to such Product in the absence of such Biosimilar Product(s); or (2) if, in any Calendar Quarter, one or more Biosimilar Products for such Product are on the market in such country or Region and the sales [***]in such country or Region constitute [***]percent ([***]%) or more of the total sales [***] in such country or Region, the royalty payments for such Product in such country or Region for such Calendar Quarter shall be reduced to [***]percent ([***]%) of the amount otherwise payable with respect to such Product in the absence of such Biosimilar Product(s).

(ii) **Valid Claim Expiration**. Subject to Section 9.5(c), if, in any Calendar Quarter, a Product in a country or Region in the Territory is not Covered by a Valid Claim within any MacroGenics Licensed Patent under which Zai is granted an effective license pursuant to this Agreement, then the royalty payments for Net Sales for such Product in such country or Region shall be reduced by [***]percent ([***]%) in such Calendar Quarter.

(iii) **Third Party Payments**. Subject to Section 9.5(c), if Zai obtains a license to any [***] rights owned by a Third Party that is necessary for Zai to (1) Develop or Commercialize a Collaboration Product in a country or Region in the applicable Collaboration Territory,
(2) Manufacture a Collaboration Product in a country or Region in the applicable Collaboration Territory after the date of the [***], or (3) Develop, Manufacture or Commercialize a License-Only Product in a country or Region in the applicable License-Only Territory, then the royalties payable by Zai to MacroGenics with respect to Net Sales of the applicable Product in such country or Region in any Calendar Quarter shall be reduced, on a Product-by-Product and country-by-country or Region-by-Region basis, by [***]percent ([***]%) of the [***]paid by Zai to such Third Party with respect to such Product in such country or Region in such Calendar Quarter.

(c) **Royalty Floor**. In no event shall the royalty reductions available to Zai under Section 9.5(b), collectively or individually, reduce the royalties payable to MacroGenics for a given Calendar Quarter to less than [***]percent ([***]%) of the amount otherwise payable under Section 9.5 with respect to an applicable Product; provided that [***].

1.6. **Triggered Third Party Payments for Products Other Than** [***] **Products After Opt- In**. In the event that a Party will be obligated to reimburse the other Party for any Triggered Third Party Payments, the obligated Party shall reimburse the other Party at least [***] prior to the applicable payment date for such Triggered Third Party Payment specified under the applicable Future Third Party Agreement. Such Party's obligation under this Section 9.6 with respect to the payment of Triggered Third Party Payments under a given Future Third Party Agreement for which such Party elects to obtain a sublicense pursuant to Section 3.8 shall terminate upon termination of the In-License Party's obligation to pay such Triggered Third Party Payments under the terms of such Future Third Party Agreement.

1.7. **Profit Sharing for** [***] **Program After Opt-In**. After the Opt-In, the Parties shall share the profit and loss for the [***] Program equally in accordance with the terms set forth in Exhibit D.

10. **Payments; Reports; Records; Audits**

10.1. **Net Sales Quarterly Reports for Products Other Than** [***] **Products After Opt-In**. During the Term, for each Calendar Quarter following the First Commercial Sale of a Product, other than [***] Product after the Opt-In, in the Territory, Zai shall furnish to MacroGenics:

(a) a quarterly written report for the Calendar Quarter showing, on a country-by- country and Region-by-Region basis, the Net Sales of all Products subject to royalty payments sold by Zai and its Related Parties in the Territory during the reporting period and the royalties payable under this Agreement; and

(b) a quarterly report for the Calendar Quarter showing, on a country-by-country and Region-by-Region basis, the Triggered Third Party Payments, Zai's royalties payable to Third Parties on Net Sales made during such Calendar Quarter and any royalty adjustments taken by Zai pursuant to Section 9.5(b), with such detail as shall reasonably allow MacroGenics to determine the basis for such quarterly costs.

1.2. **Submission and Payment Schedule for Products Other Than [***] Products After Opt-In**.

1.2.

(a) Reports under this Article 10 shall be due on the [***] Calendar Day following the close of each Calendar Quarter.

(b) Royalties (including those within the Triggered Third Party Payments) shown to have accrued by each report shall, unless otherwise specified under this Agreement, be due and payable [***] after the date such report is due.

1.3. **Payment Exchange Rate**. All payments to be made by one Party to the other Party under this Agreement shall be made in US Dollars by bank wire transfer in immediately available funds to a bank account in the United States designated in writing by such other Party. For invoices that a Party shall forward to the other Party, such first Party shall use an exchange rate as published by the *Wall Street Journal* as of the close of business on the last business day of the preceding month, or such other source as the Parties may agree in writing. Each Party shall take all possible steps to ensure all payments are made to the other Party under this Agreement, including by paying from non-Territory sources.

1.4. **Taxes**. In the event any withholding, value added, or other tax is required to be withheld and deducted from payments by Zai pursuant to this Agreement under Applicable Laws and Regulations, notwithstanding anything to the contrary herein, Zai will make such deduction and withholding and will pay the remainder to MacroGenics, and any amounts so withheld and deducted will be remitted by Zai to the appropriate governmental authority(ies) for the account of MacroGenics and Zai will provide MacroGenics reasonable evidence of the remittance within [***] thereof. If [***], then [***].

1. **Records**.

(a) **Research, Development, Manufacturing and Commercialization Activities.** Each Party shall maintain appropriate records of: (i) all research, Development, Manufacturing and Commercialization events and activities conducted by it or on its behalf related to a Product, and all costs in connection therewith, as applicable; and (ii) all information generated by it or on its behalf in connection with Development of Licensed Molecules and Products under this Agreement, in each case in accordance with such Party's usual documentation and record retention practices. Such records shall be in sufficient detail to properly reflect, in good scientific manner, all significant work done and results of studies and trials undertaken, and further shall be at a level of detail appropriate for patent and regulatory purposes. Upon the reasonable request of a Party, the other Party shall make such records available to the requesting Party. Each Party shall cause its Related Parties and Permitted Subcontractors to comply with this Section 10.5(a).

(b) **Zai Financial Records**. Without limiting the foregoing under Section 10.5(a), Zai shall keep complete and accurate records in sufficient detail to allow MacroGenics to determine the basis for any amounts payable to or by Zai under this Agreement. At the reasonable request of MacroGenics, Zai shall make such records available to MacroGenics.

(c) **MacroGenics Financial Records**. Without limiting the foregoing under Section 10.5(a), MacroGenics shall keep complete and accurate records in sufficient detail to allow Zai to determine the basis for any amounts payable to or by MacroGenics under this Agreement. At the reasonable written request of Zai, MacroGenics shall make such records available to Zai.

1.6. **Late Payments**. In the event that any payment due under this Agreement is not sent to the payee Party when due in accordance with the applicable provisions of this Article 10 [***], the payment shall accrue interest from the date due at the prime rate as reported by Citibank N.A., plus [***]percent ([***]%); provided, however, that in no event shall such rate exceed the maximum legal annual interest rate. The payment of such interest shall not limit the payee Party from exercising any other rights it may have as a consequence of the lateness of any payment.

1.7. **Audit Rights**. Upon the written request of a Party ("**Requesting Party**") with reasonable advance notice and not more than [***] in each Calendar Year, the other Party shall permit an independent certified public accounting firm of internationally recognized standing selected by Requesting Party and reasonably acceptable to the other Party, at its own expense, to have access during normal business hours to such records as may be reasonably necessary to verify the that the correct amounts have been paid to such Party under or in connection with this Agreement during any Calendar Year ending not more than [***] prior to the date of such request. The accounting firm shall disclose to the Requesting Party only whether the reports are correct or incorrect and the specific details concerning any discrepancies. No other information shall be provided to Requesting Party in connection with this audit right. This right to audit shall remain in effect throughout the life of this Agreement and for a period of [***] after the termination of this Agreement. If such accounting firm identifies a discrepancy, the other Party shall pay Requesting Party the amount of the discrepancy within [***] of the date Requesting Party delivers to the other Party such accounting firm's written report so concluding, or as otherwise agreed upon by the Parties. The fees charged by such accounting firm shall be paid by Requesting Party unless the underpayment by the other Party exceeded [***]percent ([***]%) of the amount owed for such Calendar Year, in which case the other Party shall pay to Requesting Party the reasonable fees charged by such accounting firm.

1.8. **Confidentiality**. Each Party shall treat all information of the other Party subject to review under this Article 10 in accordance with the confidentiality and non-use provisions of this Agreement, and

shall cause its accounting firm to enter into an acceptable confidentiality agreement with the audited Party and any applicable Related Parties, obligating it or them to retain all such information in confidence pursuant to such confidentiality agreement.

11. CONFIDENTIALITY; PUBLICATION

11.1. Nondisclosure Obligation

(a) **Definition and Restrictions**. All Confidential Information disclosed by one Party to the other Party at any time, including before the Effective Date or after the expiration or termination of this Agreement, shall be maintained in confidence by the receiving Party and shall not be disclosed by the receiving Party to any Third Party or used by the receiving Party for any purpose except as set forth herein without the prior written consent of the disclosing Party, during the Term and for a period of [***] thereafter; provided that, with respect to Confidential Information that is confidential information of a Third Party to which a Party has an obligation of confidentiality or non-use under an agreement with such Third Party, the confidentiality and non-use obligations in this Agreement shall (A) further include such additional confidentiality and non-use obligations as such Party is required to undertake with respect to such confidential information pursuant to such Third Party agreement, and (B) continue beyond such [***] period for so long as such Party is required to maintain such confidential information as confidential pursuant to such Third Party agreement (including any MacroGenics Third Party Agreement and Zai Third Party Agreement). The following shall not be deemed Confidential Information of the disclosing Party for purposes of the restrictions set forth in this Section 11.1(a):

(i) Information that is known by the receiving Party at the time of its receipt, and not through a prior disclosure by the disclosing Party, as documented by the receiving Party's business records;

(ii) Information that is or becomes part of the public domain through no wrongful act or fault on the part of the receiving Party;

(iii) Information that is subsequently disclosed to the receiving Party by a Third Party who may lawfully do so and is not under an obligation of confidentiality to the disclosing Party; and

(iv) Information that is developed by the receiving Party independently of Confidential Information received from the disclosing Party, as documented by the receiving Party's business records.

(b) **Combinations**. Any combination of features or disclosures shall not be deemed to fall within the exclusions set forth in Section 11.1(a) merely because individual features are published or available to the general public or in the rightful possession of the receiving Party unless the combination itself and principle of operation are published or available to the general public or in the rightful possession of the receiving Party.

(c) **Permitted Disclosures**. Notwithstanding the restrictions set forth in Section 11.1(a), the receiving Party may disclose Confidential Information of the other Party to:

(i) governmental or other regulatory agencies in order to obtain Patents or to gain or maintain approval to conduct clinical trials or to market Products, but such disclosure may be only to the extent reasonably necessary to obtain Patents or authorizations; or

(ii) as the receiving Party deems necessary to be disclosed, to its Affiliates, agents, consultants, or other Third Parties for the Development, Manufacture or Commercialization of Product(s), or in connection with a potential or actual licensing transaction or contractual obligation related to such Product(s) or potential or actual loan, financing or investment or acquisition, merger, consolidation or similar transaction (or for such entities to determine their interest in performing such activities or to determine their rights and obligations as a result of completing such transactions) or in order to perform its obligations or exercise its rights under this Agreement, in each case on the condition that any Third Parties, other than Regulatory Authorities, to whom such disclosures are made agree to be bound by confidentiality and non-use obligations substantially similar to those contained in this Agreement; provided that the term of confidentiality and non-use applicable to such Third Parties shall be no less than [***] (but of shorter duration if customary given the nature of such Person (i.e., investors, lenders and banking institutions) from the date of disclosure to them, provided further, that with respect to Confidential Information of a Party that constitutes (a) a trade secret, such confidentiality and non-use obligations shall apply for so long as such information constitutes a trade secret under Applicable Laws and Regulations, or (b) confidential information of a Third Party, such confidentiality and non-use obligations shall apply for so long as such Party is required to keep such information confidential under such Third Party agreement (including any MacroGenics Third Party Agreement and Zai Third Party Agreement), but only if such Party informs the other Party in writing of such additional obligations and identifies to the other Party at the time of disclosure the information subject to such additional obligations.

(d) **Disclosure Required by Judicial or Administrative Process.** If a Party is required by judicial or administrative process to disclose Confidential Information of the other Party that is subject to the non-disclosure provisions of this Section 11.1, such Party shall promptly inform the other Party of the disclosure that is being sought in order to provide the other Party an opportunity to challenge or limit the disclosure obligations. Confidential Information that is disclosed by judicial or administrative process shall remain otherwise subject to the confidentiality and non-use provisions of this Section 11.1, and the Party disclosing Confidential Information pursuant to law or court order shall take all steps reasonably necessary, including obtaining an order of confidentiality, to ensure the continued confidential treatment of such Confidential Information, including, by using not less than the same level of efforts to secure such confidential treatment of such information as it would to protect its own Confidential Information of like nature from disclosure.

(e) **Obligations Upon Termination.** Upon the termination or expiration of this Agreement, or upon the earlier request of either Party, the receiving Party shall return to the disclosing Party, all of the disclosing Party's Confidential Information, including all copies thereof, provided that the receiving Party may retain one copy for archival purposes, and provided further, that a receiving Party shall not be required to destroy electronic files containing such Confidential Information of the disclosing Party that are made in the ordinary course of its business information back-up procedures pursuant to its electronic record retention and destruction practices that apply to its own general electronic files and information, and any such retained copies shall continue to be subject to the confidentiality and non-use obligations in accordance with this Agreement.

1.2. **Publication**

(a) **Publication of Results**. Zai and MacroGenics each acknowledge the other Party's interest in publishing the results of its activities under the Programs in order to obtain recognition within the scientific community and to advance the state of scientific knowledge. Each Party also recognizes the mutual interest in obtaining valid patent protection and in protecting business interests and trade secret information. The JSC shall establish procedures for review of publications related to the Collaboration Programs and License-Only Programs, ensuring that, except for disclosures permitted pursuant to

Section 11.1, either Party and its employees wishing to make a publication related to work performed under this Agreement (including under a License-Only Program) shall deliver to the other Party a copy of the proposed written publication or an outline of an oral disclosure at least [***] prior to submission for publication or for presentation. Notwithstanding the foregoing, (i) no Party may publish any results of the Parties' activities conducted under any Research Plan without the other Party's prior written consent;
(ii) subject to the review procedures established by the JSC, Zai may publish any results related to any License-Only Program generated after the Research Term for such License-Only Program without MacroGenics' consent; (iii) MacroGenics shall not publish any results of the Parties' activities related to any License-Only Program without Zai's prior written consent; and (ii) no Party may publish any results of the Parties' activities related to any Collaboration Program without the other Party's prior written consent.

(b) **Review of Publications and Presentations**

(i) The reviewing Party shall have the right (A) to propose modifications to the publication or presentation for patent reasons, trade secret reasons, or for purposes of removing the Confidential Information of the reviewing Party, or (B) to request a reasonable delay in publication or submission for presentation in order to protect trade secret or patentable information.

(ii) If the reviewing Party requests the removal of the reviewing Party's Confidential Information or a delay, the publishing Party shall remove such Confidential Information and if requested by the reviewing Party delay submission for publication or submission for presentation for a period of [***] to enable patent applications protecting each Party's rights in such Confidential Information to be filed in accordance with Article 14 below.

(iii) Upon expiration of such [***] and satisfaction of any other conditions imposed by the JSC, the publishing Party shall be free to proceed with the publication or submission for presentation.

(iv) Upon request of the Party seeking publication, the reviewing Party shall consider expediting the time frames set forth in this Section 11.2.

(v) If the reviewing Party requests modifications to the publication or submission for presentation, the publishing Party shall edit such publication to prevent disclosure of the Confidential Information of the reviewing Party.

1.3. **Publicity; Use of Names**

(a) **Press Releases**. The Parties shall issue the press release included in this Agreement as Exhibit E announcing the execution of this Agreement. A Party may issue any subsequent press release relating to this Agreement or activities conducted hereunder upon prior written approval of the other Party, such approval not to be unreasonably withheld or delayed; provided, however, that no approval of the other Party shall be required if a subsequent press release or securities filing solely discloses the information that
(1) a milestone under this Agreement has been achieved or any payments associated therewith have been received; (2) the filing or approval of a BLA generally has occurred (provided, however, that specific dates of filing shall not be disclosed); (3) initiation of any clinical trial; and (4) commercial launch of a Product or any information that has previously been approved and disclosed as permitted by this Section 11.3(a). In the case of items (1) to (4) of the preceding sentence, the disclosing Party shall provide the other Party a copy of such proposed disclosures at least [***] prior to the proposed release and consider in

good faith any comments the other Party may make, where practicable, and in light of any reporting obligations of such disclosing Party under Applicable Laws and Regulations, including the rules

and regulations promulgated by the United States Securities and Exchange Commission or any other relevant stock exchange or governmental agency.

(b) **No Other Use of Company Names**. Neither Party shall use the name, trademark, trade name or logo of the other Party or its employees in any publicity or news release relating to this Agreement or its subject matter without the prior express written permission of the other Party.

(c) **Approved Press Releases**. In addition and notwithstanding anything to the contrary herein, (a) if the relevant text of a proposed press release has already previously been reviewed and approved for disclosure by the other Party then such text may be disclosed or republished in such proposed press release provided that the Party issuing such press release provides notice to the other Party of such press release at least [***] prior to the issuance of such press release, where practicable, and (b) if the relevant text of a proposed public announcement such as a corporate presentation or comments to analysts or investors has already previously been reviewed and approved for disclosure by the other Party (whether in the form of an approved press release or prior approved presentation materials, Q&A script or the like) then such text may be included in such proposed public announcement (but not a press release) without resubmission and review by the other Party.

(d) **Existence of Agreement**

(i) **No Disclosure**. Neither Party shall disclose the existence or terms of this Agreement pursuant to a press release or otherwise except as provided in this Section 11.3(d).

(ii) **Permitted Disclosures**

(A) Notwithstanding the terms of this Article 11, either Party shall be permitted to disclose the existence and terms of this Agreement and the conduct of the Programs under this Agreement, to the extent required, in the reasonable opinion of such Party's legal counsel, to comply with Applicable Laws and Regulations, including the rules and regulations promulgated by the United States Securities and Exchange Commission or any other relevant stock exchange or governmental agency. The disclosing Party shall take reasonable and lawful actions to avoid or minimize the degree of such disclosure.

(B) Either Party may also disclose the existence and terms of this Agreement to its attorneys, accountants and advisors, and to potential acquirors, in connection with a potential acquisition or other change of control transaction and to existing and potential investors or lenders of such Party, as a part of their due diligence investigations, or to potential licensees or to potential and current permitted assignees in each case under an agreement to keep the terms of this Agreement confidential under terms of confidentiality and non-use substantially similar to the terms contained in this Agreement and to use such confidential information solely for the purpose of the contemplated transaction.

(C) Each Party may also disclose the existence and terms of this Agreement pursuant to transactions related to the research, Development, Manufacture or Commercialization or exploitation of a Licensed Molecule or any Product, in each case under an agreement to keep the terms of this Agreement confidential under terms of confidentiality and non-use substantially similar to the terms contained in this Agreement and to use such confidential information solely for the purpose of the contemplated transaction.

12. REPRESENTATIONS AND WARRANTIES

12.1. **Representations and Warranties of MacroGenics**. MacroGenics represents and warrants to Zai that, as of the Effective Date, and covenants, that:

(a) it is duly organized and validly existing under the Applicable Laws and Regulations of the jurisdiction of its incorporation and has the full right, power and authority to enter into this Agreement, to perform the Programs, and to grant the licenses contemplated under Article 3;

(b) this Agreement is legally binding upon it and enforceable in accordance with its terms and the execution, delivery and fulfillment of its obligations and performance of its activities hereunder do not conflict with, violate, or breach or constitute a default under any contractual obligation or court or administrative order by which MacroGenics is bound, nor violate any material Application Laws and Regulations;

(c) all necessary consents, approvals and authorizations of all government authorities and other persons required to be obtained by MacroGenics as of the Effective Date in connection with the execution, delivery and performance of this Agreement have been obtained;

(d) it is not aware of any action, suit or inquiry or investigation instituted by any Person which could question or threaten the validity of this Agreement;

(e) in the conduct of any activities under this Agreement, it shall comply and shall cause its and its Affiliates' employees and contractors to comply with all Applicable Laws and Regulations, including all export control, anti-corruption and anti-bribery laws and regulations, and shall not cause Zai's Indemnitees to be in violation of any Applicable Laws and Regulations or otherwise cause any reputational harm to Zai;

(f) it Controls the right, title and interest in and to the MacroGenics Platform, MacroGenics Licensed Patents, MacroGenics Licensed Know-How and MacroGenics Licensed Trademarks, and has the right to grant to Zai the licenses that it purports to grant hereunder;

(g) it has not granted, and shall not grant during the Term, any Third Party rights and has not taken, and shall not take during the Term, any other action which would be inconsistent or interfere with Zai's rights hereunder, including Zai's [***] Profit Share Option;

(h) the MacroGenics Platform, MacroGenics Licensed Patents, MacroGenics Licensed Know-How and MacroGenics Licensed Trademarks are not subject to any other Third Party agreements or existing royalty or other payment obligations to any Third Party;

(i) it is the sole and exclusive owner of the entire right, title and interest in the MacroGenics Licensed Patents. All MacroGenics Licensed Patents owned by MacroGenics as of the Effective Date are listed in Exhibit A. All MacroGenics Licensed Patents are (i) subsisting and in good standing and (ii) being diligently prosecuted in the respective patent offices in accordance with Applicable Laws and Regulations, and have been filed and maintained properly and correctly and all applicable fees have been paid on or before the due date for payment. To its knowledge after due investigation, the issued Patents in the MacroGenics Licensed Patents are valid and enforceable;

(j) to its knowledge, no Third Party is infringing or misappropriating any MacroGenics Platform, MacroGenics Licensed Technology or MacroGenics Licensed Trademarks;

(k) there is no action, suit, inquiry, investigation or other proceeding threatened, pending, or ongoing by any Third Party that challenges or threatens the validity, enforceability or MacroGenics' Control of any of the MacroGenics Licensed Patents or MacroGenics Licensed Trademarks. In the event that MacroGenics receives notice of any such action or proceeding, it shall notify Zai promptly in writing;

(l) there is no action, suit, inquiry, investigation or other proceeding threatened, pending, or ongoing by any Third Party (and it is not aware of any grounds therefor) that alleges the use of the MacroGenics Platform, MacroGenics Licensed Technology or MacroGenics Licensed Trademarks or the development, manufacture, commercialization, and use of the Products would infringe intellectual property rights or misappropriate any Know-How of any Third Party (and it has not received any notice alleging such an infringement). In the event that MacroGenics receives notice of any such action or proceeding, it shall notify Zai promptly in writing;

(m) to MacroGenics knowledge, no material breach of confidentiality has been committed by any Person with respect to the MacroGenics Licensed Know-How that is maintained as a trade secret and MacroGenics has used reasonable measures to protect the confidentiality thereof;

(n) it has obtained or shall obtain written agreements from each of its employees, consultants and contractors who perform any activities pursuant to this Agreement, which agreements shall obligate such persons to obligations of confidentiality and non-use and to assign Inventions in a manner consistent with the provisions of this Agreement; and

(o) neither it nor any of its or its Affiliates' employees or agents performing under this Agreement has ever been, or is currently: (i) debarred under 21 U.S.C. § 335a or by any Regulatory Authority; (ii) excluded, debarred, suspended, or otherwise ineligible to participate in federal health care programs or in federal procurement or non-procurement programs; (iii) listed on the FDA's Disqualified and Restricted Lists for clinical investigators; or (iv) convicted of a criminal offense that falls within the scope of 42 U.S.C. § 1320a-7(a), but has not yet been excluded, debarred, suspended, or otherwise declared ineligible. MacroGenics further covenants that if, during the Term, it becomes aware that it or any of its or its Affiliates' employees or agents performing under this Agreement is the subject of any investigation or proceeding that could lead to that Party becoming a debarred entity or individual, an excluded entity or individual or a convicted entity or individual, MacroGenics will promptly notify Zai. The foregoing sentence will survive termination or expiration of this Agreement.

1.2. **Representations and Warranties of Zai**. Zai represents and warrants to MacroGenics that, as of the Effective Date:

(a) it is duly organized and validly existing under the Applicable Laws and Regulations of the jurisdiction of its incorporation and has the full right, power and authority to enter into this Agreement, to perform the Programs, and to grant the licenses contemplated under Article 3;

(b) this Agreement is legally binding upon it and enforceable in accordance with its terms and the execution, delivery and fulfillment of its obligations and performance of its activities hereunder do not conflict with, violate, or breach or constitute a default under any contractual obligation or court or administrative order by which Zai is bound, nor violate any material Application Laws and Regulations;

(c) all necessary consents, approvals and authorizations of all government authorities and other persons required to be obtained by Zai as of the Effective Date in connection with the execution, delivery and performance of this Agreement have been obtained;

(d) the Zai Platform, Zai Licensed Patents and Zai Licensed Know-How are not subject to any other Third Party agreements or existing royalty or other payment obligations to any Third Party;

(e) it is not aware of any action, suit or inquiry or investigation instituted by any Person which questions or threatens the validity of this Agreement;

(f) in the conduct of any activities under this Agreement, it shall comply and shall cause its and its Affiliates' employees and contractors to comply with all Applicable Laws and Regulations, including all export control, anti-corruption and anti-bribery laws and regulations, and shall not cause MacroGenics' Indemnitees to be in violation of any Applicable Laws and Regulations or otherwise cause any reputational harm to MacroGenics

(g) it Controls the right, title and interest in and to the Zai Platform, Zai Licensed Patents and Zai Licensed Know-How, and has the right to grant to MacroGenics the licenses that it purports to grant hereunder;

(h) it has not granted, and shall not grant during the Term, any Third Party rights and has not taken, and shall not take during the Term, any other action which would be inconsistent or interfere with MacroGenics rights hereunder;

(i) to its knowledge, no Third Party is infringing or misappropriating any Zai Platform or Zai Licensed Technology;

(j) there is no action, suit, inquiry, investigation or other proceeding threatened, pending, or ongoing by any Third Party (and it is not aware of any grounds therefor) that alleges the use of the Zai Platform or Zai Licensed Technology would infringe intellectual property rights or misappropriate any Know-How of any Third Party (and it has not received any notice alleging such an infringement). In the event that Zai receives notice of any such action or proceeding, it shall notify MacroGenics promptly in writing;

(k) it has obtained or shall obtain written agreements from each of its employees, consultants and contractors who perform any activities pursuant to this Agreement, which agreements shall obligate such persons to obligations of confidentiality and non-use and to assign Inventions in a manner consistent with the provisions of this Agreement; and

(l) neither it nor any of its or its Affiliates' employees or agents performing under this Agreement has ever been, or is currently: (i) debarred under 21 U.S.C. § 335a or by any Regulatory Authority; (ii) excluded, debarred, suspended, or otherwise ineligible to participate in federal health care programs or in federal procurement or non-procurement programs; (iii) listed on the FDA's Disqualified and Restricted Lists for clinical investigators; or (iv) convicted of a criminal offense that falls within the scope of 42 U.S.C. § 1320a-7(a), but has not yet been excluded, debarred, suspended, or otherwise declared ineligible. Zai further covenants that if, during the Term, it becomes aware that it or any of its or its Affiliates' employees or agents performing under this Agreement is the subject of any investigation or proceeding that could lead to that Party becoming a debarred entity or individual, an excluded entity or individual or a convicted entity or individual, Zai will promptly notify MacroGenics. The foregoing sentence will survive termination or expiration of this Agreement.

1.3. **Covenant**. Each Party hereby covenants to the other Party that it will not, and will not permit its Affiliates, (Sub)licensees or anyone acting on its or their behalf to, grant or otherwise convey to any Third Party any rights that would interfere or be inconsistent with such other Party's rights hereunder.

1.4. **No Other Representations or Warranties**. EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, WHETHER EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, OR NON-MISAPPROPRIATION OF THIRD PARTY INTELLECTUAL PROPERTY RIGHTS, IS MADE OR GIVEN BY OR ON BEHALF OF A PARTY. ALL REPRESENTATIONS AND WARRANTIES, WHETHER ARISING BY OPERATION OF LAW OR OTHERWISE, ARE HEREBY EXPRESSLY EXCLUDED.

13. INDEMNIFICATION

13.1. **By Zai**. Zai agrees to indemnify and hold harmless MacroGenics, its Affiliates, and their directors, officers, employees and agents (individually and collectively, the "**MacroGenics Indemnitee(s)**") from and against all losses, liabilities, damages and expenses (including reasonable attorneys' fees and costs) incurred in connection with any claims, demands, actions or other proceedings by any Third Party (individually and collectively, "**Losses**") first arising after the Effective Date to the extent arising from (a) activities by Zai or any of its Related Parties, or any Zai Representatives with respect to the research, Development, use, Manufacture, Commercialization, import, distribution, or sale of Licensed Molecules or Products or the exercise of their rights or performance of their obligations related thereto, (b) the use by Zai or any of its Related Parties, or Permitted Subcontractors of the MacroGenics Licensed Patents or MacroGenics Licensed Know-How pursuant to this Agreement, (c) the negligence, illegal conduct or willful misconduct of Zai, or (d) Zai's breach of this Agreement; provided, however, that Zai's obligations pursuant to this Section 13.1 will not apply to the extent such Losses result from Losses for which MacroGenics has an obligation to indemnify Zai pursuant to Section 13.2.

13.2. **By MacroGenics**. MacroGenics agrees to indemnify and hold harmless Zai, its Affiliates, and their directors, officers, employees and agents (individually and collectively, the "**Zai Indemnitee(s)**") from and against all Losses to the extent arising from (a) activities by MacroGenics or any of its Related Parties or Permitted Subcontractors or MacroGenics Representatives with respect to the research, Development, use, Manufacture, Commercialization or sale of Licensed Molecules or Products or the exercise of their rights or performance of their obligations related thereto, (b) the negligence, illegal conduct or willful misconduct of MacroGenics, (c) the use by MacroGenics or any of its Related Parties or Permitted Subcontractors of the Zai Licensed Patents or Zai Licensed Know-How pursuant to this Agreement, or (d) MacroGenics' breach of this Agreement; provided, however, that MacroGenics' obligations pursuant to this Section 13.2 will not apply to the extent such Losses result from Losses for which Zai has an obligation to indemnify MacroGenics pursuant to Section 13.1.

13.3. **Defense**. If any such claims or actions are made, the Indemnitee shall be defended at the Indemnifying Party's sole expense by counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnitee, provided that the Indemnitee may, at its own expense, also be represented by counsel of its own choosing. The Indemnifying Party shall have the sole right to control the defense of any such claim or action, subject to the terms of this Section 13.

13.4. **Settlement**. The Indemnifying Party may settle any such claim, demand, action or other proceeding or otherwise consent to an adverse judgment (a) with prior written notice to the Indemnitee but without the consent of the Indemnitee where the only liability to the Indemnitee is the payment of money and the Indemnifying Party makes such payment, provided such settlement would not subject the Indemnitee to an injunction or otherwise adversely impact any of the Indemnitee's rights under this Agreement or constitute an admission of guilt or wrongdoing by the Indemnitee, or (b) in all other cases, only with the prior written consent of the Indemnitee, such consent not to be unreasonably withheld. The Indemnitee may not settle any such claim, demand, action or other proceeding or otherwise consent to an

adverse judgment in any such action or other proceeding or make any admission as to liability or fault without the express written permission of the Indemnifying Party.

1.5. **Notice**. The Indemnitee shall notify the Indemnifying Party promptly of any claim, demand, action or other proceeding under Section 13.1 or Section 13.2 and shall reasonably cooperate with all reasonable requests of the Indemnifying Party with respect thereto.

1.6. **Limitation of Liability.** NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, OR INDIRECT DAMAGES OR FOR LOST PROFITS ARISING FROM OR RELATING TO ANY BREACH OF THIS AGREEMENT, REGARDLESS OF ANY NOTICE OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS SECTION 13.6 IS INTENDED TO OR SHALL LIMIT OR RESTRICT THE INDEMNIFICATION RIGHTS OR OBLIGATIONS OF ANY PARTY UNDER ARTICLE 13, OR DAMAGES AVAILABLE FOR A PARTY'S BREACH OF CONFIDENTIALITY OBLIGATIONS IN ARTICLE 11.

14. INTELLECTUAL PROPERTY

14.1. Ownership of Intellectual Property

(a) **Ownership of current MacroGenics IP**. As between MacroGenics and Zai, MacroGenics shall remain the sole and exclusive owner of all MacroGenics Licensed Patents, MacroGenics Licensed Trademarks and MacroGenics Licensed Know-How that exist as of the Effective Date.

(b) **Ownership of current Zai IP**. As between Zai and MacroGenics, Zai shall remain the sole and exclusive owner of all Zai Licensed Patents and Zai Licensed Know-How that exists as of the Effective Date.

(c) **MacroGenics Improvement IP**. MacroGenics shall own all data, results and inventions, whether patentable or not, conceived or reduced to practice in the course of conducting the Research Plan for any Licensed Molecule or Product or in the course of either Party conducting Development, Manufacturing or Commercialization of a Collaboration Molecule or Collaboration Product, in each case that is solely and specifically related to the MacroGenics Platform, together with all intellectual property rights therein ("**MacroGenics Improvement IP**"). Zai shall, and hereby does (and shall cause its employees, agents, and subcontractors to, and shall cause its Affiliates and their respective employees, agents and subcontractors to), assign to MacroGenics all of its and their right, title and interest in and to MacroGenics Improvement IP. Upon MacroGenics's written request, Zai shall, and shall cause its employees, agents, and subcontractors to, and shall cause its Affiliates and their respective employees, agents and subcontractors to, execute and deliver such instruments and do such acts and things as may be necessary under Applicable Laws and Regulations, or as MacroGenics may reasonably request to effectuate and confirm the vesting of all right, title and interest in and to the MacroGenics Improvement IP in MacroGenics.

(d) **Zai Improvement IP**. Zai shall own all data, results and inventions, whether patentable or not, conceived or reduced to practice in the course of conducting the Research Plan for a Program for any Licensed Molecule or Product or in the course of either Party conducting Development, Manufacturing or Commercialization of a Collaboration Compound or Collaboration Product, in each case that is solely and specifically related to the Zai Platform, together with all intellectual property rights therein ("**Zai Improvement IP**") . MacroGenics shall, and hereby does (and shall cause its employees, agents, and subcontractors to, and shall cause its Affiliates and their respective employees, agents and

subcontractors to), assign to Zai all of its and their right, title and interest in and to Zai Improvement IP. Upon Zai's written

request, MacroGenics shall, and shall cause its employees, agents, and subcontractors to, and shall cause its Affiliates and their respective employees, agents and subcontractors to, execute and deliver such instruments and do such acts and things as may be necessary under Applicable Laws and Regulations, or as Zai may reasonably request to effectuate and confirm the vesting of all right, title and interest in and to the Zai Improvement IP.

(e) **Zai License-Only IP**. Subject to Section 14.1(c) and Section 14.1(f), Zai shall own all data, results and inventions, whether patentable or not, conceived or reduced to practice in the course of conducting Development, Manufacturing or Commercialization of any License-Only Molecule or License- Only Product and any other activities within the License-Only Programs, together with all intellectual property rights therein ("**Zai License-Only IP**"); provided that, notwithstanding the foregoing, [***]. Subject to this Section 14.1(e), MacroGenics shall, and hereby does (and shall cause its employees, agents, and subcontractors to, and shall cause its Affiliates and their respective employees, agents and subcontractors to), assign to Zai all of its and their right, title and interest in and to Zai License-Only IP. Upon Zai's written request, MacroGenics shall, and shall cause its employees, agents, and subcontractors to, and shall cause its Affiliates and their respective employees, agents and subcontractors to, execute and deliver such instruments and do such acts and things as may be necessary under Applicable Laws and Regulations, or as Zai may reasonably request to effectuate and confirm the vesting of all right, title and interest in and to the Zai License-Only in Zai.

(f) **Research IP**. Subject to the terms of this Agreement, and other than MacroGenics Improvement IP and Zai Improvement IP, MacroGenics and Zai shall jointly own all data, results and inventions, whether patentable or not, conceived or reduced to practice in the course of conducting Research Plan Activities ("**Research IP**"), with each Party owning an undivided half interest and the right to exploit without the duty of accounting or seeking consent from the other Party to the extent to be permitted under Applicable Laws and Regulations.

(g) **Ownership of All Other IP**. Subject to the terms of this Agreement and other than MacroGenics Improvement IP, Zai Improvement IP, Zai License-Only IP and Research IP, ownership of data, results and inventions, whether patentable or not, conceived or reduced to practice in the course of conducting Development, Manufacture or Commercialization of a Licensed Molecule or Product shall be based upon inventorship, as determined in accordance with U.S. patent law.

(h) **Jointly Owned IP**. Each Party shall promptly disclose any Joint Owned IP developed by or on behalf of it to the other Party. Each Party shall, and hereby does (and shall cause its employees, agents, and subcontractors to, and shall cause its Affiliates and their respective employees, agents and subcontractors to), assign to the other Party an undivided half interest of its and their right, title and interest in and to Jointly Owned IP. Upon either Party's written request, the other Party shall, and shall cause its employees, agents, and subcontractors to, and shall cause its Affiliates and their respective employees, agents and subcontractors to, execute and deliver such instruments and do such acts and things as may be necessary under Applicable Laws and Regulations, or as the requesting Party may reasonably request to effectuate and confirm the vesting of such right, title and interest in and to the Jointly Owned IP.

1.2. **Patent and Trademark Filing, Prosecution and Maintenance**

(a) **Overall Strategy**. The JSC shall establish an overall strategy for the filing, prosecution and maintenance of MacroGenics Licensed Patents, MacroGenics Licensed Trademarks, Jointly Owned Patents and Zai Licensed Patents in the Territory.

(b) **Prosecution**

(i) **Solely Owned Patents – General**. Subject to Section 14.2(b)(ii) and Section 14.2(b)(iii), the responsibility for Patent Prosecution and Trademark Prosecution related to a Patent or Trademark that is within the MacroGenics Licensed Patents, MacroGenics Licensed Trademarks and the Zai Licensed Patents that is owned solely by a Party shall be the responsibility of such Party. Zai has the sole right to prepare, file, prosecute, maintain or abandon any Patent that is within the Zai License-Only IP.

(ii) **MacroGenics Product-Specific Patents for License-Only Products**. Zai shall have the first right (but not the obligation), at its election and cost and expense, to file, prosecute and maintain, in the name of MacroGenics, (A) MacroGenics Product-Specific Patents, and (B) MacroGenics Licensed Trademarks for a License-Only Product. In the event that Zai elects not to undertake the Patent Prosecution for such MacroGenics Product-Specific Patents, Zai shall notify MacroGenics at least [***] before any such patent rights would become abandoned or otherwise forfeited, and MacroGenics shall have the right (but not the obligation), at its sole cost and expense, to undertake the Patent Prosecution of such MacroGenics Product-Specific Patents. Thereafter, any MacroGenics Product-Specific Patents that are the subject of such opt-out notice by Zai shall cease to be MacroGenics Licensed Patents for all purposes under this Agreement, including for purposes of the license granted by MacroGenics to Zai under Section 3.1. The right to assume Patent Prosecution of a MacroGenics Product-Specific Patent shall not apply in the event such a patent application would become abandoned or otherwise forfeited as a result of the prosecuting Party (x) discontinuing Patent Prosecution of such patent application but also filing a continuation application claiming the same invention or (y) settling an opposition to obtain a license to a competing patent.

(iii) **Zai Product-Specific Patents for Collaboration Products**. MacroGenics shall have the first right (but not the obligation), at its election and cost and expense, to file, prosecute and maintain, in the name of Zai, Zai Product-Specific Patents within the scope of the exclusive license granted by Zai to MacroGenics pursuant to Section 3.2. In the event that MacroGenics elects not to undertake the Patent Prosecution for such Zai Product-Specific Patents, MacroGenics shall notify Zai at least [***] before any such patent rights would become abandoned or otherwise forfeited, and Zai shall have the right (but not the obligation), at its sole cost and expense, to undertake the Patent Prosecution of such Zai Product-Specific Patents. Thereafter, any Zai Product-Specific Patents that are the subject of such opt-out notice by MacroGenics shall cease to be Zai Licensed Patents for all purposes under this Agreement, including for purposes of the license granted by Zai to MacroGenics under Section 3.2. The right to assume Patent Prosecution of a Zai Product-Specific Patent shall not apply in the event such a patent application would become abandoned or otherwise forfeited as a result of the prosecuting Party (A) discontinuing Patent Prosecution of such patent application but also filing a continuation application claiming the same invention or (B) settling an opposition to obtain a license to a competing patent.

(iv) **Jointly Owned Patents**. Subject to Section 14.2(b)(ii) and Section 14.2(b)(iii), MacroGenics shall be responsible for undertaking the Patent Prosecution with respect to Patents jointly owned by the Parties (the "**Jointly Owned Patents**"), (i) with respect to Jointly Owned Patents generated or developed under a Collaboration Program, [***], and (ii) with respect to Jointly Owned Patents generated or developed under a License-Only Program, at Zai's sole cost and expense. With respect to Jointly Owned Patents, in the event that MacroGenics elects not to undertake the Patent Prosecution for the Jointly Owned Patents, MacroGenics shall notify Zai at least [***] before any such patent rights would become abandoned or otherwise forfeited, and Zai shall have the right (but not the obligation), to undertake the Patent Prosecution of such Jointly Owned Patents and become the prosecuting Party therefor. The right to assume Patent Prosecution of a

Jointly Owned Patent shall not apply in the event such a patent application would become abandoned or otherwise forfeited as a result of the prosecuting Party (A) discontinuing Patent Prosecution of such patent application but also filing a continuation application claiming the same invention or (B) settling an opposition to obtain a license to a competing patent.

(v) **Prosecuting Party Responsibilities**. The prosecuting Party shall keep the JSC and the other Party informed of the status of all matters affecting Patent Prosecution and Trademark Prosecution of MacroGenics Product-Specific Patents, MacroGenics Licensed Trademarks, Jointly Owned Patents, and the Zai Product-Specific Patents, including providing a copy of all patent applications filed hereunder and any material correspondence from or with any governmental authorities (including the applicable patent office) to the IP Coordinator and the other Party in sufficient time to allow for review and comment by the non-prosecuting Party, and timely consulting with the non- prosecuting Party and its patent counsel on the strategy and content of submissions to such governmental authorities in advance of any submissions. Timely advice and suggestions of the non-prosecuting Party and its patent counsel shall be taken into consideration in good faith by the prosecuting Party and its patent counsel in connection with such filing.

(vi) **IP Coordinators; Disputes**. Each Party shall designate one (1) qualified and experienced intellectual property professional to serve as that Party's primary contact and coordinator regarding Patent Prosecution and Trademark Prosecution within this Agreement (each, an "**IP Coordinator**"). Each Party may replace its IP Coordinator with an alternative representative at any time with prior written notice to the other Party. The IP Coordinators shall be responsible for facilitating information exchange and discussion between the Parties regarding Patent Prosecution and Trademark Prosecution under this Agreement. Each Party will be responsible for all of its own costs with respect to its IP Coordinator. Any dispute regarding Patent Prosecution and Trademark Prosecution of MacroGenics Licensed Patents, MacroGenics Licensed Trademarks, Zai Product-Specific Patent or Jointly Owned Patents that cannot be resolved by intellectual property counsel of the Parties shall be resolved by the IP Coordinators, and the IP Coordinator of the applicable prosecuting Party shall have final say with respect to any such disputes.

(vii) **Third Party Agreements**. Each Party's rights and obligations under this Section 14.2 with respect to MacroGenics Licensed Patents and Zai Licensed Patents are secondary to and shall be subject to any Third Party rights and obligations under the applicable MacroGenics Third Party Agreements and Zai Third Party Agreements.

(c) **Patent and Trademark Invalidations**. The JSC shall decide whether and how to undertake activities intended to invalidate pending or issued Third Party Patents in the Territory that Cover the composition, use or manufacture of Licensed Molecules or Products.

(d) **Costs of Patent and Trademark Prosecution**. Subject to Section 14.2(b)(iv), all out-of-pocket costs for Patent Prosecution and Trademark Prosecution of any Patent or Trademark shall be solely incurred by and the sole responsibility of the prosecuting Party, except that (a) if MacroGenics is conducting the Patent Prosecution of the Zai Product-Specific Patents pursuant to Section 14.2(b)(iii), Zai shall be responsible for the out-of-pocket costs for Patent Prosecution of such Zai Product-Specific Patents in the Collaboration Territory, and (b) if Zai assumes the responsibility to conduct the Patent Prosecution of such Zai Product-Specific Patents pursuant to Section 14.2(b)(iii), the costs of such activities conducted by or on behalf of Zai shall be borne solely by Zai. Notwithstanding the foregoing, all such costs incurred by the Parties with respect to the [***] Program after the Opt-In shall be [***].

(e) **Patent and Trademark Prosecution Cooperation**. With respect to all Patent Prosecution and Trademark Prosecution related to pending or issued Patents and Trademarks included in Jointly Owned Patents, MacroGenics Licensed Patents, MacroGenics Licensed Trademarks, MacroGenics Product-Specific Patents, or Zai Product-Specific Patents, each Party shall:

(i) execute all further instruments to document their respective ownership consistent with this Agreement as reasonably requested by the other Party;

(ii) make its employees, agents and consultants reasonably available to the other Party (or to the other Party's authorized attorneys, agents or representatives), to the extent reasonably necessary to enable the appropriate Party hereunder to undertake its Patent Prosecution and Trademark Prosecution responsibilities;

(iii) cooperate, if necessary and appropriate, with the other Party in gaining Patent and Trademark term extensions; and

(iv) endeavor in good faith to coordinate its efforts under this Agreement with the other Party to minimize or avoid interference with the Patent Prosecution and Trademark Prosecution of the other Party's Patents and Trademarks.

1.3. **Enforcement**

(a) **Notice**. Each Party shall promptly provide, but in no event later than [***], the other with written notice reasonably detailing any known or alleged infringement of any Patent or Trademark owned by the other Party and subject to a license under this Agreement. The notifying Party will provide the other Party with all evidence available to it supporting its belief of such infringement.

(b) **Enforcement of Intellectual Property Rights**

(i) Except as expressly set forth in this Section 14.3, the sole owner (as between the Parties) of a Patent, Trademark, Know-How or Confidential Information shall have the exclusive right to institute and direct legal proceedings against any Third Party believed to be infringing such Patent or Trademark or misappropriating or otherwise violating such Know-How or Confidential Information.

(ii) Zai shall have the initial right (but not the obligation) to institute and direct legal proceedings in the applicable Territory against any Third Party believed to be infringing (A) Collaboration Product-specific claims within other MacroGenics Licensed Patents (in each case within the scope of the exclusive license granted by MacroGenics to Zai under this Agreement) or Jointly Owned Patents, with respect to the [***] Program before the Opt-In or MGNX Option Program in the applicable Collaboration Territory, (B) Collaboration Product-specific claims within other MacroGenics Licensed Patents (in each case within the scope of the exclusive license granted by MacroGenics to Zai under this Agreement) or Jointly Owned Patents, with respect to the [***] Program after the Opt-In in the [***] Opt-In Territory, or (C) (1) MacroGenics Product-Specific Patents and (2) License-Only Product- specific claims within MacroGenics Licensed Patents or Jointly Owned Patents, in the License-Only Territory. Zai agrees to discuss the foregoing in good faith with MacroGenics. If Zai (x) does not initiate any action against such violation of any such Patent or claim, including by commencement of a lawsuit against the accused person if necessary or obtain settlement thereof (in accordance with this Agreement), within [***] after receiving notice of such infringement of such Patent or claim, or (y) if such action is initiated within such period, ceases to pursue or

withdraws from such action, then in each case ((x) and (y)) MacroGenics shall be entitled (but shall not be obligated) to take all actions reasonably

necessary to abate such violation in the applicable Territory, including commencement of a lawsuit against the accused Third Party if necessary.

(iii) MacroGenics shall have the first right (but not the obligation) to institute and direct legal proceedings against any Third Party believed to be infringing (1) Zai Product-Specific Patents, Collaboration Product-specific claims within other Zai Licensed Patents (each within the scope of the exclusive license granted by Zai to MacroGenics under this Agreement) or Jointly Owned Patents, with respect to the [***] Program before the Opt-In or MGNX Option Program outside the applicable Collaboration Territory, or (2) Zai Product-Specific Patents, Collaboration Product-specific claims within other Zai Licensed Patents (each within the scope of the exclusive license granted by Zai to MacroGenics under this Agreement), or Jointly Owned Patents, with respect to the [***] Program after the Opt-In in the ROW. MacroGenics agrees to discuss the foregoing in good faith with Zai. If MacroGenics (x) does not initiate any action against such violation of any such Patent or claim, including by commencement of a lawsuit against the accused person if necessary or obtain settlement thereof (in accordance with this Agreement), within [***] after receiving notice of such infringement of such Patent or claim, or (y) if such action is initiated within such period, ceases to pursue or withdraws from such action, then in each case ((x) and (y)) Zai shall be entitled (but shall not be obligated) to take all actions reasonably necessary to abate such violation outside the applicable Territory, including commencement of a lawsuit against the accused Third Party if necessary.

(iv) All amounts recovered from enforcement of any such rights by either Party in accordance with Section 14.3(b)(ii) or 14.3(b)(iii) relating to the intellectual property licensed under this Agreement shall be first used to reimburse each Party's costs and expenses incurred in connection with such action, and any remainder of such recovery, other than amounts recovered as lost profits, shall be (A) retained by Zai if Zai is the Party instituting the action, provided that any remainder retained by Zai shall be treated as Net Sales and shall be subject to Zai's royalty payment obligations at the applicable rate specified in Section 9.5 to the extent such action is related to any Product that is subject to royalty payments pursuant to Section 9.5; (B) shared between MacroGenics and Zai equally if MacroGenics is the Party instituting the action during the Term in the Territory where MacroGenics has the first right to enforce, or retained by MacroGenics if MacroGenics is the Party instituting the action during the Term in the Territory where MacroGenics exercised its backup right to enforce; and (C) MacroGenics if MacroGenics is the Party instituting the action with respect to a Zai Product-Specific Patent outside the applicable Territory or Collaboration Product-specific claims within Zai Licensed Patents outside the applicable Territory (x) during the Term or (y) after the Term and MacroGenics has exercised its option under Section 16.8(a)(iv) or Section 16.8(b)(ii), provided that any remainder retained by MacroGenics shall be treated in the same as Net Sales were treated during the Term and shall be subject to MacroGenics royalty payment obligations or Third Party Triggered Payments, to the extent applicable, at the applicable rate specified in Section 16.8(a)(iv) or Section 16.8(b)(ii). Notwithstanding the foregoing, any costs and expenses incurred by the Parties or amounts recovered from enforcement with respect to the [***] Program after the Opt-In pursuant to this Section 14.3(b)(iv) [***].

(c) **Cooperation in Enforcement Proceedings**. For any action by a Party pursuant to subsection (b) above, in the event that such Party is unable to initiate or prosecute such action solely in its own name, the other Party shall join such action voluntarily and shall execute all documents necessary for such Party to initiate, prosecute and maintain such action. If either Zai or MacroGenics initiates an enforcement action pursuant to Section 14.3(b), then the other Party shall cooperate to the extent reasonably necessary and at the first Party's sole expense (except for the expenses of the non-controlling Party's counsel, if any). Upon the reasonable request of the Party instituting any such action, such other Party shall join the suit and can be represented in any such legal proceedings using counsel of its own choice. Each

Party shall assert and not waive the joint defense privilege with respect to all communications between the Parties reasonably the subject thereof.

(d) **Status; Settlement**. The Parties shall keep each other informed of the status of and of their respective activities regarding any enforcement action pursuant to Section 14.3(b). Neither Party shall settle any litigation or legal proceeding (i) in the Territory to enforce MacroGenics Licensed Patents against a Third Party selling a Product or MacroGenics Licensed Trademarks without the other Party's written authorization or (ii) outside the Territory to enforce Zai Licensed Patents against a Third Party selling a Product without the other Party's written authorization. Zai will not enter into any settlement of any action described in this Section 14.3 that admits to the invalidity, unpatentability, narrowing of scope or unenforceability of the MacroGenics Licensed Patents or the Jointly Owned Patents in any manner, incurs any financial liability on the part of MacroGenics or requires an admission of liability, wrongdoing or fault on the part of MacroGenics, in each case without MacroGenics' prior written consent. MacroGenics will not enter into any settlement of any action described in this Section 14.3 that admits to the invalidity, unpatentability, narrowing of scope or unenforceability of the Zai Licensed Patents or the Jointly Owned Patents in any manner, incurs any financial liability on the part of Zai or requires an admission of liability, wrongdoing or fault on the part of Zai, in each case without Zai's prior written consent.

1.4. **Defense**

(a) **Notice of Allegations**. Each Party shall notify the other in writing of any allegations it receives from a Third Party that the manufacture, production, use, development, sale, offer for sale, import or distribution of any Product or practice of any MacroGenics Licensed Technology or Zai Licensed Patents or Zai Licensed Know-How licensed by a Party under this Agreement or Jointly Owned Patents infringes the intellectual property rights of such Third Party in the Territory or with respect to the Zai Licensed Patents, Zai Licensed Know-How or Jointly Owned Patents outside the Territory. Such notice shall be provided promptly, but in no event after more than [***], following receipt of such allegations.

(b) **Notice of Suit**. In the event that a Party receives notice that it or any of its Affiliates have been individually or collectively named as a defendant (or defendants) in a legal proceeding by a Third Party alleging infringement of a Third Party's Patents issued (i) in the Territory as a result of the manufacture, production, use, development, sale, offer for sale, import or distribution of Products or any MacroGenics Licensed Technology or Zai Licensed Technology licensed by a Party under this Agreement or Jointly Owned Patents, or (ii) outside the Territory as a result of the practice of any Zai Licensed Technology or Jointly Owned Patents, such Party shall immediately notify the other Party in writing and in no event notify such other Party later than [***] after the receipt of such notice. Such written notice shall include a copy of any summons or complaint (or the equivalent thereof) received regarding the foregoing. Each Party shall assert and not waive the joint defense privilege with respect to all communications between the Parties reasonably the subject thereof. In such event, the Parties shall agree how best to mitigate or control the defense of any such legal proceeding; provided however, that if either Party or any of its Affiliates have been individually named as a defendant in a legal proceeding relating to the alleged infringement of a Third Party's issued Patents in the Territory as a result of the manufacture, production, use, development, sale or distribution of Products, the other Party shall be allowed to join in such action, at its own expense.

(c) **Status; Settlement**. The Parties shall keep each other informed of the status of and of their respective activities regarding any litigation or settlement thereof initiated by a Third Party as contemplated under Section 14.4(a) or Section 14.4(b); provided, however, that no settlement or consent judgment or other voluntary final disposition of a suit under this Section 14.4(c) may be undertaken by a

Party without the consent of the other Party which consent shall not be unreasonably withheld, conditioned or delayed.

15. DISPUTE RESOLUTION

15.1. **Exclusive Dispute Resolution Mechanism**. The Parties agree that the procedures set forth in this Article 15 shall be the exclusive mechanism for resolving any Dispute between the Parties that may arise from time to time pursuant to this Agreement relating to either Party's rights or obligations hereunder that is not resolved through good faith negotiation between the Parties. For the avoidance of doubt, this Article 15 shall not apply to any decision with respect to which a Party has final decision-making authority hereunder. Any Dispute, including Disputes that may involve the parent company, subsidiaries, or Affiliates under common control of any Party, shall be resolved in accordance with this Article 15.

15.2. **Resolution by Executive Officers**. Except as otherwise provided in this Article 15, in the event of any Dispute, either Party may, by written notice to the other Party, refer the Dispute to the Executive Officer of each Party for attempted resolution by good faith negotiation within [***] after such notice is received (unless otherwise agreed by the Parties). Each Party may, in its discretion, seek resolution of any and all Disputes that are not resolved under this Section 15.2 in accordance with Section 15.3.

15.3. **Arbitration**. If the Executive Officers of the Parties fail to resolve (a) the Dispute pursuant to Section 15.2 or (b) a Deadlock pursuant to Section 2.2(c), and a Party desires to pursue resolution of such Dispute or Deadlock, such Dispute or Deadlock shall be referred to and finally resolved by arbitration in accordance with the International Chamber of Commerce Rules ("**ICC Rules**") for the time being in force, which rules are deemed incorporated by reference in this clause. The seat of the arbitration shall be in New York, New York, the United States, and the arbitration tribunal shall consist of three arbitrators, of whom each Party shall designate one in accordance with the appointment procedures provided in the ICC Rules and the chairs shall be selected by the tribunal in accordance the ICC Rules. The language of the arbitration shall be English. Notwithstanding the foregoing or anything to the contrary in this Agreement,
(a) if any matter is within the scope of the JSC's authority, the provisions of Section 2.2(c) will initially apply with respect to such matter; and (b) if this Agreement expressly provides that such matter is subject to a Party's discretion or a Party's sole or final decision-making authority (including the matters set forth in Sections 2.2(c)(i) and 2.2(c)(ii)), such matter shall not be subject to dispute resolution under this Section
15.3 and shall be finally determined by such Party in accordance with the terms of this Agreement.

15.4. **Costs of Dispute Resolution**. Each Party shall be solely responsible for the costs it incurs to resolve a Dispute except for the costs of engaging arbitrators which shall be [***].

16. TERMS AND TERMINATION

16.1. **Term**. Unless earlier terminated, this Agreement shall continue in effect, on a Program- by-Program and country-by-country or Region-by-Region basis, until the expiration of the applicable Royalty Term ("**Term**"), except that, with respect to the [***] Program after the Opt-In, this Agreement shall continue in effect until the expiration of all payment obligations of each Party under this Agreement. Upon the expiration (but not early termination) of this Agreement with respect to a Program (other than the [***] Program after the Opt-In), on a country-by-country or Region-by-Region basis, the licenses

granted hereunder by MacroGenics to Zai shall become fully paid-up, royalty-free, irrevocable and perpetual.

16.2. **Termination for Cause**. This Agreement may be terminated in its entirety or on a Program-by-Program basis at any time during the Term upon written notice by either Party (the "**Non-**

Breaching Party") if the other Party (the "**Breaching Party**") is in material breach of this Agreement and, in each case, has not cured such breach within [***] after notice requesting cure of the breach (other than for non-payment which shall be cured within [***]. Notwithstanding the foregoing, in the event there is a good faith dispute as to whether a material breach exists, the dispute shall be resolved pursuant to Section 15.3. During the pendency of such a dispute, all of the terms and conditions of this Agreement shall remain in effect and the Parties shall continue to perform all of their respective obligations hereunder. If (a) as a result of the application of such dispute resolution procedures, the Breaching Party is determined to be in material breach of one (1) or more of its obligations under this Agreement, and (b) the Breaching Party fails to complete the actions specified by such adverse ruling to cure such material breach in accordance with any procedures or timeframes established by the tribunal, then the Non-Breaching Party may terminate this Agreement upon written notice to the Breaching Party.

1.3. **Termination for Convenience**.

(a) At any time after (i) the second (2nd) anniversary of the Effective Date with respect to the [***] Program ([***]), or any of the License-Only Programs, or (ii) the fourth (4th) anniversary of the Effective Date with respect to the MGNX Option Program, Zai may terminate this Agreement (A) in its entirety, (B) on a Program-by-Program basis, or (C) solely with respect to the [***], in each case (i)-(iii) for any or no reason upon ninety (90) days' written notice to MacroGenics.

(b) At any time after the second (2nd) anniversary of the Effective Date with respect to the [***] Program [***], Zai may terminate this Agreement with respect to the [***] Program for any or no reason upon one hundred and eighty (180) days' written notice to MacroGenics.

1.4. **Termination for Safety and End of Global Development**.

(a) MacroGenics may terminate this Agreement on a Collaboration Product-by- Collaboration Product basis upon ninety (90) days' written notice if a Major Safety Issue has occurred with respect to a Collaboration Product (other than any [***] Product after the Opt-In) before First Commercial Sale of the Product in the Territory and MacroGenics, its Affiliates and other licensees have all discontinued the global Development, Manufacturing and Commercialization activities with respect to such Collaboration Product and announced such discontinuation through a press release or other public announcement; provided that such written notice shall set forth with reasonably details the basis of such Major Safety Issue. [***].

(b) With respect to any [***] Product after the Opt-In, either Party may terminate this Agreement pursuant to the procedures set forth in Section 16.4(a); provided that (i) [***] and (ii) [***].

1.5. **Termination for Bankruptcy**. This Agreement may be terminated in its entirety, to the extent permitted by the Applicable Laws and Regulations, by either Party upon the filing or institution of bankruptcy, reorganization, liquidation or receivership proceedings, or upon an assignment of a substantial

portion of the assets for the benefit of creditors by the other Party; provided, however, that in the case of any involuntary bankruptcy, reorganization, liquidation or receivership proceeding, such right to terminate will only become effective if the Party subject to such proceeding consents to the involuntary bankruptcy or such proceeding is not dismissed within [***] after the filing thereof.

1.6. **Termination for Patent Challenge**. Except to the extent the following is unenforceable under the Applicable Laws and Regulations of a particular jurisdiction in the Territory, MacroGenics may terminate this Agreement (other than with respect to the [***] Program after the Opt-In) upon [***]' prior written notice to Zai if Zai, its Affiliates, or Sublicensees, individually or in association with any other person or entity, commences a legal action challenging the validity, enforceability or scope of any MacroGenics Licensed Patent in a court or other governmental agency of competent jurisdiction, including a reexamination or opposition proceeding; provided that if (i) Zai or its Affiliates, or Sublicensees withdraws such legal action within such [***]' notice period or (ii) with respect to a such interference, opposition or challenge brought by a Sublicensee, if the applicable Sublicense is terminated within such [***]' notice period, then MacroGenics shall not have the right to terminate this Agreement under this Section 16.6.

1.7. **Termination for Collaboration Program Cessation**. On a Collaboration Program-by- Collaboration Program basis (other than the [***] Program after the Opt-In), [***], if [***] under a Collaboration Program, in each case, in the Collaboration Territory for [***] other than because of (a) any [***], (b) any [***], (c) any [***] or [***], or (d) any [***]shall have the right to terminate this Agreement with respect to such Collaboration Program (other than the [***] Program after the Opt-In) upon [***]' prior written notice to Licensee.

1.8. **Effect of Termination for Collaboration Programs**

(a) If MacroGenics terminates this Agreement with respect to a Collaboration Program (other than the [***] Program after the Opt-In) pursuant to [***], or if Zai terminates this Agreement with respect to a Collaboration Program (other than the [***] Program after the Opt-In) pursuant to [***]:

(i) Each Party shall pay any amounts due pursuant to, as applicable, Section 5.1(d) (solely for all Development Costs and non-cancellable commitments such Party actually incurred for such Terminated Program prior to such termination) or [***] (with respect to all costs, solely for all costs (as applicable) and non-cancellable commitments such Party actually incurred for such Terminated Program prior to such termination) and Zai shall pay any amounts due pursuant to Article 9 prior to the date of termination;

(ii) For the avoidance of doubt, the applicable licenses and sublicenses granted to Zai with respect to such Terminated Program under Sections 3.1 shall terminate;

(iii) [***]shall survive;

(iv) [***]with respect to such Terminated Program under Section [***]

to include the [***] within [***] of the effective date of termination of this Agreement. In the event that [***] hereunder within such [***], then the [***] with respect to such Terminated Program pursuant to Section [***]shall automatically [***] of such notice, and thereafter, [***] , [***], a [***]of the applicable Products [***]in the Territory during the [***], which [***] shall further be subject to Section [***] (in which case [***] , provided that, for clarity, that subsection (b) of the defined [***] shall be based on the [***] (for which [***] maintains the [***]) and not the [***]);

(v) Zai shall return to MacroGenics or its designee all Products (including all Licensed Molecules) of the Terminated Program within its possession or control and arrange for the Zai Sublicensees to return to MacroGenics or its designee all Products (including all Licensed Molecules) of the Terminated Program within such Zai Sublicensees' possession or control;

(vi) Zai shall cease to Develop and Commercialize all Licensed Molecules and Products (including all Combination Products) of the Terminated Program, including immediately stopping enrollment of subjects (unless otherwise directed in writing by MacroGenics) into any Clinical Trial being conducted by the Parties and at MacroGenics' sole election either wind-down (including to cease administering Licensed Molecules or Products to Clinical Trial subjects and conducting Clinical Trial procedures on Clinical Trial subjects, to the extent medically advisable) or transition to MacroGenics (or its designee) any Clinical Trial then being conducted by Zai, but in all cases in a timely manner and in accordance with all Applicable Laws and Regulations;

(vii) for the Products (including Licensed Molecules) of the Terminated Program, to the extent [***], Zai will [***], for the purpose of the [***] of the [***], to [***] (A) all Regulatory Submissions (such as Regulatory Approvals, INDs, BLAs, NDAs, and drug master files) and clinical trial agreements (to the extent assignable and not cancelled) for such Product(s), to the extent that [***]; (B) all data, including clinical data, materials and information of any kind or nature whatsoever, in Zai 's possession or in the possession of its Affiliates or its or their respective agents related to such Product(s); (C) all trademarks related to such Products (if such termination occurs after approval of such trademark by a Regulatory Authority); and (D) all material information, and any other information reasonably requested and required by MacroGenics, relating to the manufacture of such Products;

(viii) all sublicenses under the license granted pursuant to Section 3.3 shall terminate, unless converted to a direct license upon the mutual agreement between MacroGenics and the applicable sublicensee; and

(ix) MacroGenics shall revoke (and Zai shall allow revocation of) any powers of attorney for any MacroGenics Licensed Patents that Zai holds as of the time of such termination; and

(b) If Zai terminates this Agreement with respect to a Collaboration Program (other than the [***] Program after the Opt-In) pursuant to [***], the following shall apply:

(i) Section 16.8(a)(i), Section 16.8(a)(ii), Section 16.8(a)(vi), Section 16.8(a)(viii) and Section 16.8(a)(ix) shall apply, and Section 16.8(a)(v) shall apply subject to MacroGenics' payment to Zai for the Fully Burdened Manufacturing Costs for the Products transferred to MacroGenics thereunder;

(ii) [***]with respect to such Terminated Program by within [***]of the effective date of termination of this Agreement. In the event that [***]hereunder within such [***], then the [***]with respect to the Terminated Program under Section [***] shall survive (subject to [***]) and [***] if [***] of and the applicable Products [***], which [***]shall further be subject to Section (in which case [***], provided that, for clarity, that subsection (b) of the defined [***] shall be based on the [***] (for which [***]maintains the [***]) and not the [***]);

(iii) Section 16.8(a)(vii) will apply if [***] set forth in Section 16.8(b)(ii).

(c) If Zai terminates this Agreement with respect to the [***] Program after the Opt-In pursuant to [***]or if MacroGenics terminates this Agreement with respect to the [***] Program after the Opt-In pursuant to [***], then MacroGenics may elect one of the following:

(i) MacroGenics may elect to also terminate this Agreement with respect to the [***] Program, in which case (x) all licenses granted under this Agreement with respect to the [***] Program shall terminate, and (y) each Party shall cease to Develop and Commercialize all [***] Molecules and [***] Products, including immediately stopping enrollment of subjects into any Clinical Trial being conducted by such Party for [***] Products, and wind-down (including to cease administering [***] Molecules or Products to Clinical Trial subjects and conducting Clinical Trial procedures on Clinical Trial subjects, to the extent medically advisable) then be conducted by such Party, but in all cases in a timely manner and in accordance with all Applicable Laws and Regulations, at such Party's sole cost and expense; or

(ii) MacroGenics may [***], in which case (A) [***], and [***] the [***] ("[***]"), [***]; and (B) [***] shall[***], [***]: (x) the [***], (y) the [***] of the [***] Product [***], or
(z) the [***].

(d) If Zai terminates this Agreement with respect to the [***] Program after the Opt-In pursuant to [***], then [***]

, except that in the event that Zai [***], then the [***]mentioned therein shall be [***], and thereafter, [***], during the period set forth in [***].

(e) If this Agreement is terminated with respect to one or more Programs or one or more [***] (but not in the case of any termination of this Agreement in its entirety or all Programs), then Section 16.8 shall apply solely with respect to such Terminated Program(s) or such[***], as applicable.

1.9. **Effect of Termination for License-Only Programs**

(a) If MacroGenics terminates this Agreement with respect to a License-Only Program pursuant to [***], or if Zai terminates this Agreement with respect to a License-Only Program pursuant to [***]:

(i) Zai shall pay any amounts due pursuant to Article 9 prior to the date of termination;

(ii) For the avoidance of doubt, the applicable licenses and sublicenses granted to Zai with respect to such Terminated Program under Sections 3.1 shall terminate;

(iii) Zai [***]Affiliates and Third Party (subject to Section [***]) [***]for the Terminated Program, by providing written notice [***]. In the event that [***]hereunder [***], then the [***] in the preceding sentence shall be [***], and thereafter, [***] will (A) [***]by or on behalf of [***]after the [***], and (B) have the option to purchase any of Zai's inventory of the applicable License-Only Molecule and License-Only Product, at Zai's Fully-Burdened Manufacturing Cost;

(iv) Zai shall cease to Develop and Commercialize all Licensed Molecules and Products (including all Combination Products) of the Terminated Program, including immediately stopping enrollment of subjects (unless otherwise directed in writing by MacroGenics) into any Clinical Trial being conducted by the Parties and at MacroGenics' sole election either wind-down (including to cease administering Licensed Molecules or Products to Clinical Trial subjects and conducting Clinical Trial procedures on Clinical Trial subjects, to the extent medically advisable) or transition to MacroGenics (or its designee) any Clinical Trial then be conducted by Zai, but in all cases in a timely manner and in accordance with all Applicable Laws and Regulations;

(v) all sublicenses under the license granted pursuant to Section 3.3 shall terminate, unless converted to a direct license upon the mutual agreement between MacroGenics and such sublicensee; and

(vi) MacroGenics shall revoke (and Zai shall allow revocation of) any powers of attorney for any MacroGenics Licensed Patents that Zai holds as of the time of such termination.

(b) If Zai terminates this Agreement with respect to a License-Only Program pursuant to [***], the provisions in Section [***], except that in the event that [***] pursuant to Section 16.9(a)(iii), then [***]therein shall be [***], and thereafter, [***] achieved by or on [***]and [***] the License-Only Products [***] that are[***] .

(c) If this Agreement is terminated with respect to one or more Programs or one or more [***] (but not in the case of any termination of this Agreement in its entirety or all Programs), then Section 16.9 shall apply solely with respect to such Terminated Program(s) or such [***], as applicable.

1.10. **Survival**. The following provisions shall survive the termination or expiration of this Agreement for any reason: Articles 1, 13, 15 and 17, and Sections 5.1(c)(ii), 7.3(b)(vi), 7.3(c)(vi), 10.3-10.8 (solely with respect to any amounts due but unpaid), 11.1, 11.3(b), 11.3(d), 12.4, 14.1, 16.1, 16.4, 16.8, 16.9 and 16.10, and, in the event Zai exercises the [***] Profit Share Option, Section 4 of Exhibit D-1, and Sections 6 and 7 of Exhibit D-2. In addition, the other applicable provisions of Article 10 and Exhibit D, in the event Zai exercises the [***] Profit Share Option, shall survive such expiration or termination of this Agreement in its entirety to the extent required to make final reimbursements, reconciliations or other payments incurred or accrued prior to the date of termination or expiration. Any expiration or termination of this Agreement shall not affect rights or obligations of the Parties under this Agreement that have accrued prior to the date of expiration or termination.

17. MISCELLANEOUS

17.1. **Force Majeure**. Neither Party shall be held liable to the other Party nor be deemed to have defaulted under or breached this Agreement for failure or delay in performing any obligation under this Agreement to the extent such failure or delay is caused by or results from causes beyond the reasonable control of the affected Party including embargoes, war, acts of war (whether war be declared or not), insurrections, riots, civil commotions, strikes, lockouts or other labor disturbances, fire, floods, or other acts of God, or acts, omissions or delays in acting by any governmental authority or the other Party ("**Force Majeure**"). The Parties agree the effects of the COVID-19 pandemic that is ongoing as of the Effective Date may be invoked as a Force Majeure Event for the purposes of this Agreement solely to the extent those effects are not reasonably foreseeable by the Parties as of the Effective Date. The affected Party shall notify the other Party of such force majeure circumstances as soon as reasonably practical, and shall promptly undertake all reasonable efforts necessary to cure such force majeure circumstances. In the event a Party is unable to perform its obligations under a Program due to Force Majeure for a period of [***], the Parties will discuss in good faith to seek an equitable remedy for such nonperformance, including the possibility of the termination of this Agreement.

17.2. **Rights in Bankruptcy**. All rights and licenses granted under or pursuant to any section of this Agreement are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code or comparable provision of applicable bankruptcy or insolvency laws, licenses of rights to "intellectual property" as defined under Section 101(35A) of the U.S. Bankruptcy Code or comparable provision of applicable bankruptcy or insolvency laws. The Parties shall retain and may fully exercise all of their respective rights and elections under the U.S. Bankruptcy Code or comparable provision of

applicable bankruptcy or insolvency laws. The Parties agree that a Party that is a licensee of such rights under this Agreement shall retain and may fully exercise all of its rights and elections under the U.S. Bankruptcy Code or comparable provision of applicable bankruptcy or insolvency laws, and that upon commencement of a bankruptcy proceeding by or against the licensing Party (such Party, the "**Involved Party**") under the U.S. Bankruptcy Code or comparable provision of applicable bankruptcy or insolvency laws, the other Party (such Party, the "**Noninvolved Party**") shall be entitled to a complete duplicate of or complete access to (as such Noninvolved Party deems appropriate), any such intellectual property and all embodiments of such intellectual property, provided the Noninvolved Party continues to fulfill its payment or royalty obligations as specified herein in full. Such intellectual property and all embodiments thereof shall be promptly delivered to the Noninvolved Party (a) upon any such commencement of a bankruptcy proceeding upon written request therefor by the Noninvolved Party, unless the Involved Party elects to continue to perform all of its obligations under this Agreement or (b) if not delivered under (a) above, upon the rejection of this Agreement by or on behalf of the Involved Party upon written request therefor by Noninvolved Party. The foregoing is without prejudice to any rights the Noninvolved Party may have arising under the U.S. Bankruptcy Code or comparable provision of applicable bankruptcy or insolvency laws, or other Applicable Laws and Regulations.

1.3. **Assignment**. Neither Party may assign this Agreement or any right or obligation under this Agreement without the prior written consent of the other Party, provided that each Party may assign this Agreement and its rights and obligations under this Agreement, without such consent from the other Party, to its Affiliate or any successor in interest in connection with the sale of all or substantially all of its assets or a sale of all or substantially of the business related to a Licensed Molecule or a Product, or a merger, acquisition or other similar transactions. For the avoidance of doubt, the terms and conditions of this Agreement shall be binding on the permitted successors and assignees of each Party and any permitted successor and assignee shall assume all obligations of the assigning Party under this Agreement and shall agree in writing to be bound by the terms and conditions of this Agreement. Any assignment not in accordance with this Section 17.3 shall be null and void.

1.4. **Severability**. If any one or more of the provisions contained in this Agreement is held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, unless the absence of the invalidated provision(s) adversely affects the substantive rights of the Parties. The Parties shall in such an instance use their best efforts to replace the invalid, illegal or unenforceable provision(s) with valid, legal and enforceable provision(s) which, insofar as practical, implement the purposes of this Agreement.

1.5. **Notices**. All notices which are required or permitted hereunder shall be in writing and sufficient if delivered personally, sent by facsimile (and promptly confirmed by personal delivery, registered or certified mail or overnight courier), sent by nationally-recognized overnight courier or sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

if to MacroGenics, to: 9704 Medical Center Drive
Rockville, MD 20850
Attention: Chief Executive Officer [***]

with copy to: 9704 Medical Center Drive Rockville, MD 20850 [***][***]
(which shall not constitute notice)

if to Zai, to: Zai Lab (Hong Kong) Limited
Room 2301, 23/F, Island Place Tower 510 King's Road, North Point
Hong Kong
Attention: Chief Executive Officer

with copy to:
(which shall not constitute notice)

[***] [***]Zai Lab Limited
314 Main Street, 4th Floor Cambridge, MA 02142 [***]
[***]

or to such other address as the Party to whom notice is to be given may have furnished to the other Party in writing in accordance herewith. Any such notice shall be deemed to have been given upon receipt.

1.6. **Applicable Intellectual Property Law**. All questions of inventorship shall be determined in accordance with U.S. patent laws. In respect to all other Patent issues related to the enforceability or validity of a Patent, the laws of the jurisdiction in which the applicable Patent is filed or granted shall govern. Except as otherwise indicated, in all other respects, the right and obligations of the Parties under this Agreement shall be governed by and construed in accordance with the laws of the State of New York, US.

1.7. **Entire Agreement; Amendments**. The Agreement contains the entire understanding of the Parties with respect to the subject matter hereof, including the Programs and licenses granted hereunder. All express or implied agreements and understandings, either oral or written, with regard to the subject matter hereof, including the Programs and the licenses granted hereunder, are superseded by the terms of this Agreement, including the Existing CDA. The Agreement may be amended, or any term hereof modified, only by a written instrument duly executed by authorized representatives of both Parties hereto. The "**Existing CDA**" means that certain Mutual Confidentiality Agreement between the Parties effective as of [***]. Any confidential information disclosed by the Parties pursuant to the Existing CDA shall be deemed to constitute Confidential Information under this Agreement.

1.8. **Headings**. The captions to the several Sections hereof are not a part of the Agreement, but are merely for convenience to assist in locating and reading the several Sections and Sections of this Agreement.

1.9. **Independent Contractors**. It is expressly agreed that MacroGenics and Zai shall be independent contractors and that the relationship between the two Parties shall not constitute a partnership, joint venture or agency. Neither MacroGenics nor Zai shall have the authority to make any statements, representations or commitments of any kind, or to take any action, which shall be binding on the other Party, without the prior written consent of the other Party.

1.10. **Waiver**. The waiver by either Party of any right hereunder, or the failure of the other Party to perform, or a breach by the other Party, shall not be deemed a waiver of any other right hereunder or of any other breach or failure by such other Party whether of a similar nature or otherwise.

1.11. **Cumulative Remedies**. No remedy referred to in this Agreement is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to in this Agreement or otherwise available under law.

1. **Waiver of Rule of Construction**. Each Party has had the opportunity to consult with counsel in connection with the review, drafting and negotiation of this Agreement. Accordingly, the rule of construction that any ambiguity in this Agreement shall be construed against the drafting Party shall not apply.

2. **Counterparts**. The Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

3. **Further Assurances**. Each Party shall duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such assignments, agreements, documents and instruments, as may be necessary or as the other Party may reasonably request in connection with this Agreement or to carry out more effectively the provisions and purposes, or to better assure and confirm unto such other Party its rights and remedies under this Agreement.

4. **Construction**. Except where the context otherwise requires, wherever used, the singular shall include the plural, the plural the singular, the use of any gender shall be applicable to all genders and the word “or” is used in the inclusive sense (and/or). Whenever this Agreement refers to a number of days, unless otherwise specified, such number refers to calendar days. The captions of this Agreement are for convenience of reference only and in no way define, describe, extend or limit the scope or intent of this Agreement or the intent of any provision contained in this Agreement. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. References to “Section” or “Sections” are references to the numbered sections of this Agreement, unless expressly stated otherwise. All dollars are United States Dollars. Unless the context otherwise requires, countries shall include territories. References to any specific law or article, section or other division thereof, shall be deemed to include the then-current amendments or any replacement law thereto.

(Remainder of page intentionally left blank)

The Parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

Zai Lab US LLC **MacroGenics, Inc.**

By: /s/ Samantha Du By: /s/ Scott Koenig

Name: Samantha Du Name: Scott Keonig

Title: CEO Title: CEO

Exhibit B

MacroGenics Licensed Trademarks

DART® TRIDENT®

Exhibit D

[***] Profit Share Option

This Exhibit D covers the financial planning, accounting policies and procedures to be followed in determining the Development Cost Share and Profit & Loss Share, and the Parties' other rights and obligations, upon Zai's exercise of the [***] Profit Share Option.

Exhibit D-1. Development Cost Share

1. Research and Development Costs. Subject to this Paragraph 1 and Paragraph 2 of this Exhibit D-1, upon exercise of the [***] Profit Share Option, the Parties shall share all Research and Development Costs incurred on or after the exercise of the [***] Profit Share Option in connection with the Development of the [***] Product(s), including preclinical, CMC, clinical development, and companion diagnostic development but excluding, for clarity, any Research and Development Costs incurred with respect to a Competing Study or Proprietary Compound Combination Study, as follows:

(a) Research and Development Costs shall be borne fifty percent (50%) by MacroGenics and fifty percent (50%) by Zai;

(b) [***]; and

(c) [***].

2. [***].

[***].

3. [***].

(a) [***].

(b) [***].

(c) [***].

(d) [***].

(e) [***].

(f) [***].

(g) [***].

(h) [***].

(i) [***]
.

(j)
[***].

(k)

[***].

(l) [***].

(m) [***].

(n) [***].

(o) [***].

Exhibit D-2. Profit & Loss Share

1. [***].

(a) [***].

(b) [***].

(c) [***]

(d) [***].

(e) [***].

(f) [***].

2. [***].

(a) [***].

(b) [***].

(c) [***].

3. [***]

4. Net Profits/Losses Sharing.

(a) Upon Zai's exercise of the [***] Profit Share Option, during the Profit & Loss Share Term, [***], the Parties agree to share equally (which, for clarity, shall mean that MacroGenics shall bear (and be entitled to) fifty percent (50%), and Zai will bear (and be entitled to) fifty percent (50%) of the Net Profits/Losses with respect to [***] Product ("**Profit & Loss Share**").

(b) [***].

(c) [***].

5. [***].

(a) [***].

(b) [***].

6. [***].

7. [***].

(a) [***].

(b) [***].

(c) [***].

(d) [***].

(e) [***].

(f) [***]

(g) [***]

(h) [***].

(i) [***].

(j) [***]:

(i) [***];

(ii) [***]; and

(iii) [***].

(k) [***].

(l) [***].

(m) [***].

(n) [***].

(o) [***].

(p) [***].

(q) [***].

(r) [***].

(s) [***].

(t) [***].

(u) [***].

(v) [***].

(w) [***].

(x) [***].

(y) [***].

(z) [***].

(aa) [***].

(bb) [***].

Exhibit E

Press Release

Zai Lab and MacroGenics Enter Into Broad Strategic Collaboration to Develop and Commercialize Preclinical Bispecific Antibodies in Oncology

- *Zai Lab granted combination of regional Asian and global rights for up to four CD3- or CD47-based bispecific molecules*
- *MacroGenics provides rights to Zai Lab for its DART® and TRIDENT® multi- specific platforms and a lead research program targeting solid tumors*
- *Zai Lab provides rights to MacroGenics for certain intellectual property related to CD47 for select tumor targets*

SHANGHAI, SAN FRANCISCO and ROCKVILLE, MD, June 16, 2021 (GLOBE NEWSWIRE) – Zai Lab Limited (NASDAQ: ZLAB; HKEX: 9688), an innovative commercial-stage biopharmaceutical company, and MacroGenics (NASDAQ: MGNX), a biopharmaceutical company focused on developing and commercializing innovative monoclonal-antibody-based therapeutics for the treatment of cancer, announced today that the companies have entered into an exclusive collaboration and license agreement involving up to four immuno-oncology molecules.

The first collaboration program covers a lead research molecule that incorporates MacroGenics' DART platform and binds CD3 and an undisclosed target that is expressed in multiple solid tumors. The next-generation CD3 component of the DART bispecific molecule has been designed to minimize cytokine-release syndrome while maintaining anti-tumor cytolytic activity. The second collaboration program will cover a target to be designated by MacroGenics. For both molecules, Zai receives commercial rights in Greater China, Japan, and Korea and MacroGenics receives commercial rights in all other territories. For the lead molecule, Zai Lab receives an option upon reaching a predefined clinical milestone to convert the regional arrangement into a global 50/50 profit share.

Zai Lab also obtains exclusive, global licenses from MacroGenics to develop, manufacture and commercialize two additional molecules. For the four programs, each company will contribute intellectual property to generate either CD3- or CD47-based bispecific antibodies.

“We are very pleased to be expanding our existing relationship with Zai Lab, which already includes regional rights in Greater China for two clinical-stage programs,” said Scott Koenig, M.D., Ph.D., President and Chief Executive Officer of MacroGenics. “Zai has a strong track record of rapidly progressing the development of innovative product candidates in China. This new partnership enables us to jointly discover, develop and deliver potentially best-in-class therapeutics to address patients' unmet medical needs.”

“MacroGenics has been a great partner and one of the leading companies in the immuno- oncology field,” said Samantha Du, Ph.D., Founder, Chairperson, Chief Executive Officer of Zai Lab. “We are pleased to expand our strategic collaboration, which leverages both companies' unique research capabilities and gives Zai Lab access to MacroGenics' proprietary technologies to expand our innovative oncology portfolio on a global basis.”

Under the terms of the agreement, MacroGenics receives initial consideration from Zai Lab of $55 million, including an upfront payment of $25 million and an equity investment of $30 million in MacroGenics' common stock at $31.30 per share. In addition, MacroGenics is eligible to receive up to $1.4 billion in potential development, regulatory and commercial milestone payments for the four programs. If products from the collaboration are commercialized, MacroGenics would also receive royalties on annual net sales in Zai Lab's territories.

About Zai Lab

Zai Lab (NASDAQ: ZLAB; HKEX: 9688) is an innovative commercial-stage biopharmaceutical company focused on bringing transformative medicines for cancer and infectious and autoimmune diseases to patients in China and around the world. We aim to address significant unmet medical needs in large, fast-growing segments of the pharmaceutical market. Our experienced team has secured partnerships with leading global biopharmaceutical companies to generate a broad pipeline of potentially innovative, marketed products and product candidates. We have also built an in-house team with strong drug discovery and translational research capabilities and are establishing a pipeline of proprietary drug candidates with global rights. Our vision is to become a leading global biopharmaceutical company, discovering, developing, manufacturing and commercializing our portfolio in order to positively impact human health worldwide.

For additional information about the company, please visit www.zailaboratory.com or follow us at www.twitter.com/ZaiLab_Global.

About MacroGenics, Inc.

MacroGenics is a biopharmaceutical company focused on developing and commercializing innovative monoclonal antibody-based therapeutics for the treatment of cancer. The Company generates its pipeline of product candidates primarily from its proprietary suite of next-generation antibody-based technology platforms, which have applicability across broad therapeutic domains. The combination of MacroGenics' technology platforms and protein engineering expertise has allowed the Company to generate promising product candidates and enter into several strategic collaborations with global pharmaceutical and biotechnology companies. For more information, please see the Company's website at www.macrogenics.com. MacroGenics, the MacroGenics logo, DART and TRIDENT are trademarks or registered trademarks of MacroGenics, Inc.

Zai Lab Forward-Looking Statements

This press release contains statements about future expectations, plans and prospects for Zai Lab, including, without limitation, statements regarding the prospects and plans for developing and commercializing the preclinical bispecific molecules monoclonal
antibodies and other statements containing words such as “aim,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “plan,” “possible,” “potential,” “will,” “would” and other similar expressions. Such statements constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact nor are they guarantees or assurances of future performance. Forward-looking statements are based on Zai Lab’s expectations and assumptions as of the date of this press release and are subject to inherent uncertainties, risks and changes in circumstances that may differ materially from those contemplated by the forward-looking statements. Actual results may differ materially from those indicated by such forward- looking statements as a result of various important factors, including but not limited to
(1) Zai Lab’s ability to successfully commercialize and generate revenue from its approved products; (2) Zai Lab’s ability to finance its operations and business initiatives and obtain funding for such activities, (3) Zai Lab’s results of clinical and pre-clinical development of its product candidates, (4) the content and timing of decisions made by the relevant regulatory authorities regarding regulatory approvals of Zai Lab’s product candidates, (5) the effects of the novel coronavirus (COVID-19) pandemic on our business and general economic, regulatory and political conditions and (6) the risk factors identified in our most recent annual or quarterly report and in other reports we have filed with the U.S. Securities and Exchange Commission. Zai Lab anticipates that subsequent events and developments will cause Zai Lab’s expectations and assumptions to change and undertakes no obligation to update or revise any forward- looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. These forward-looking statements should not be

relied upon as representing Zai Lab’s views as of any date subsequent to the date of this press release.

MacroGenics Forward-Looking Statements

Any statements in this press release about future expectations, plans and prospects for the Company, including statements about the Company's strategy, future operations, clinical development of the Company's therapeutic candidates, commercial prospects of or product revenues from MARGENZA, milestone or opt-in payments from the Company's collaborators, the Company's anticipated milestones and other statements containing the words "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 constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including: risks that MARGENZA revenue, expenses and costs may not be as expected, risks relating to MARGENZA's market acceptance, competition, reimbursement and regulatory actions, the uncertainties inherent in the initiation and enrollment of future clinical trials, expectations of expanding ongoing clinical trials, availability and timing of data from ongoing clinical trials, expectations for regulatory approvals, other matters that could affect the availability or commercial potential of the Company's product candidates and other risks described in the Company's filings with the Securities and Exchange Commission. In addition, the forward-looking statements included in this press release represent the Company's views only as of the date hereof. The Company anticipates that subsequent events and developments will cause the Company's views to change. However, while the Company may elect to update these forward-looking statements at some point in the future, the Company specifically disclaims any obligation to do so, except as may be required by law. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date hereof.

For more information, please contact: Zai Lab Contacts

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rimai@burnsmc.com / rflamm@burnsmc.com

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Endurance Advisors, on behalf of Zai Lab 610-442-8570
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MacroGenics Contacts

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info@macrogenics.com

STOCK PURCHASE AGREEMENT
By and Between

ZAI LAB LIMITED

AND

MACROGENICS, INC.

Dated as of June 14, 2021

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STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "**Agreement**"), dated as of June 14, 2021, by and between Zai Lab Limited (the "**Investor**"), an exempted company with limited liabilities incorporated under the Laws of Cayman Islands with its principal place of business at Fourth Floor, Building 1,4560 Jinke Road, Pudong District, Shanghai 201210, China, and MacroGenics, Inc. (the "**Company**"), a Delaware corporation, with its principal place of business at 9704 Medical Center Drive, Rockville, MD 20850.

WHEREAS, pursuant to the terms and subject to the conditions set forth in this Agreement, the Company desires to issue and sell to the Investor, and the Investor desires to subscribe for and purchase from the Company, certain shares of common stock, par value $0.01 per share, of the Company (the "**Common Stock**"); and

WHEREAS, simultaneously with the execution of this Agreement, the Company and the Investor, are entering into the Collaboration Agreement.

NOW, THEREFORE, in consideration of the following mutual promises and obligations, and for good and valuable consideration, the adequacy and sufficiency of which are hereby acknowledged, the Investor and the Company agree as follows:

1. Definitions.

1.1. Defined Terms. When used in this Agreement, the following terms shall have the respective meanings specified therefor below:

"**Affiliate**" shall mean, with respect to any Person, another Person that controls, is controlled by or is under common control with such Person; provided, that with respect to the Investor, "Affiliate" shall mean the Investor's subsidiaries that are wholly-owned directly or indirectly, by the Investor and any Person that wholly-owns, directly or indirectly, the Investor. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. Without limiting the generality of the foregoing, a Person shall be deemed to control another Person if any of the following conditions is met: (i) in the case of corporate entities, direct or indirect ownership of more than fifty percent (50%) of the stock or shares having the right to vote for the election of directors, and (ii) in the case of non-corporate entities, direct or indirect ownership of more than fifty percent (50%) of the equity interest with the power to direct the management and policies of such non-corporate entities. For the purposes of this Agreement, in no event shall the Investor or any of its Affiliates be deemed Affiliates of the Company or any of its Affiliates, nor shall the Company or any of its Affiliates be deemed Affiliates of the Investor or any of its Affiliates.

"**Agreement**" shall have the meaning set forth in the Preamble, including all Exhibits attached hereto.

"**Business Day**" shall mean a shall mean a day on which banking institutions in Washington, DC, USA and Shanghai, China are generally open for business, excluding any Saturday or Sunday.

"**Collaboration Agreement**" shall mean the Collaboration and License Agreement, of even date herewith, between the Investor and the Company.

"**Collaboration Assets**" shall mean the Collaboration Products, as defined in the Collaboration Agreement.

"**Collaboration Material Adverse Effect**" shall mean any effect that, individually or when taken together with all other Effects, has had, or would reasonably be expected to have, (i) a material adverse effect on the Collaboration Assets, taken as a whole, or (ii) a material adverse effect on the Company's ability to perform its obligations under the Collaboration Agreement.

"**Contract**" means any agreement, contract, lease, indenture, instrument, note, debenture, bond, mortgage or deed of trust or other agreement, commitment, arrangement or understanding.

"**DOJ**" means the U.S. Department of Justice.

"**Effect**" shall have the meaning set forth in the definition of "Material Adverse Effect."

"**FTC**" means the U.S. Federal Trade Commission.

"**Governmental Authority**" shall mean any court, agency, authority, department, regulatory body or other instrumentality of any government or country or of any national, federal, state, provincial, regional, county, city or other political subdivision of any such government or country or any supranational organization of which any such country is a member.

"**Intellectual Property**" shall mean trademarks, trade names, trade dress, service marks, copyrights, and similar rights (including registrations and applications to register or renew the registration of any of the foregoing), patents and patent applications, trade secrets, and any other similar intellectual property rights.

"**Intellectual Property License**" shall mean any license, permit, authorization, approval, contract or consent granted, issued by or with any Person relating to the use of Intellectual Property.

"**Law**" or "**Laws**" shall mean all laws, statutes, rules, regulations, orders, judgments, injunctions and/or ordinances of any Governmental Authority.

"**Material Adverse Effect**" shall mean any change, event or occurrence (each, an "**Effect**") that, individually or when taken together with all other Effects, has had, or would reasonably be expected to have, (i) a material adverse effect on the business, financial condition, assets or results of operations of the Company and its subsidiaries, taken as a whole, or (ii) a

material adverse effect on the Company's ability to perform its obligations, or consummate the Transaction, in accordance with the terms of this Agreement, except in the case of (i) to the extent that any such Effect results from or arises out of: (A) changes in conditions in the United States or global economy or capital or financial markets generally, including changes in interest or exchange rates, (B) changes in general legal, regulatory, political, economic or business conditions or changes in generally accepted accounting principles in the United States or interpretations thereof, (C) acts of war, sabotage or terrorism, or any escalation or worsening of any such acts of war, sabotage or terrorism, (D) earthquakes, hurricanes, floods or other natural disasters, (E) the announcement of this Agreement or the Transaction, (F) any change in the Company's stock price or trading volume or any failure to meet internal projections or forecasts or published revenue or earnings projections of industry analysts (provided that the underlying events giving rise to any such change shall not be excluded), (G) any breach, violation or non-performance by the Investor or any of its Affiliates under the Collaboration Agreement (provided that this item (G) will not apply if such breach, violation or non-performance by the Investor or any of its Affiliates was primarily caused by the failure of the Company to perform of the covenants or agreements under the Collaboration Agreement or this Agreement to be performed by the Company), provided, however, that the Effects excluded in clauses (A), (B), (C) and (D) shall only be excluded to the extent such Effects are not disproportionately adverse on the Company and its subsidiaries as compared to other companies operating in the Company's industry.

"**Organizational Documents**" shall mean (i) the Restated Certificate of Incorporation of the Company, as amended through the date of this Agreement and (ii) the Amended and Restated Bylaws of the Company, as amended through the date of this Agreement.

"**Per Share Purchase Price**" shall mean $31.30; provided, however, that in the event of any stock dividend, stock split, combination of shares, recapitalization or other similar change in the capital structure of the Company after the date hereof and on or prior to the Closing which affects or relates to the Common Stock, the Per Share Purchase Price shall be appropriately adjusted.

"**Person**" shall mean any individual, partnership, limited liability company, firm, corporation, trust, unincorporated organization, government or any department or agency thereof or other entity, as well as any syndicate or group that would be deemed to be a Person under Section 13(d)(3) of the Exchange Act.

"**Third Party**" shall mean any Person (other than a Governmental Authority) other than the Investor, the Company or any Affiliate of the Investor or the Company.

"**Trading Market**" means The Nasdaq Stock Market.

"**Transaction**" means the issuance and sale of the Shares by the Company, and the purchase of the Shares by the Investor, in accordance with the terms hereof.

1.2. Additional Defined Terms. In addition to the terms defined in Section 1.1, the following terms shall have the respective meanings assigned thereto in the sections indicated below:

Defined Term	Section
Aggregate Purchase Price	Section 2
Closing	Section 3.1
Closing Date	Section 3.1
Common Stock	Preamble
Company	Preamble
Company Rights	Section 4.21(b)
Company SEC Documents	Section 4.11(a)
Exchange Act	Section 4.11(a)
GAAP	Section 4.11(c)
HSR Act	Section 4.7
Investor	Preamble
LAS	Section 4.7
Permits	Section 4.10
Proprietary Rights	Section 4.21(b)
Rule 144	Section 5.9
SEC	Section 4.7
Securities Act	Section 4.11(a)
Shares	Section 2
Subsidiaries	Section 4.3
Termination Date	Section 9.1(b)
Transfer Agent	Section 10.3(c)

2. Purchase and Sale of Common Stock. Subject to the terms and conditions of this Agreement, at the Closing, the Company shall issue and sell to the Investor, free and clear of all liens, other than any liens arising as a result of any action by the Investor, and the Investor shall purchase from the Company, a number of shares of Common Stock (the "**Shares**") equal to the amount obtained by dividing the aggregate purchase price of US $30,000,017.10 (the "**Aggregate Purchase Price**") by the Per Share Purchase Price.

3. Closing Date; Deliveries.

3.1. Closing Date. Subject to the satisfaction or waiver of all the conditions to the Closing set forth in Sections 6, 7 and 8 hereof, the closing of the purchase and sale of the Shares hereunder (the "**Closing**") shall be held on the third (3rd) Business Day after the satisfaction of the conditions to Closing set forth in Sections 6, 7 and 8 (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction at such time of such conditions), at 9:00 a.m. New York time, at the offices of Cooley LLP, 55

Hudson Yards, New York, New York 10001, or at such other time, date and location as the parties may agree. The date the Closing occurs is hereinafter referred to as the "**Closing Date**."

3.2. Deliveries.

(a) Deliveries by the Company. At the Closing, the Company shall deliver to the Investor the Shares in book-entry form, registered in the name of the Investor, and the Company shall instruct its transfer agent to register such issuance at the time of such issuance, evidenced by an issuance statement or equivalent document issued by such transfer agent to be delivered to the Investor at Closing. The Company shall also deliver at the Closing: (i) a certificate in form and substance reasonably satisfactory to the Investor and duly executed on behalf of the Company by an authorized executive officer of the Company, certifying that the conditions to Closing set forth in Sections 6 and 8.2 of this Agreement have been fulfilled;; and (ii) a certificate of the secretary of the Company dated as of the Closing Date certifying (A) that attached thereto is a true and complete copy of the Amended and Restated Bylaws of the Company as in effect at the time of the actions by the Board of Directors of the Company referred to in clause (B) below, and on the Closing Date; (B) that attached thereto is a true and complete copy of all resolutions adopted by the Board of Directors of the Company authorizing the execution, delivery and performance of the this Agreement and the Transaction and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby as of the Closing Date; (C) that attached thereto is a true and complete copy of the Company's Restated Certificate of Incorporation as in effect at the time of the actions by the Board of Directors of the Company referred to in clause (B) above, and on the Closing Date; and (D) as to the incumbency and specimen signature of any officer of the Company executing this Agreement on behalf of the Company.

(b) Deliveries by the Investor. At the Closing, the Investor shall deliver, or cause to be delivered, to the Company the Aggregate Purchase Price by wire transfer of immediately available United States funds to an account designated by the Company. The Company shall notify the Investor in writing of the wiring instructions for such account not less than five (5) Business Days before the Closing Date. The Investor shall also deliver, or cause to be delivered, at the Closing: (i) a certificate in form and substance reasonably satisfactory to the Company duly executed by an authorized executive officer of the Investor certifying that the conditions to Closing set forth in Section 7 of this Agreement have been fulfilled; and (ii) a certificate of the secretary or assistant secretary of the Investor dated as of the Closing Date certifying as to the incumbency and specimen signature of any officer executing this Agreement on behalf of the Investor.

4. Representations and Warranties of the Company. The Company hereby represents and warrants to the Investor as of the date hereof and as of the Closing Date that:

4.1. Organization, Good Standing and Qualification.

(a) The Company and each of the Subsidiaries is a corporation duly incorporated or otherwise organized, validly existing and in good standing under the laws of the

jurisdiction of its incorporation or organization, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. The Company and each of the Subsidiaries has all requisite corporate power and corporate authority to own, lease and operate its properties and assets, to carry on its business as now conducted, and as proposed to be conducted as described in the Company SEC Documents, the Company has all requisite corporate power and corporate authority to enter into the this Agreement and the Collaboration Agreement, to issue and sell the Shares and to perform its obligations under and to carry out the other transactions contemplated by the this Agreement and the Collaboration Agreement.

(b) The Company and each of the Subsidiaries is qualified to transact business and is in good standing in each jurisdiction in which the character of the properties owned, leased or operated by the Company or Subsidiary, as applicable, or the nature of the business conducted by the Company or Subsidiary, as applicable, makes such qualification necessary, except where the failure to be so qualified would not have a Material Adverse Effect.

4.2. Capitalization and Voting Rights.

(a) The authorized capital of the Company as of June 10, 2021 consists of: (i) 125,000,000 shares of Common Stock of which, as of the date of this Agreement, (x) 60,108,325 shares are issued and outstanding and (y) 13,808,200 shares are reserved for issuance pursuant to the Company's stock incentive plans, of which 8,835,532 shares are issuable upon the exercise of stock options outstanding on the date hereof and (ii) 5,000,000 shares of preferred stock, par value $0.01 per share, of which no shares are issued and outstanding as of the date of this Agreement. All of the issued and outstanding shares of Common Stock (A) have been duly authorized and validly issued, (B) are fully paid and non-assessable and (C) were issued in compliance with all applicable federal and state securities Laws and not in violation of any preemptive rights.

(b) All of the authorized shares of Common Stock are entitled to one (1) vote per share.

(c) Except as described or referred to in Section 4.2(a) above, there are not: (i) any outstanding equity securities, options, warrants, rights (including conversion or preemptive rights) or other agreements pursuant to which the Company is or may become obligated to issue, sell or repurchase any shares of its capital stock or any other securities of the Company or (ii) any restrictions on the transfer of capital stock of the Company other than pursuant to state and federal securities Laws.

(d) Except as disclosed in the Company SEC Documents, the Company is not a party to or subject to any agreement or understanding relating to the voting of shares of capital stock of the Company or the giving of written consents by a stockholder or director of the Company.

(e) Except as disclosed in the Company SEC Documents, no Person has any right to cause the Company to effect the registration under the Securities Act of any securities of the Company.

(f) The Common Stock is registered pursuant to Section 12(b) or 12(g) of the Exchange Act, and the Company has taken no action designed to, or which to its knowledge is likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act nor has the Company received any notification that the SEC is contemplating terminating such registration.

4.3. Subsidiaries. The Company has disclosed all of its subsidiaries required to be disclosed pursuant to Item 601(b)(21) of Regulation S-K in an exhibit to its Annual Report on Form 10-K (the "**Subsidiaries**"). The Company owns, directly or indirectly, all of the capital stock or other equity interests of each Subsidiary free and clear of any Liens, and all of the issued and outstanding shares of capital stock of each Subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights to subscribe for or purchase securities.

4.4. Authorization.

(a) All requisite corporate action on the part of the Company, its directors and stockholders required by applicable Law for the authorization, execution and delivery by the Company of the this Agreement and the Collaboration Agreement, and the performance of all obligations of the Company hereunder and thereunder, including the authorization, issuance and delivery of the Shares, has been taken.

(b) The Collaboration Agreement has been, and upon the execution and delivery of this Agreement by the Company and upon the due execution and delivery of this Agreement by the Investor and the Collaboration Agreement by the Investor, this Agreement and the Collaboration Agreement will constitute, valid and legally binding obligations of the Company, enforceable against the Company in accordance with their respective terms (except with respect to the Investor Agreement and the Collaboration Agreement as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other Laws of general application relating to or affecting enforcement of creditors' rights and (ii) rules of Law governing specific performance, injunctive relief or other equitable remedies and limitations of public policy).

(c) No stop order or suspension of trading of the Common Stock has been imposed by Nasdaq, the SEC or any other Governmental Authority and remains in effect.

4.5. No Defaults. The Company is not in default under or in violation of (a) its Organizational Documents, (b) any provision of applicable Law or any ruling, writ, injunction, order, Permit, judgment or decree of any Governmental Authority or (c) any agreement, arrangement or instrument, whether written or oral, by which the Company or any of its assets are bound, except, in the case of subsections (b) and (c), as would not have a Material Adverse Effect. There exists no condition, event or act which after notice, lapse of time, or both, would

constitute a default or violation by the Company under any of the foregoing, except, in the case of subsections (b) and (c), as would not have a Material Adverse Effect.

4.6. No Conflicts. The execution, delivery and performance of the this Agreement and the Collaboration Agreement, and compliance with the provisions hereof and thereof by the Company do not and shall not: (a) violate any provision of applicable Law or any ruling, writ, injunction, order, permit, judgment or decree of any Governmental Authority, (b) constitute a breach of, or default under (or an event which, with notice or lapse of time or both, would become a default under) or conflict with, or give rise to any right of termination, cancellation or acceleration of, any agreement, arrangement or instrument, whether written or oral, by which the Company or any of its assets are bound, (c) violate or conflict with any of the provisions of the Company's Organizational Documents or (d) result in any encumbrance upon any of the Shares, other than restrictions pursuant to this Agreement or securities Laws, or on any of the properties or assets of the Company or any Subsidiary, except, in the case of subsections (a) and (b), as would not have a Material Adverse Effect with respect to this Agreement or a Collaboration Material Adverse Effect with respect to the Collaboration Agreement.

4.7. No Governmental Authority or Third Party Consents. No consent, approval, authorization or other order of, or filing with, or notice to, any Governmental Authority or other Third Party is required to be obtained or made by the Company in connection with the authorization, execution and delivery by the Company of any of the this Agreement or the Collaboration Agreement, or with the authorization, issue and sale by the Company of the Shares, except such filings as may be required to be made with the Securities and Exchange Commission (the "**SEC**") and with any state blue sky or securities regulatory authority, which filings shall be made in a timely manner in accordance with all applicable Laws and.

4.8. Valid Issuance of Shares. When issued, sold and delivered at the Closing in accordance with the terms hereof for the Aggregate Purchase Price, the Shares shall be duly authorized, validly issued, fully paid and nonassessable, free from any liens, encumbrances or restrictions on transfer, including preemptive rights, rights of first refusal or other similar rights, other than as arising pursuant to the this Agreement, as a result of any action by the Investor or under federal or state securities Laws.

4.9. Litigation. Except as set forth in the Company SEC Documents filed prior to the date of this Agreement (excluding (i) any amendment thereto filed on or after the date of this Agreement, (ii) disclosures of non-specific risks faced by the Company included in any forward-looking statement, disclaimer, risk factor disclosure or other similarly non-specific statements that are predictive, general or forward-looking in nature, and (iii) disclosures in any Company SEC Documents filed on or after the date of this Agreement but are incorporated by reference into the Company SEC Documents filed prior to the date of this Agreement ((i), (ii) and (iii), collectively, "**Excluded Disclosures**"), there is no action, suit, proceeding or investigation pending (of which the Company has received notice or otherwise has knowledge) or, to the Company's knowledge, threatened, against the Company or which the Company

intends to initiate which has had or is reasonably likely to have a Material Adverse Effect or Collaboration Material Adverse Effect.

4.10. Licenses and Other Rights; Compliance with Laws. The Company has all franchises, permits, licenses, authorizations, consents, approvals and other rights and privileges ("**Permits**"), and has made all filings, applications and registrations with any Governmental Authority, that are necessary to permit it to own its properties and to conduct its business as presently conducted and is in compliance thereunder, except where the failure to be in compliance does not and would not have a Material Adverse Effect or Collaboration Material Adverse Effect. All such Permits are in full force and effect and, to the knowledge of the Company, no suspension or cancellation of any of them is threatened, and all such filings, applications and registrations are current. The Company has not taken any action that would interfere with the Company's ability to renew all such Permit(s). The Company is and has been in compliance in all material respects with all Laws applicable to its business, properties and assets, and to the products and services sold by it, except where the failure to be in compliance does not and would not have a Material Adverse Effect.

4.11. Company SEC Documents; Financial Statements; Nasdaq Stock Market.

(a) Since January 1, 2020, the Company has timely filed or furnished, as applicable, all required reports, schedules, forms, statements and other documents (including exhibits and all other information incorporated therein), and any required amendments to any of the foregoing, with the SEC (the "**Company SEC Documents**"). As of their respective filing dates, each of the Company SEC Documents complied in all material respects with the requirements of the Securities Act of 1933, as amended (the "**Securities Act**"), the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), the rules and regulations of the SEC promulgated thereunder and the rules and regulations of The Nasdaq Stock Market, and no Company SEC Documents when filed, declared effective or mailed, as applicable, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) As of the date of this Agreement, there are no outstanding or unresolved comments in comment letters received from the SEC or its staff. As of the date of this Agreement, none of the Company's Subsidiaries is subject to the reporting requirements of Section 13(a) or 15(d) under the Exchange Act.

(c) The consolidated financial statements of the Company included in its Annual Report on Form 10-K for the fiscal years ended December 31, 2019 and December 31, 2020 and in its quarterly reports on Form 10-Q for the quarterly period ended March 31, 2021 comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with United States generally accepted accounting principles ("**GAAP**") applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present in all material respects the financial position of the Company as of the dates thereof

and the results of its operations and cash flows for the periods then ended. Except (i) as set forth in the Company SEC Documents filed prior to the date of this Agreement (excluding the Excluded Disclosures) or (ii) for liabilities incurred in the ordinary course of business subsequent to the date of the most recent balance sheet contained in the Company SEC Documents, none of which would, individually or in the aggregate, have a Material Adverse Effect, the Company has no liabilities, whether absolute or accrued, contingent or otherwise, other than those that would not, individually or in the aggregate, have a Material Adverse Effect. There are no unconsolidated subsidiaries of the Company or any material off-balance sheet arrangements of any type (including any off balance sheet arrangements required to be disclosed pursuant to Item 303(a)(4) of Regulation S-K promulgated under the Securities Act) that have not been so described in the Company SEC Documents filed prior to the date hereof (excluding the Excluded Disclosures) nor any obligations to enter into any such arrangements.

(d) The Common Stock is listed on The Nasdaq Global Select Market, and the Company has taken no action or inaction designed to, or which is likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act or delisting the Common Stock from The Nasdaq Global Market. The Company has not received any notification that, and has no knowledge that, the SEC or The Nasdaq Stock Market LLC is contemplating terminating such listing or registration.

(e) The Company has implemented and maintains a system of internal control over financial reporting (to the extent required by Rule 13a-15(a) under the Exchange Act) that is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes, and such system of internal control over financial reporting is effective. The Company has implemented and maintains disclosure controls and procedures (to the extent required by Rule 13a-15(a) of the Exchange Act) that are designed to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the timeframes specified by the SEC's rules and forms (and such disclosure controls and procedures are effective), and has disclosed, based on its most recent evaluation of its system of internal control over financial reporting prior to the date of this Agreement, to the Company's outside auditors and the audit committee of the Company Board (i) any significant deficiencies and material weaknesses known to it in the design or operation of its internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that would reasonably be expected to adversely affect the Company's ability to record, process, summarize and report financial information and (ii) any fraud known to it, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

(f) To the knowledge of the Company, as of the date hereof, no employee of the Company or its subsidiaries has provided since January 1, 2019 or is providing information to any law enforcement agency regarding the violation of any applicable Law of the type described in Section 806 of the Sarbanes-Oxley Act by the Company or its Subsidiaries. Neither the Company nor its Subsidiaries have discharged, demoted or suspended an employee

of the Company or its Subsidiaries in the terms and conditions of employment because of any lawful act of such employee described in Section 806 of the Sarbanes-Oxley Act.

4.12. Absence of Certain Changes.

(a) Except as disclosed in the Company SEC Documents filed prior to the date of this Agreement (excluding the Excluded Disclosures), since December 31, 2020, to the Company's knowledge there has not occurred any event that has caused or would reasonably be expected to cause a Material Adverse Effect or a Collaboration Material Adverse Effect.

(b) Except as set forth in the Company SEC Documents filed prior to the date hereof (excluding the Excluded Disclosures), since December 31, 2020, the Company has not (i) declared or paid any dividends, or authorized or made any distribution upon or with respect to any class or series of its capital stock, or (ii) sold, exchanged or otherwise disposed of any of its material assets or rights.

(c) Since December 31, 2020, the Company has not admitted in writing its inability to pay its debts generally as they become due, filed or consented to the filing against it of a petition in bankruptcy or a petition to take advantage of any insolvency act, made an assignment for the benefit of creditors, consented to the appointment of a receiver for itself or for the whole or any substantial part of its property, or had a petition in bankruptcy filed against it, been adjudicated a bankrupt, or filed a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other laws of the United States or any other jurisdiction.

4.13. Offering. Subject to the accuracy of the Investor's representations set forth in Sections 5.5, 5.6, 5.7, 5.9 and 5.10, the offer, sale and issuance of the Shares to be issued in conformity with the terms of this Agreement constitute transactions which are exempt from the registration requirements of the Securities Act and from all applicable state registration or qualification requirements. Neither the Company nor any Person acting on its behalf will take any action that would cause the loss of such exemption.

4.14. No Integration. The Company has not, directly or through any agent, sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any security (as defined in the Securities Act) which is or will be integrated with the Shares sold pursuant to this Agreement in a manner that would require the registration of the Shares under the Securities Act.

4.15. Brokers' or Finders' Fees. No broker, finder, investment banker or other Person is entitled to any brokerage, finder's or other fee or commission from the Company in connection with the transactions contemplated by the this Agreement and the Collaboration Agreement.

4.16. Investment Company. The Company is not, and is not an Affiliate of, and immediately after receipt of payment for the Shares, will not be or be an Affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

The Company shall conduct its business in a manner so that it will not become an "investment company" subject to registration under the Investment Company Act of 1940, as amended.

4.17. No General Solicitation. Neither the Company nor any person acting on behalf of the Company has offered or sold any of the Shares by any form of general solicitation or general advertising. The Company has offered the Shares for sale only to the Investor.

4.18. Foreign Corrupt Practices; Anti-Money Laundering.

(a) Neither the Company nor, to the knowledge of the Company, any of its directors, officers, employees, or agents, has: (i) directly or indirectly, made, offered, promised, or authorized any unlawful contributions, gifts, entertainment or other payments related to foreign or domestic political activity, (ii) made any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns, (iii) failed to disclose fully any contribution made by the Company (or made by any person acting on its behalf of which the Company is aware) which is in violation of law, or (iv) violated in any material respect any provision of the Foreign Corrupt Practices Act of 1977, as amended (the "**FCPA**"), or any applicable non-U.S. anti-bribery Law. Neither the Company nor, to the knowledge of the Company, any of its officers, directors or employees are the subject of any allegation, voluntary disclosure, investigation, prosecution or other enforcement action related to the FCPA or any other applicable anti-bribery Law.

(b) The operations of the Company and its subsidiaries are and have been conducted at all times in material compliance with applicable financial recordkeeping and reporting requirements, including those of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the applicable money laundering statutes of all jurisdictions where the Company or its subsidiaries conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the "**Anti-Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

4.19. Regulation M Compliance. The Company has not, and to its knowledge no one acting on its behalf has, (i) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Shares, (ii) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the Shares, or (iii) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company.

4.20. Office of Foreign Assets Control. Neither the Company nor, to the Company's knowledge, any director, officer, agent, employee or Affiliate of the Company is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("**OFAC**"). The Company is, and for the past five (5) years has been, in material compliance with all OFAC regulations and any other applicable sanctions

Laws in all material respects, and there are no pending or, to the Company's knowledge, threatened claims against the Company, nor, to the Company's knowledge, any actions, conditions, facts, or circumstances that would reasonably be expected to give rise to any material future claims with respect to such Laws.

4.21 Intellectual Property.

(a) The Intellectual Property that is owned by the Company or any subsidiary is owned free from any liens or restrictions (other than any restrictions set forth in any Intellectual Property License relating to such Intellectual Property), and all of the Company's and its subsidiaries' material Intellectual Property Licenses are in full force and effect in accordance with their terms, are free of any liens or restrictions, and neither the Company nor to the Company's knowledge any other party thereto, is in breach of any such material Intellectual Property License, and no event has occurred that with notice or lapse of time or both would constitute such a breach or default thereunder or would result in the termination thereof or would cause or permit the acceleration or other change of any right or obligation of the loss of any benefit thereunder by the Company except for such failures to be in full force and effect, such liens or restrictions, and such material breaches that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or a Collaboration Material Adverse Effect. Except as set forth in the Company SEC Documents filed prior to the date hereof (excluding the Excluded Disclosures), there is no material legal claim or demand of any Person pertaining to, or any proceeding which is pending (of which the Company has received notice or otherwise has knowledge) or, to the knowledge of the Company, threatened, (i) challenging the right of the Company in respect of any Company Intellectual Property, or (ii) that claims that any default exists under any Intellectual Property License.

(b) Except as set forth in the Company's SEC Documents filed prior to the date hereof (excluding the Excluded Disclosures): (i) the Company or one of its subsidiaries owns, free and clear of any lien or encumbrance, or has a valid license to, or has an enforceable right to use, as it is used or held for use, all material U.S. and non-U.S. patents, trade secrets, know-how, trademarks, service marks, copyrights, and other proprietary and intellectual property rights, and all grants and applications with respect to the foregoing (collectively, the **"Proprietary Rights"**) necessary for the conduct of the Company's business (such Proprietary Rights owned by or licensed to the Company collectively, the **"Company Rights"**); and (ii) the Company and its subsidiaries have taken reasonable measures to protect the Company Rights, consistent with prudent commercial practices in the biotechnology industry.

4.22 Full Disclosure. As of the date hereof, and other than the transactions that are the subject of this Agreement and the Collaboration Agreement, no material fact or circumstance exists that would be required to be disclosed in a current report on Form 8-K or in a registration statement filed under the Securities Act, were such a registration statement filed on the date hereof, that has not been disclosed in an SEC Report filed on or after June 14, 2021.

4.23 Tax Status. The Company and each of its Subsidiaries (a) has made or filed in a timely manner (within any applicable extension periods) and in the appropriate jurisdictions all foreign, federal and state income and all other tax returns, reports, information statements and other documentation (including any additional or supporting materials) required to be filed or maintained in connection with the calculation, determination, assessment or collection of any and all federal, state, local, foreign and other taxes, levies, fees, imposts, duties, governmental fees and charges of whatever kind (each a "Tax"), including all amended returns required as a result of examination adjustments made by any Governmental Authority responsible for the imposition of any Tax (collectively, the "Returns"), and such Returns are true, correct and complete in all material respects, (b) has paid all Taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such Returns, except those being contested in good faith, not finally determined, and (c) has set aside on its books provision reasonably adequate for the payment of all Taxes for periods subsequent to the periods to which such Returns apply.

4.24 Labor and Employment Matters. No labor disturbance by or dispute with the employees of the Company or its Subsidiaries exists or, to the knowledge of the Company, is contemplated or threatened, and the Company is not aware of any existing or imminent labor disturbance by, or dispute with, the employees of any of its or its Subsidiaries' principal suppliers, contractors or customers, except as would not, individually or in the aggregate, be or reasonably expected to be material to the Company and its Subsidiaries, taken as a whole.

4.25 Title to Property and Assets. Each of the Company and its Subsidiaries has good and marketable title to, or a legal and valid right to use, all properties and assets (whether tangible or intangible) that it purports to own or that it leases or otherwise uses, free and clear of any and all Encumbrances, except for any defects in title or right or any Encumbrances that would not, individually or in the aggregate, be or reasonably expected to be material to the Company and its Subsidiaries, taken as a whole. Such properties and assets collectively represent in all material respects all properties and assets necessary for the conduct of the business of the Company and its Subsidiaries as presently conducted.

4.26 Material Contracts. True and correct copies (or excerpt thereof) of all material Contracts of the Company and its Subsidiaries have either been disclosed to the Investor or disclosed in the SEC Company Documents (subject to redactions as permitted under applicable law), and since the date of this Agreement, there has been no acceleration, termination, material modification to or cancellation of any such Contracts that would, individually or in the aggregate, be or reasonably expected to have a Material Adverse Effect or Collaboration Material Adverse Effect.

5. Representations and Warranties of the Investor. The Investor hereby represents and warrants to the Company as of the date hereof and as of the Closing Date that:

5.1. Organization; Good Standing. The Investor is an exempted company with limited liability duly organized, validly existing and in good standing under the Laws of Cayman

Islands. The Investor has or will have all requisite power and authority to enter into the this Agreement, to purchase the Shares and to perform its obligations under and to carry out the other transactions contemplated by the this Agreement.

5.2. Authorization. All requisite action on the part of the Investor and its directors and shareholders, required by applicable Law for the authorization, execution and delivery by the Investor of the this Agreement, and the performance of all of its obligations thereunder, including the subscription for and purchase of the Shares, has been taken. This Agreement has been duly executed and delivered by the Investor and, upon the due execution and delivery thereof by the Company, will constitute a valid and legally binding obligation of the Investor, enforceable against the Investor in accordance with its terms (except as such enforceability may be limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium or other Laws of general application relating to or affecting enforcement of creditors' rights and (b) rules of Law governing specific performance, injunctive relief or other equitable remedies and limitations of public policy).

5.3. No Conflicts. The execution, delivery and performance of the this Agreement and compliance with the provisions thereof by the Investor do not and shall not: (a) violate any provision of applicable Law or any ruling, writ, injunction, order, permit, judgment or decree of any Governmental Authority, (b) constitute a breach of, or default under (or an event which, with notice or lapse of time or both, would become a default under) or conflict with, or give rise to any right of termination, cancellation or acceleration of, any agreement, arrangement or instrument, whether written or oral, by which the Investor or any of its assets, are bound, or (c) violate or conflict with any of the provisions of the Investor's organizational documents (including any articles or memoranda of organization or association, charter, bylaws or similar documents), and except, in the case of subsections (a), (b) and (c) as would not have a material adverse effect on the Investor's ability to perform its obligations or consummate the Transaction in accordance with the terms of this Agreement.

5.4. No Governmental Authority or Third Party Consents. No consent, approval, authorization or other order of any Governmental Authority or other Third Party is required to be obtained by the Investor in connection with the authorization, execution and delivery of this Agreement or with the subscription for and purchase of the Shares.

5.5. Purchase Entirely for Own Account. The Shares shall be acquired for investment for the Investor's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and the Investor has no present intention of selling, granting any participation or otherwise distributing the Shares. The Investor does not have and will not have as of the Closing any contract, undertaking, agreement or arrangement with any Person to sell, transfer or grant participation to a Person any of the Shares.

5.6. Disclosure of Information. The Investor has been furnished access to all materials and information the Investor has requested relating to the Company and its Subsidiaries in order to evaluate the transactions contemplated by this Agreement.

5.7. Investment Experience and Accredited Investor Status. The Investor is an "accredited investor" (as defined in Regulation D under the Securities Act). The Investor has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Shares to be purchased hereunder.

5.8. [Reserved.]

5.9. Restricted Securities. The Investor understands that the Shares, when issued, shall be "restricted securities" under the federal securities Laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such Laws the Shares may be resold without registration under the Securities Act only in certain limited circumstances. The Investor represents that it is familiar with Rule 144 of the Securities Act ("**Rule 144**"), as presently in effect.

5.10. Legends. The Investor understands that any certificates representing the Shares shall bear the following legends:

(a) "These securities have not been registered under the Securities Act of 1933. They may not be sold, offered for sale, pledged or hypothecated except pursuant to a registration statement in effect with respect to the securities under the Securities Act, in accordance with Rule 144 of the Securities Act or pursuant to an available exemption from registration under the Securities Act of 1933."; and

(b) any legend required by applicable state securities Laws.

5.11. Financial Assurances. As of the Closing Date, the Investor has and will have access to cash in an amount sufficient to pay to the Company the Aggregate Purchase Price.

5.12 Stock Ownership. As of the date hereof, neither the Investor nor any of its Affiliates (excluding for this purpose any employee benefit plan of the Investor) own any shares of capital stock of the Company.

6. Investor's Conditions to Closing. The Investor's obligation to purchase the Shares at the Closing is subject to the fulfillment as of the Closing of the following conditions (unless waived in writing by the Investor):

6.1. Representations and Warranties. The representations and warranties made by the Company in Section 4 hereof shall be true and correct as of the date of this Agreement and as of the Closing Date as though made on and as of such Closing Date, except to the extent such representations and warranties are specifically made as of a particular date, in which case such representations and warranties shall be true and correct as of such date; provided, however, that for purposes of this Section 6.1, all such representations and warranties of the Company (other than Sections 4.1(a), 4.2, 4.3, 4.4, 4.5(a), 4.6(c), 4.8, and 4.11 of this Agreement) shall be deemed to be true and correct for purposes of this Section 6.1 unless the failure or failures of such representations and warranties to be so true and correct, without regard to any "material,"

"materiality" or "Material Adverse Effect" qualifiers set forth therein, constitute a Material Adverse Effect.

6.2. Representations and Warranties in the Collaboration Agreement. The representations and warranties made by the Company in Section 12.1 of the Collaboration Agreement shall be true and correct as of the Closing Date as though made on and as of such Closing Date, except to the extent such representations and warranties are specifically made as of a particular date, in which case such representations and warranties shall be true and correct as of such date; provided, however, that for purposes of this Section 6.2, all such representations and warranties of the Company shall be deemed to be true and correct for purposes of this Section 6.2 unless the failure or failures of such representations and warranties to be so true and correct, without regard to any "material" or "materiality" qualifiers set forth therein, individually or in the aggregate, has had or would reasonably be expected to have a Collaboration Material Adverse Effect.

6.3. Covenants. All covenants and agreements contained in this Agreement to be performed or complied with by the Company on or prior to the Closing Date shall have been performed or complied with in all material respects.

6.4. Collaboration Agreement. The Company shall have duly executed and delivered to the Investor the Collaboration Agreement, and there shall have been no termination of the Collaboration Agreement that, as of the Closing, is effective.

6.5. No Material Adverse Effect. From and after the date of this Agreement until the Closing Date, there shall have occurred no event that has caused a Material Adverse Effect or a Collaboration Material Adverse Effect.

6.6. Listing. The Shares shall be eligible and approved for listing on the Nasdaq Global Select Market.

7. Company's Conditions to Closing. The Company's obligation to issue and sell the Shares at the Closing is subject to the fulfillment as of the Closing of the following conditions (unless waived in writing by the Company):

7.1. Representations and Warranties. The representations and warranties made by the Investor in Section 5 hereof shall be true and correct as of the date of this Agreement and as of the Closing Date as though made on and as of such Closing Date, except to the extent such representations and warranties are specifically made as of a particular date, in which case such representations and warranties shall be true and correct as of such date, in the case of Sections 5.1-5.4, and 5.11, except where any failure to be true and correct would not have a material adverse effect on the Investor's ability to perform its obligations, or consummate the Transaction in accordance with the terms of this Agreement, in the case of Section 5.5, 5.6 and 5.7, except where any inaccuracy would not result in the issuance of the Shares hereunder failing to qualify as an offering of securities not involving any public offering under the federal securities Laws, and in the case of Section 5.12, except where any inaccuracy would not be material on the

Investor's ability to perform its obligations, or consummate the Transaction in accordance with the terms of this Agreement.

7.2. Covenants. All covenants and agreements contained in this Agreement to be performed or complied with by the Investor on or prior to the Closing Date shall have been performed or complied with in all material respects.

7.3. Collaboration Agreement. The Investor shall have duly executed and delivered to the Company the Collaboration Agreement, and there shall have been no termination of the Collaboration Agreement that, as of the Closing, is effective.

8. Mutual Conditions to Closing. The obligations of the Investor and the Company to consummate the Closing are subject to the fulfillment as of the Closing Date of the following conditions:

8.1. Absence of Litigation. There shall be no action, suit, proceeding or investigation by a Governmental Authority pending or currently threatened in writing against the Company or the Investor that questions the validity of any of the this Agreement, the right of the Company or the Investor to enter into this Agreement or to consummate the transactions contemplated hereby or thereby or which, if determined adversely, would impose substantial monetary damages on the Company or the Investor as a result of the consummation of the transactions contemplated by this Agreement.

8.2. No Prohibition. No provision of any applicable Law and no judgment, injunction (preliminary or permanent), order or decree that prohibits, makes illegal or enjoins the consummation of the Transaction shall be in effect.

9. Termination.

9.1. Ability to Terminate. This Agreement may be terminated at any time prior to the Closing by:

(a) mutual written consent of the Company and the Investor;

(b) either the Company or the Investor, upon written notice to the other no earlier than June 30, 2021 (the "**Termination Date**"), if the Transaction shall not have been consummated by the Termination Date;

(c) either the Company or the Investor, upon written notice to the other, if any of the mutual conditions to the Closing set forth in Section 8 shall have become incapable of fulfillment by the Termination Date and shall not have been waived in writing by the other party within ten business days after receiving receipt of written notice of an intention to terminate pursuant to this clause (c) provided, however, that the right to terminate this Agreement under this Section 9.1(c) shall not be available to any party whose failure to fulfill

any obligation under this Agreement has been the cause of, or resulted in, the failure to consummate the transactions contemplated hereby prior to the Termination Date;

(d) the Company, upon written notice to the Investor, so long as the Company is not then in breach of its representations, warranties, covenants or agreements under this Agreement such that any of the conditions set forth in Section 6, could not be satisfied by the Termination Date, (i) upon a material breach of any covenant or agreement on the part of the Investor set forth in this Agreement, or (ii) if any representation or warranty of the Investor shall have been or become untrue, in each case such that any of the conditions set forth in Section 7, could not be satisfied by the Termination Date;

(e) the Investor, upon written notice to the Company, so long as the Investor is not then in breach of its representations, warranties, covenants or agreements under this Agreement such that any of the conditions set forth in Section 7, could not be satisfied by the Termination Date, (i) upon a breach of any covenant or agreement on the part of the Company set forth in this Agreement, or (ii) if any representation or warranty of the Company shall have been or become untrue, in each case such that any of the conditions set forth in Section 6, could not be satisfied by the Termination Date.

9.2. Effect of Termination. In the event of the termination of this Agreement pursuant to Section 9.1 hereof, (a) this Agreement (except for this Section 9.2 and Section 11 hereof (other than Section 11.13), and any definitions set forth in this Agreement and used in such sections) shall forthwith become void and have no effect, without any liability on the part of any party hereto or its Affiliates, and (b) all filings, applications and other submissions made pursuant to this Agreement, to the extent practicable, shall be withdrawn from the agency or other Person to which they were made or appropriately amended to reflect the termination of the transactions contemplated hereby; provided, however, that nothing contained in this Section 9.2 shall relieve any party from liability for fraud or any intentional or willful breach of this Agreement.

10. Additional Covenants and Agreements.

10.1. Market Listing. From the date hereof through the Closing Date, Company shall use all reasonable efforts to maintain the listing and trading of the Common Stock on The Nasdaq Global Market.

10.2. Assistance and Cooperation. Prior to the Closing, upon the terms and subject to the conditions set forth in this Agreement, each of the parties agrees to use all reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, and to assist and cooperate with the other party in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement, including using all reasonable efforts to accomplish the following: (a) taking all reasonable acts necessary to cause the conditions precedent set forth in Sections 6, 7 and 8 to be satisfied; (b) taking all reasonable actions necessary to obtain all

necessary actions or non-actions, waivers, consents, approvals, orders and authorizations from Governmental Authorities and the making of all necessary registrations, declarations and filings (including registrations, declarations and filings with Governmental Authorities, if any); (c) taking all reasonable actions necessary to obtain all necessary consents, approvals or waivers from Third Parties; and (d) except as otherwise provided for in Section 10.2, defending any suits, claims, actions, investigations or proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the transactions contemplated hereby, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Authority vacated or reversed.

10.3. Legend Removal.

(a) Certificates evidencing the Shares shall not contain the legend set forth in Section 5.10(a): (i) following any sale of such Shares pursuant to Rule 144, (ii) if such Shares are eligible for sale under Rule 144, without the requirement for the Company to be in compliance with the current public information required under Rule 144 as to such Shares and without volume or manner-of-sale restrictions or (iii) if such legend is not required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the SEC).

(b) Certificates evidencing the Shares shall not contain the legend set forth in Section 5.10(c) following any sale of such Shares pursuant to Rule 144.

(c) The Company agrees that at such time as any legend set forth in Section 5.10 is no longer required under this Section 10.4, the Company will, no later than three (3) Business Days following the delivery by the Investor to the Company or the Company's transfer agent (the "**Transfer Agent**") of a certificate representing Shares issued with such legend, deliver or cause to be delivered to the Investor a certificate representing such Shares that is free from such legend, or, in the event that such shares are uncertificated, remove any such legend in the Company's stock records. The Company may not make any notation on its records or give instructions to the Transfer Agent that enlarge the restrictions on transfer set forth in Section 5.10.

10.4. Conduct of Business. During the period from the date hereof until the Closing, except as consented to in writing by the Investor, the Company shall not (i) declare, set aside or pay any dividend or make any other distribution or payment (whether in cash, stock or property or any combination thereof) in respect of its capital stock, or establish a record date for any of the foregoing, or (ii) make any other actual, constructive or deemed distribution in respect of any shares of its capital stock or otherwise make any payments to stockholders in their capacity as such, except pursuant to repurchases of equity pursuant to the terms of its equity compensation plans.

11. Miscellaneous.

11.1. Governing Law; Submission to Jurisdiction. This Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware, without regard

to the conflict of laws principles thereof that would require the application of the Law of any other jurisdiction. Any action brought, arising out of, or relating to this Agreement shall be brought in the Court of Chancery of the State of Delaware. Each party hereby irrevocably submits to the exclusive jurisdiction of said Court in respect of any claim relating to the validity, interpretation and enforcement of this Agreement, and hereby waives, and agrees not to assert, as a defense in any action, suit or proceeding in which any such claim is made that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in such courts, or that the venue thereof may not be appropriate or that this agreement may not be enforced in or by such courts. The parties hereby consent to and grant the Court of Chancery of the State of Delaware jurisdiction over such parties and over the subject matter of any such claim and agree that mailing of process or other papers in connection with any such action, suit or proceeding in the manner provided in Section 11.3 or in such other manner as may be permitted by law, shall be valid and sufficient thereof.

11.2. Waiver. Waiver by a party of a breach hereunder by the other party shall not be construed as a waiver of any subsequent breach of the same or any other provision. No delay or omission by a party in exercising or availing itself of any right, power or privilege hereunder shall preclude the later exercise of any such right, power or privilege by such party. No waiver shall be effective unless made in writing with specific reference to the relevant provision(s) of this Agreement and signed by a duly authorized representative of the party granting the waiver.

11.3. Notices. All notices, instructions and other communications hereunder or in connection herewith shall be in writing, shall be sent to the address of the relevant party set forth on Exhibit A attached hereto and shall be (a) delivered personally, (b) sent by registered or certified mail, return receipt requested, postage prepaid, (c) sent via a reputable nationwide overnight courier service or (d) sent by facsimile transmission or electronic mail, with a confirmation copy to be sent by registered or certified mail, return receipt requested, postage prepaid. Any such notice, instruction or communication shall be deemed to have been delivered upon receipt if delivered by hand, three (3) Business Days after it is sent by registered or certified mail, return receipt requested, postage prepaid, one (1) Business Day after it is sent via a reputable nationwide overnight courier service or when transmitted with electronic confirmation of receipt, if transmitted by facsimile or electronic mail (if such transmission is made during regular business hours of the recipient on a Business Day; or otherwise, on the next Business Day following such transmission). Either party may change its address by giving notice to the other party in the manner provided above.

11.4. Entire Agreement. This Agreement and the Collaboration Agreement, contain the entire agreement among the parties with respect to the subject matter hereof and thereof and supersede all prior and contemporaneous arrangements or understandings, whether written or oral, with respect hereto and thereto.

11.5. Amendments. No provision in this Agreement shall be supplemented, deleted or amended except in a writing executed by an authorized representative of each of the Investor and the Company.

11.6. Headings; Nouns and Pronouns; Section References. Headings in this Agreement are for convenience of reference only and shall not be considered in construing this Agreement. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of names and pronouns shall include the plural and vice-versa. References in this Agreement to a section or subsection shall be deemed to refer to a section or subsection of this Agreement unless otherwise expressly stated.

11.7. Severability. If, under applicable Laws, any provision hereof is invalid or unenforceable, or otherwise directly or indirectly affects the validity of any other material provision(s) of this Agreement in any jurisdiction ("**Modified Clause**"), then, it is mutually agreed that this Agreement shall endure and that the Modified Clause shall be enforced in such jurisdiction to the maximum extent permitted under applicable Laws in such jurisdiction; provided that the parties shall consult and use all reasonable efforts to agree upon, and hereby consent to, any valid and enforceable modification of this Agreement as may be necessary to avoid any unjust enrichment of either party and to match the intent of this Agreement as closely as possible, including the economic benefits and rights contemplated herein.

11.8. Assignment. Except for an assignment of this Agreement or any rights hereunder by the Investor to an Affiliate, neither this Agreement nor any of the rights or obligations hereunder may be assigned by either the Investor or the Company without (a) the prior written consent of Company in the case of any assignment by the Investor or (b) the prior written consent of the Investor in the case of an assignment by the Company.

11.9. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

11.10. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

11.11. Third Party Beneficiaries. None of the provisions of this Agreement shall be for the benefit of or enforceable by any Third Party, including any creditor of any party hereto. No Third Party shall obtain any right under any provision of this Agreement or shall by reason of any such provision make any claim in respect of any debt, liability or obligation (or otherwise) against any party hereto.

11.12. No Strict Construction. This Agreement has been prepared jointly and will not be construed against either party.

11.13. Survival of Warranties. The representations and warranties of the Company and the Investor contained in this Agreement shall survive the Closing and the delivery of the Shares.

11.14. Remedies. The rights, powers and remedies of the parties under this Agreement are cumulative and not exclusive of any other right, power or remedy which such parties may have under any other agreement or Law. No single or partial assertion or exercise of any right, power or remedy of a party hereunder shall preclude any other or further assertion or exercise thereof.

11.15. Expenses. Each party shall pay its own fees and expenses in connection with the preparation, negotiation, execution and delivery of the this Agreement.

11.16. No Publicity. The parties hereto agree that the provisions of Section 11.3 of the Collaboration Agreement shall be applicable to the parties to this Agreement with respect to any public disclosures regarding the proposed transactions contemplated by the Purchase Agreement and the Collaboration Agreement or regarding the parties hereto or their Affiliates (it being understood that the provisions of Section 11.3 of the Collaboration Agreement shall be read to apply to disclosures of information relating to this Agreement and the transactions contemplated hereby).

11.17. Adjustment of Shares. Each reference to a number of shares of Common Stock in this Agreement shall be adjusted proportionately to reflect any stock dividend, subdivision, split or reverse split or the like affected with respect to all outstanding shares of Common Stock.

11.18. Electronic Signature. This Agreement may be executed by facsimile signature or any other form of electronic transmission of signature and a facsimile or any other form of electronically transferred signature shall constitute an original for all purposes.

11.19. Limitation of Liability. IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY (OR THE OTHER PARTY'S AFFILIATES OR SUBLICENSEES) IN CONNECTION WITH THIS AGREEMENT FOR LOST REVENUE, LOST PROFITS, LOST SAVINGS, LOSS OF USE, DAMAGE TO GOODWILL, OR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR INDIRECT DAMAGES UNDER ANY THEORY, INCLUDING CONTRACT, NEGLIGENCE, OR STRICT LIABILITY, EVEN IF THAT PARTY HAS BEEN PLACED ON NOTICE OF THE POSSIBILITY OF SUCH DAMAGES.

(*Signature Page Follows*)

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

ZAI LAB LIMITED

By: /s/ Samantha Du
Name: Samantha Du
Title: CEO

MACROGENICS, INC.

By: /s/ Scott Koenig
Name: Scott Koenig
Title: CEO

EXHIBIT A

NOTICES

(a) If to the Investor:

Zai Lab Limited
Fourth Floor, Building 1,
4560 Jinke Road, Pudong District,
Shanghai 201210, China
Attention: CEO

with a copy to:

Goodwin Procter (Hong Kong) LLP
38th Floor, Edinburgh Tower, The Landmark
15 Queen's Road Central, Hong Kong
Attention: Wendy Pan
Email: WPan@goodwinlaw.com

(b) If to the Company:

MacroGenics, Inc.
9704 Medical Center Drive
Rockville, MD 20850
Attention: CEO

with a copy to:

Cooley LLP
55 Hudson Yards
New York, NY 10001
Attention: Eric Blanchard

EXHIBIT 31.1

I, Scott Koenig, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2021 of MacroGenics, 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 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 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.

/s/ Scott Koenig
Scott Koenig, M.D., Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

Dated: July 29, 2021

EXHIBIT 31.2

I, James Karrels, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2021 of MacroGenics, 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 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 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.

/s/ James Karrels
James Karrels
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated: July 29, 2021

EXHIBIT 32.1

Certification of Principal Executive Officer
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

I, Scott Koenig, President and Chief Executive Officer (principal executive officer) of MacroGenics, Inc. (the Registrant), certify, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the period ended June 30, 2021 of the Registrant (the Report), that:

1. The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Scott Koenig
Name: Scott Koenig, M.D., Ph.D.
Date: July 29, 2021

EXHIBIT 32.2

Certification of Principal Financial Officer
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

I, James Karrels, Senior Vice President and Chief Financial Officer (principal financial officer) of MacroGenics, Inc. (the Registrant), certify, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the period ended June 30, 2021 of the Registrant (the Report), that:

1. The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ James Karrels
Name: James Karrels
Date: July 29, 2021