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Zai Lab Limited

再鼎醫藥有限公司 *

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 9688)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2025

Zai Lab Limited hereby announces the consolidated results of the Company for the year ended December 31, 2025, together with the comparative figures for the year ended December 31, 2024, which have been prepared in accordance with generally accepted accounting principles in the United States and reviewed by the audit committee of the board of directors of Zai Lab Limited.

FINANCIAL HIGHLIGHTS

Year ended December 31, 2025 vs. year ended December 31, 2024 (in $)

- Net product revenue increased by $59.6 million, or 15%, to $457.2 million, primarily due to increased sales for XACDURO, driven by strong patient demand and expanding hospital adoption but partially constrained by supply limitations during the year, and increased sales for NUZYRA, supported by increasing market coverage and penetration.
- Research and development expenses decreased by $13.6 million, or 6%, to $220.9 million, primarily due to reduced personnel compensation and related cost, driven by resource prioritization and efficiency efforts, partially offset by an increase in clinical trial costs.
- Selling, general and administrative expenses decreased by $21.1 million, or 7%, to $277.6 million, primarily due to resource prioritization and efficiency efforts.
- Net loss decreased by $81.6 million, or 32%, to $175.5 million, primarily due to product revenue growing faster than net operating expenses and a shift from foreign currency losses to foreign currency gains, offset by decreased interest income.
- Basic and diluted loss per share was $0.16, representing a 38% decrease from $0.26.

Independent auditor's report

to the shareholders of Zai Lab Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Zai Lab Limited ("the Company") and its subsidiaries (collectively, "the Group") set out on pages 6 to 47, which comprise the consolidated balance sheet as at December 31, 2025, the consolidated statement of operations, the consolidated statement of comprehensive loss, the consolidated statement of shareholders' equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with U.S. generally accepted accounting principles and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for* the *audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Evaluation of accrued preclinical and clinical trial expenses	
Refer to Note 24 to the consolidated financial statements and the accounting policies in Note 2.	
The Key Audit Matter	**How the matter was addressed in our audit**
The Company's research and development expenses include costs associated with payments to contract research organizations ("CROs") and contract manufacturing organizations ("CMOs") for various preclinical and clinical trial activities. Expenses related to preclinical and clinical trial activities are accrued based on the Company's estimates of the actual services performed by the CROs and CMOs. As disclosed in the consolidated financial statements, as of December 31, 2025, the Company recorded $141.6 million in accounts payable, which included the accrued preclinical and clinical trial expenses. We identified the evaluation of accrued preclinical and clinical trial expenses as a key audit matter. Specifically, evaluating the estimate of services performed for certain research and development activities at year-end required subjective judgment.	Our audit procedures to evaluate the accrued preclinical and clinical trial expenses included the following: • evaluating the design and testing the operating effectiveness of certain internal controls related to accrued preclinical and clinical trial expenses. This included controls related to the estimation of the services performed by the CROs and CMOs during the period that are included in accounts payable balances at the end of each reporting period; • on a sample basis, examining contracts, purchase orders, or invoices and comparing them to the Company's estimation of services performed by the CROs and CMOs; • on a sample basis, examining third-party confirmations and comparing them to the Company's estimation of services performed by the CROs and CMOs and, for any unreturned confirmations, performing alternative procedures by comparing details of the balances with relevant underlying documentation; and • examining certain invoices received and/or payments made after year-end and evaluating whether they were associated with services received prior to that date and whether they were included in the Company's estimate of costs incurred at year-end.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with U.S. generally accepted accounting principles and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the

consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lai, Chi Yin, Frankie (practising certificate number: P05676).

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
March 27, 2026

CONSOLIDATED BALANCE SHEETS

(in thousands of $, except for number of shares and per share data)

	Notes	December 31, 2025	December 31, 2024
Assets			
Current assets			
Cash and cash equivalents	3	679,573	449,667
Restricted cash, current		100,000	100,000
Short-term investments	4	10,000	330,000
Accounts receivable (net of allowance for credit losses of $31 and $25 as of December 31, 2025 and 2024, respectively)	23	106,116	85,178
Notes receivable		12,169	4,233
Inventories, net	5	74,745	39,875
Prepayments and other current assets		36,683	41,527
Total current assets		1,019,286	1,050,480
Restricted cash, non-current		1,116	1,114
Property and equipment, net	6	47,389	47,961
Operating lease right-of-use assets	7	19,152	21,496
Land use rights, net		2,853	2,907
Intangible assets, net	8	76,144	56,027
Deferred tax assets	10	3,390	—
Other non-current assets		3,054	5,768
Total assets		**1,172,384**	**1,185,753**
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable	24	141,608	100,906
Current operating lease liabilities	7	6,344	8,048
Short-term debt	11	204,530	131,711
Other current liabilities	12	63,684	58,720
Total current liabilities		416,166	299,385
Deferred income		27,333	31,433
Non-current operating lease liabilities	7	13,385	13,712
Other non-current liabilities		—	325
Total liabilities		**456,884**	**344,855**
Commitments and contingencies (Note 20)			
Shareholders' equity			
Ordinary shares (par value of $0.000006 per share; 5,000,000,000 shares authorized; 1,113,822,550 and 1,082,614,740 shares issued as of December 31, 2025 and 2024, respectively; 1,106,389,340 and 1,077,702,540 shares outstanding as of December 31, 2025 and 2024, respectively)		7	7
Additional paid-in capital		3,343,469	3,264,295
Accumulated deficit		(2,628,620)	(2,453,083)
Accumulated other comprehensive income		29,697	50,515
Treasury stock (at cost 7,433,210 and 4,912,200 shares as of December 31, 2025 and 2024, respectively)		(29,053)	(20,836)
Total shareholders' equity		**715,500**	**840,898**
Total liabilities and shareholders' equity		**1,172,384**	**1,185,753**

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

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands of $, except for number of shares and per share data)

	Notes	Year Ended December 31, 2025	2024
Revenues			
Product revenue, net	9	457,182	397,614
Collaboration revenue		2,974	1,374
Total revenues		460,156	398,988
Expenses			
Cost of product revenue		(190,520)	(147,118)
Cost of collaboration revenue		(561)	(742)
Research and development		(220,904)	(234,504)
Selling, general, and administrative		(277,605)	(298,741)
Loss from operations		(229,434)	(282,117)
Interest income		33,048	37,105
Interest expenses		(5,209)	(2,254)
Foreign currency gains (losses)		19,591	(15,137)
Other income, net	17	3,540	5,300
Loss before income tax		(178,464)	(257,103)
Income tax benefit	10	2,927	—
Net loss		(175,537)	(257,103)
Loss per share — basic and diluted	13	(0.16)	(0.26)
Weighted-average shares used in calculating net loss per ordinary share — basic and diluted		1,095,311,090	989,477,730

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in thousands of $)

	Year Ended December 31,	
	2025	**2024**
Net loss	(175,537)	(257,103)
Other comprehensive (loss) income, net of tax of nil:		
Foreign currency translation adjustments	(20,818)	12,889
Comprehensive loss	**(196,355)**	**(244,214)**

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands of $, except for number of shares)

	Ordinary shares		Additional paid in capital	Accumulated deficit	Accumulated other comprehensive income	Treasury stock		Total
	Number of Shares	Amount				Number of Shares	Amount	
Balance at January 1, 2024	977,151,270	6	2,975,302	(2,195,980)	37,626	(4,912,200)	(20,836)	796,118
Issuance of ordinary shares upon vesting of restricted shares	10,120,260	0	0	—	—	—	—	—
Exercise of share options	5,147,140	0	3,269	—	—	—	—	3,269
Issuance of ordinary shares upon follow-on public offering, net of issuance cost of $2,277	90,196,070	1	215,073	—	—	—	—	215,074
Share-based compensation	—	—	70,651	—	—	—	—	70,651
Net loss	—	—	—	(257,103)	—	—	—	(257,103)
Foreign currency translation	—	—	—	—	12,889	—	—	12,889
Balance at December 31, 2024	1,082,614,740	7	3,264,295	(2,453,083)	50,515	(4,912,200)	(20,836)	840,898
Issuance of ordinary shares upon vesting of restricted shares	10,946,270	0	0	—	—	—	—	—
Exercise of share options	20,261,540	0	13,604	—	—	—	—	13,604
Issuance cost of the follow-on public offering	—	—	(28)	—	—	—	—	(28)
Receipt of shares netted to satisfy tax withholding obligations related to share-based compensation	—	—	—	—	—	(2,521,010)	(8,217)	(8,217)
Share-based compensation	—	—	65,598	—	—	—	—	65,598
Net loss	—	—	—	(175,537)	—	—	—	(175,537)
Foreign currency translation	—	—	—	—	(20,818)	—	—	(20,818)
Balance at December 31, 2025	1,113,822,550	7	3,343,469	(2,628,620)	29,697	(7,433,210)	(29,053)	715,500

The accompanying notes are an integral part of these consolidated financial statements. "0" in above table means less than 1,000 dollars.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of $)

	Year Ended December 31,	
	2025	**2024**
Cash flows from operating activities		
Net loss	(175,537)	(257,103)
Adjustments to reconcile net loss to net cash used in operating activities:		
Allowance for credit losses	6	8
Inventory write-down	12,288	815
Depreciation and amortization expenses	15,010	11,856
Amortization of deferred income	(5,340)	(3,520)
Share-based compensation	65,598	70,651
Loss from fair value changes of equity investment with readily determinable fair value	1,912	6,105
Losses on disposal of property and equipment	542	453
Noncash lease expenses	8,836	8,419
Foreign currency remeasurement impact	(19,591)	15,137
Amortization of debt issuance cost	194	700
Changes in operating assets and liabilities:		
Accounts receivable	(18,932)	(26,975)
Notes receivable	(7,716)	1,762
Inventories	(47,028)	3,896
Prepayments and other current assets	5,059	(18,729)
Deferred tax assets	(3,336)	—
Other non-current assets	(374)	(1,442)
Accounts payable	19,926	(2,209)
Other current liabilities	4,750	(22,022)
Operating lease liabilities	(7,476)	(9,259)
Deferred income	745	6,588
Other non-current liabilities	(325)	—
Net cash used in operating activities	(150,789)	(214,869)
Cash flows from investing activities		
Purchases of short-term investments	(10,000)	(330,000)
Proceeds from maturity of short-term investment	330,000	16,300
Proceeds from the sale of equity investment	1,203	—
Purchases of property and equipment	(8,101)	(5,657)
Proceeds from the sale of property and equipment	87	29
Acquisition of intangible assets	(5,323)	(55,865)
Net cash provided by (used in) investing activities	307,866	(375,193)
Cash flows from financing activities		
Proceeds from short-term debt	206,837	131,606
Repayment of short-term bank borrowings	(138,893)	(284)
Payments of debt issuance costs	(194)	(700)
Proceeds from exercises of stock options	13,675	3,200
Proceeds from issuance of ordinary shares upon public offerings	—	217,350
Payments of public offering costs	(854)	(1,283)
Taxes paid related to settlement of equity awards	(8,218)	—
Net cash provided by financing activities	72,353	349,889
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	478	(310)
Net increase (decrease) in cash, cash equivalents and restricted cash	229,908	(240,483)
Cash, cash equivalents and restricted cash — beginning of the year	550,781	791,264
Cash, cash equivalents and restricted cash — end of the year	780,689	550,781

	Year Ended December 31,	
	2025	2024
Supplemental disclosure of cash flow information		
Cash paid for interest	4,878	2,021
Supplemental disclosure on non-cash investing and financing activities		
Payables for purchase of property and equipment	486	449
Payables for acquisition of intangible assets	21,948	2,721
Payables for public offering costs	168	994
Right-of-use asset acquired under operating leases	6,050	15,150
Receivables for stock option exercise under equity incentive plans	—	70

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Principal Activities

Zai Lab Limited was incorporated on March 28, 2013 in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands (as amended). Zai Lab Limited and its subsidiaries are focused on discovering, developing, and commercializing products that address medical conditions with significant unmet needs in the areas of oncology, immunology, neuroscience, and infectious disease.

The Company's principal operations and geographic markets are in Greater China. The Company has a substantial presence in Greater China and the United States.

As of December 31, 2025, Zai Lab Limited had the following 17 subsidiaries:

Name of Company	Place of Incorporation	Particulars of Issued/ Registered Capital	Percentage of Ownership	Principal Activities and Place of Operation
Zai Lab (Hong Kong) Limited	Hong Kong	HK$1	100%	Operating company for business development and R&D activities and commercialization of innovative medicines and device; Hong Kong
ZLIP Holding Limited	Cayman Islands	$1	100%	Investment holding
ZL Capital Limited	British Virgin Islands	$1	100%	Investment holding
ZL China Holding Two Limited	Hong Kong	HK$1	100%	Investment holding
Zai Anti Infectives Limited	Cayman Islands	$1	100%	Investment holding
Zai Auto Immune Limited	Cayman Islands	$1	100%	Investment holding
Zai Lab (Shanghai) Co., Ltd.	Mainland China*	$466,500,000	100%	Development and commercialization of innovative medicines and devices; mainland China
Zai Lab (AUST) Pty. Ltd.	Australia	A$100	100%	Clinical trial activities; Australia
Zai Lab (Suzhou) Co., Ltd.	Mainland China*	RMB166,500,000	100%	Development and commercialization of innovative medicines; mainland China
Zai Biopharmaceutical (Suzhou) Co., Ltd.	Mainland China*	$15,000,000	100%	Development and commercialization of innovative medicines; mainland China
Zai Lab (US) LLC	United States	$1	100%	Operating company for business development, R&D activities and certain business activities, including legal, compliance and communication functions of the Company; United States
Zai Lab International Trading (Shanghai) Co., Ltd.	Mainland China*	RMB1,000,000	100%	Commercialization of innovative medicines and devices; mainland China
Zai Auto Immune (Hong Kong) Limited	Hong Kong	HK$100	100%	Operating company for business development and R&D activities; Hong Kong
Zai Anti Infectives (Hong Kong) Limited	Hong Kong	HK$100	100%	No substantial business activities
Zai Lab (Taiwan) Limited	Taiwan	TWD1,000,000	100%	Commercialization of innovative medicines and devices; Taiwan
Zai Lab Trading (Suzhou) Co., Ltd.	Mainland China*	RMB10,000,000#	100%	Commercialization of innovative medicines; mainland China
Zai Lab (Zhejiang) Co., Ltd.	Mainland China*	$10,000,000	100%	Development and commercialization of innovative medicines; mainland China

* Limited liability company established in mainland China.

Out of RMB10,000,000 registered capital, RMB1,000,000 is paid up.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

The consolidated financial statements have been prepared in accordance with U.S. GAAP. Significant accounting policies followed by the Company in the preparation of the accompanying consolidated financial statements are summarized below.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of Zai Lab Limited and its subsidiaries, which are wholly owned. All intercompany transactions and balances are eliminated upon consolidation.

(c) Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Areas where management uses subjective judgment include, but are not limited to, accrual of rebates, recognition of research and development expenses based on the Company's estimates of the actual services performed by CROs and CMOs, fair value of share-based compensation expenses, recoverability of deferred tax assets, and useful life of intangible assets for commercial products. These estimates, judgments, and assumptions can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses during the periods presented. Actual results could differ from these estimates.

(d) Foreign Currency Translation

The functional currency of Zai Lab Limited, Zai Lab (Hong Kong) Limited, Zai Lab (US) LLC, and Zai Auto Immune (Hong Kong) Limited are $. The Company's subsidiaries in mainland China determined their functional currency to be RMB. The Company's subsidiary in Australia determined its functional currency to be A$. The Company's subsidiary in Taiwan determined its functional currency to be TWD. The determination of the respective functional currency is based on the criteria of ASC 830, *Foreign Currency Matters*. The Company uses the U.S. dollar as its reporting currency.

Assets and liabilities are translated from each entity's functional currency to the reporting currency at the exchange rate on the balance sheet date. Equity amounts are translated at historical exchange rates. Revenues, expenses, gains, and losses are translated using the average rate for the period presented. The resulted foreign currency translation adjustments are recorded as a component of other comprehensive loss in the consolidated statements of comprehensive loss, and the accumulated foreign currency translation adjustments are recorded as a component of accumulated other comprehensive income in the consolidated statements of shareholders' equity.

Monetary assets and liabilities denominated in currencies other than the applicable functional currencies are translated into the functional currencies at the prevailing rates of exchange at the balance sheet date.

Non-monetary assets and liabilities are translated into the applicable functional currencies at historical exchange rates. Transactions in currencies other than the applicable functional currencies during the year are converted into the functional currencies at the applicable rates of exchange prevailing at the transaction dates. Transaction gains and losses are recognized in the consolidated statements of operations.

(e) Cash, Cash Equivalents, and Restricted Cash

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. Cash and cash equivalents consist primarily of cash on hand, demand deposits, and highly liquid investments with maturity of less than three months and are stated at cost, which approximates fair value.

Restricted Cash

Restricted cash mainly consists of bank deposits held as collateral for issuances of letters of credit for the Company's loan facility.

(f) Short-Term Investments

Short-term investments are time deposits with original maturities between three months and one year. Short-term investments are stated at cost, which approximates fair value. Interest earned is included in interest income.

(g) Accounts Receivable

The Company's accounts receivable arise from product sales and represent amounts due from its customers. From January 1, 2020, the Company adopted the ASU 2016-13, *Credit Losses, Measurement of Credit Losses on Financial Instruments.* Accounts receivable are recorded at the amounts net of allowances for credit losses. The allowance for credit losses reflects the Company's current estimate of credit losses expected to be incurred over the life of the receivables. The Company considers various factors in establishing, monitoring, and adjusting its allowance for credit losses including the aging of receivables and aging trends, customer creditworthiness, and specific exposures related to particular customers. The Company also monitors other risk factors and forward-looking information, such as country-specific risks and economic factors that may affect a debtor's ability to pay in establishing and adjusting its allowance for credit losses. Accounts receivable are written off when deemed uncollectible.

(h) Notes Receivable

Notes receivable are equal to contractual amounts owed from signed, secured promissory notes issued from customers to the Company. The Company considers the notes receivable to be fully collectible. Accordingly, no allowance for credit loss has been established as of December 31, 2025 and 2024.

(i) Inventories

Inventories are stated at the lower of cost or net realizable value, with cost determined on a weighted average basis. The Company periodically reviews the composition of inventory and shelf life of inventory to identify obsolete, slow-moving, or otherwise non-saleable items. The Company will record a write-down to its net realizable value in cost of product revenue in the period that the decline in value is first identified.

(j) Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

	Useful life
Office equipment	3 years
Electronic equipment	1.25-3 years
Vehicles	4 years
Laboratory equipment	5 years
Manufacturing equipment	10 years
Leasehold improvements	lesser of useful life or lease term
Building	20 years

Construction in progress represents property and equipment under construction and pending installation and is stated at cost less impairment losses, if any.

(k) Leases

The Company leases facilities for its offices, research and development center, and manufacturing facilities in mainland China, Hong Kong, Taiwan and the United States. On January 1, 2019, the Company adopted ASC 842, using the modified retrospective transition approach by applying the new standard to all leases existing at the date of initial application and not restating historical periods before the adoption date.

The Company assessed whether an arrangement contains a lease at inception. The Company's leases are all classified as operating leases with fixed lease payments, or minimum payments, as contractually stated in the lease agreements. The Company's leases do not contain any material residual value guarantees or material restrictive covenants.

Operating leases are included in operating lease right-of-use assets and operating lease liabilities in the consolidated balance sheets. Operating lease liabilities that become due within one year of the balance sheet date are classified as current operating lease liabilities. Operating lease expense is recognized on a straight-line basis over the lease term.

At the commencement date of a lease, the Company recognizes a lease liability for future fixed lease payments and a ROU asset representing the right to use the underlying asset during the lease term. The lease liability is initially measured as the present value of the future fixed lease payments that will be made over the lease term. The lease term includes periods for which the Company is reasonably certain that the renewal options will be exercised and the termination options will not be exercised. The Company uses its incremental borrowing rate based on the information available at the commencement date in determining the lease liabilities as the Company's leases generally do not provide an implicit rate. The incremental borrowing rate is reevaluated upon a lease modification. The Company considered information available at the adoption date of ASC 842 to determine the incremental borrowing rate for leases in existence as of this date.

The ROU asset is measured at the amount of the lease liability with adjustments, if applicable, for lease prepayments made prior to or at lease commencement, initial direct costs incurred by the Company, and lease incentives. Under ASC 842, land use rights agreements are also considered to be operating lease contracts.

The Company elected to apply each of the practical expedients described in ASC 842 which allow companies (i) not to reassess prior conclusions on whether any expired or existing contracts are or contain a lease, lease classification, and initial direct costs upon adoption of ASC 842, (ii) combine lease and non-lease components for all underlying assets groups, and (iii) not recognize ROU assets or lease liabilities for short term leases. A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise.

(l) Land Use Rights

All land in mainland China is subject to government or collective ownership. Land use rights can be purchased for a specified period of time. The purchase price of land use rights represents the operating lease prepayments under ASC 842 and is recorded as land use rights on the consolidated balance sheet, which is amortized over the remaining lease term.

The Company acquired land use rights in 2019 for a term of 30 years from the local Bureau of Land and Resources in Suzhou for the purpose of constructing and operating a research center and biologics manufacturing facility in Suzhou. In 2023, the Company returned a portion of the land use rights and received cash in an amount equal to the respective portion of the original acquisition cost.

(m) Long-Term Deposits

Long-term deposits represent amounts paid in connection with the Company's long-term lease agreements.

(n) Intangible Assets

Intangible assets for commercial products include capitalized post-approval milestone fees and acquired commercial manufacturing know-how and related development costs. The Company is amortizing intangible assets for commercial

products as cost of product revenue over the estimated remaining useful life of the related products, which is generally based on expected patent life, the contractual period of the underlying license agreement, and expected commercial benefits of the products. Intangible assets for externally purchased software are amortized over three to five years on a straight-line basis.

(o) Impairment of Long-Lived Assets

The Company evaluates long-lived assets, which includes intangible assets, tangible assets, and ROU assets for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. Recoverability of these assets is measured by comparison of the carrying amount of the related asset group to its future undiscounted cash flows. The Company measures the amount of impairment, if any, based on the difference between the carrying value and the estimated fair value of the impaired asset group.

(p) Fair Value Measurements

The Company applies ASC 820 in measuring fair value. ASC 820 defines fair value, establishes a framework for measuring fair value, and requires disclosures to be provided on fair value measurement.

ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 — Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 — Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 — Unobservable inputs which are supported by little or no market activity.

ASC 820 describes three main approaches to measuring the fair value of assets and liabilities: (i) market approach; (ii) income approach; and (iii) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

Financial instruments of the Company primarily include cash and cash equivalents, current restricted cash, short-term investments, accounts receivable, notes receivable, prepayments and other current assets, non-current restricted cash, accounts payable, short-term debt, and other current liabilities. As of December 31, 2025 and 2024, the carrying values of cash and cash equivalents, current restricted cash, short-term investments, accounts receivable, prepayments and other current assets, accounts payable, short-term debt, and other current liabilities approximated their fair value due to the short-term maturity of these instruments, and the carrying value of notes receivable and non-current restricted cash approximated their fair value based on the assessment of the ability to recover these amounts.

(q) Revenue Recognition

In 2018, the Company adopted ASC 606. Under ASC 606, the Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration expected to be received in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price, including variable consideration, if any; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration to which it is entitled in exchange for the goods or services it transfers to the customer. Once a contract is determined to be within the scope of ASC 606 at contract inception, the Company reviews the contract to determine which performance obligations it must deliver and which of these performance

obligations are distinct. The Company recognizes as revenue the amount of the transaction price that is allocated to each performance obligation when that performance obligation is satisfied or as it is satisfied.

The Company's revenue is mainly from product sales. The Company recognizes revenue from product sales when the Company has satisfied the performance obligation by transferring control of the product to the customers. Control of the product generally transfers to the customers when the delivery is made and when title and risk of loss transfers to the consumers. Cost of product revenue mainly consists of the acquisition cost of products, the manufacturing cost of products, royalty fees, and amortization of intangible assets for commercial products.

The Company has applied the practical expedients under ASC 606 with regard to assessment of the financing component and concluded that there is no significant financing component given that the period between delivery of goods and payment is generally one year or less.

In mainland China, the Company sells these products to distributors, who ultimately sell the products to health care providers. Based on the nature of the arrangements, the performance obligations are satisfied upon the delivery of the products to distributors. Rebates are offered to distributors, consistent with pharmaceutical industry practices. The estimated amount of unpaid or unbilled rebates, if any, are recorded as a reduction of revenue. Estimated rebates are determined based on contracted rates and sales volumes and to a lesser extent, distributor inventories. The Company regularly reviews the information related to these estimates and adjusts the amount accordingly.

In Hong Kong, the Company sells the products to customers, which are typically healthcare providers such as oncology centers. The Company utilizes a third party for warehousing services. Based on the nature of the arrangements, the Company has determined that it is a principal in the transaction since the Company is primarily responsible for fulfilling the promise to provide the products to the customers, maintains inventory risk until delivery to the customers, and has latitude in establishing the price. Revenue is recognized upon delivery to customers at mutually agreed upon prices. Consideration paid to the third party is recognized in operating expenses. With respect to XACDURO, the Company sells the product to Pfizer under a strategic collaboration arrangement, and Pfizer is responsible for sales of XACDURO to distributors in mainland China. Under this arrangement, Pfizer is the Company's customer and revenue is recognized upon delivery of XACDURO to Pfizer at the contractually agreed prices.

The Company did not recognize any contract assets or contract liabilities as of December 31, 2025 and 2024.

(r) Collaborative Arrangements

The Company analyzes its collaboration arrangements to assess whether such arrangements involve joint operating activities performed by parties that are both active participants in the activities and exposed to significant risks and rewards dependent on the commercial success of such activities and therefore within the scope of ASC 808. This assessment is performed throughout the life of the arrangement based on changes in the responsibilities of all parties in the arrangement.

For collaboration arrangements within the scope of ASC 808 that contain multiple elements, the Company first determines which elements of the collaboration are deemed to be within the scope of ASC 808 and which elements of the collaboration are more reflective of a vendor-customer relationship and therefore within the scope of ASC 606. For elements of collaboration arrangements that are accounted for pursuant to ASC 808, an appropriate recognition method is determined and applied consistently.

(s) Research and Development Expenses

Elements of research and development expenses primarily include (i) payroll and other related costs of personnel engaged in research and development activities; (ii) in-licensed patent rights fees for exclusive development rights for products granted to the Company; (iii) costs related to pre-clinical testing of the Company's technologies under development and clinical trials such as payments to CROs and CMOs, investigators, and clinical trial sites that conduct its clinical studies; (iv) costs to develop the product candidates, including raw materials and supplies, product testing, depreciation, and facility-related expenses; and (v) other research and development expenses. Research and development expenses are

charged to expense as incurred when they have no alternative future uses. Liabilities related to third-party research and development expenses are primarily included in accounts payable on the consolidated balance sheet.

The Company has acquired rights to develop and commercialize certain product candidates. Upfront payments that relate to the acquisition of a new product compound, as well as pre-commercial milestone payments, are immediately expensed as acquired in-process research and development in the period in which they are incurred, provided that the new product compound does not also include processes or activities that would constitute a "business" as defined under U.S. GAAP. Milestone payments made to third parties subsequent to regulatory approval which meet the capitalization criteria would be capitalized as intangible assets and amortized over the estimated remaining useful life of the related product, which is generally based on expected patent life, the contractual period of the underlying license agreement, and expected commercial benefits of the products.

(t) Deferred Income

Deferred income is mainly related to upfront payments received from collaborative partners and government grants.

The Company received certain upfront payments from collaborative partners, which are being amortized over the terms of the contracts. The Company had $27.3 million and $30.7 million in deferred income related to the upfront payments as of December 31, 2025 and 2024, respectively.

Government grants consist of cash subsidies received by the Company's subsidiaries in mainland China from local governments for conducting business in certain local districts. Grant received before the fulfillment of government specified performance obligations is recorded into deferred income. When the performance obligations are satisfied, the Company records the grants into other income, net. The Company had nil and $0.7 million of deferred income related to government grants as of December 31, 2025 and 2024, respectively.

(u) Share-Based Compensation

The Company grants share options and non-vested restricted shares to eligible employees, non-employees, and directors and accounts for these share-based awards in accordance with ASC 718.

The Company estimates the fair value of stock options using the Black-Scholes option-pricing model. The grant-date fair value of non-vested restricted shares is the market value of the underlying stock on the award's grant date.

The Company has elected to use the straight-line method to recognize compensation expenses for share awards with graded vesting based on service conditions, provided that the minimum amount of cumulative compensation expense recognized is not less than the portion of the award vested to date. For share-based awards with service conditions only, the Company recognizes expenses (i) immediately at grant date if no vesting conditions are required; or (ii) using a straight-line method over the requisite service period, which is the vesting period, if vesting conditions are required. For share-based awards containing performance conditions, the Company recognizes expenses based on the estimated number of performance-based awards expected to vest using the graded vesting attribution method. The Company accounts for the effect of forfeitures as they occur.

(v) Income Taxes

Income tax expense includes (i) deferred tax expense, which generally represents the net change in the deferred tax asset or liability balance during the year plus any change in valuation allowances; (ii) current tax expense, which represents the amount of tax currently payable to or receivable from a taxing authority; and (iii) non-current tax expense, which represents the increases and decreases in amounts related to uncertain tax positions from prior periods and not settled with cash or other tax attributes.

The Company recognizes deferred tax assets and liabilities for temporary differences between the financial statement and income tax bases of assets and liabilities, which are measured using enacted tax rates and laws that will be in effect when

the differences are expected to reverse. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized.

The Company evaluates its uncertain tax positions using the provisions of ASC 740, which requires that realization of an uncertain income tax position be recognized in the financial statements. The benefit to be recorded in the financial statements is the amount most likely to be realized assuming a review by tax authorities having all relevant information and applying current conventions. It is the Company's policy to recognize interest and penalties related to unrecognized tax benefits, if any, as a component of income tax expense.

(w) Loss Per Share

Basic loss per ordinary share is computed by dividing net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted loss per ordinary share reflects the potential dilution that could occur if securities were exercised or converted into ordinary shares. The Company had stock options and non-vested restricted shares, which could potentially dilute basic loss per share in the future. To calculate the number of shares for diluted loss per share, the effect of the stock options and non-vested restricted shares is computed using the treasury stock method. The computation of diluted loss per share does not assume exercise or conversion of securities that would have an anti-dilutive effect.

(x) Comprehensive Loss

Comprehensive loss is defined as the changes in equity of the Company during a period from transactions and other events and circumstances excluding transactions resulting from investments by owners and distributions to owners. For each of the periods presented, the Company's comprehensive loss includes net loss and foreign currency translation adjustments, which are presented in the consolidated statements of comprehensive loss.

(y) Concentration of Risks

Concentration of Customers

In 2025 and 2024, the Company's five largest customers accounted for approximately $151.5 million (33.1%) and $128.7 million (32.4%) of the product revenue, respectively. One customer accounted for approximately $77.9 million (17.0%) and $67.3 million (16.9%) of the product revenue, respectively for the same periods.

Concentration of Suppliers

In 2025, one supplier accounted for approximately $48.8 million (10.5%) of the total purchases. The Company had no such supplier that accounted for more than 10% of the total purchases in 2024.

Concentration of Credit Risk

Financial instruments that are potentially subject to significant concentration of credit risk consist of cash and cash equivalents, restricted cash, short-term investments, accounts receivable, and notes receivable.

As of December 31, 2025 and 2024, all of the Company's cash and cash equivalents and short-term investments were held by major financial institutions located in mainland China and international financial institutions outside of mainland China which management believes are of high credit quality and continually monitors the credit worthiness of these financial institutions.

Accounts receivable are typically unsecured and are derived from product sales. The Company manages credit risk of accounts receivable through ongoing monitoring of outstanding balances and limits the amount of credit extended based upon payment history and credit worthiness. Historically, the Company has collected receivables from customers within the credit terms with no significant credit losses incurred. One customer accounted for 10% or more of accounts receivable, with $15.5 million and $16.7 million as of December 31, 2025 and 2024, respectively.

Certain accounts receivable balances may be settled in the form of notes receivable. As of December 31, 2025, notes receivable represented bank acceptance promissory notes that are non-interest bearing and due within six months. Notes receivable were used to collect the receivables based on an administrative convenience, given these notes are readily convertible to be known amounts of cash. In accordance with the sales agreements, whether to use cash or bank acceptance promissory notes to settle the receivables is at the Company's discretion, and this selection does not impact the agreed contractual purchase prices.

The Company's other receivables were primarily due from its partners, which have good credit ratings. The credit risk for other receivables was generally very low.

Foreign Currency Risk

RMB is not a freely convertible currency. The State Administration of Foreign Exchange, under the authority of the People's Bank of China, controls the conversion of RMB into foreign currencies. The value of RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market. The cash and cash equivalents of the Company included aggregated amounts denominated in RMB of $25.4 million and $19.0 million, as of December 31, 2025 and 2024, respectively, representing 4% and 4% of the cash and cash equivalents as of December 31, 2025 and 2024, respectively.

(z) Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. This ASU requires disclosure, in the notes to the financial statements, of specified information about certain costs and expenses. This ASU will be effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. This ASU will result in the required additional disclosures being included in the notes to consolidated financial statements, once adopted. The Company is currently evaluating the impact of this ASU and expects to adopt it for the year ending December 31, 2027.

Recently Adopted Accounting Standards

In December 2023, the FASB issued ASU No. 2023-09, *Improvements to Income Tax Disclosures* (Topic 740). This ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. This ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is permitted. The Company adopted this ASU for the year ended December 31, 2025 prospectively, and disclosed additional descriptive information as required under ASC 740 (see *Note 10*).

3. Cash and Cash Equivalents

The following table presents the Company's cash and cash equivalents ($ in thousands):

	December 31,	
	2025	2024
Cash	678,358	448,508
Cash equivalents (i)	1,215	1,159
	679,573	449,667
Denominated in:		
US$	651,196	429,887
RMB (ii)	25,358	18,979
HK$	2,020	114
A$	538	522
TWD	461	165
	679,573	449,667

(i) Cash equivalents represent short-term and highly liquid investments in a money market fund.

(ii) Certain cash and bank balances denominated in RMB were deposited with banks in mainland China. The conversion of these RMB-denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the Chinese government.

4. Short-Term Investments

Short-term investments are primarily comprised of time deposits with original maturities between three months and one year. The short-term investments balance was $10.0 million and $330.0 million as of December 31, 2025 and 2024, respectively. No allowance for credit loss was recorded as of December 31, 2025 and 2024.

5. Inventories, Net

The following table presents the Company's inventories, net ($ in thousands):

	December 31,	
	2025	2024
Finished goods	45,848	24,063
Raw materials	23,106	13,268
Work in progress	5,791	2,544
Inventories, net	74,745	39,875

The Company writes down inventory for any excess or obsolete inventory or when the Company believes that the net realizable value of inventory is less than the carrying value. The Company recorded write-downs in inventory, which were included in cost of product revenue, of $12.3 million and $0.8 million in 2025 and 2024, respectively. The inventory write-down in 2025 was mainly related to VYVGART Hytrulo in the fourth quarter.

6. Property and Equipment, Net

The following table presents the components of the Company's property and equipment, net ($ in thousands):

	December 31,	
	2025	2024
Office equipment	1,201	1,230
Electronic equipment	10,964	9,211
Vehicle	200	196
Laboratory equipment	20,040	20,516
Manufacturing equipment	17,948	17,493
Leasehold improvements	14,049	11,306
Building	24,596	—
Construction in progress	554	25,129
	89,552	85,081
Less: accumulated depreciation	(42,163)	(37,120)
Property and equipment, net	47,389	47,961

Depreciation expense was $9.1 million and $8.6 million for 2025 and 2024, respectively.

7. Leases

The Company leases facilities for its offices, research and development center, and manufacturing facilities in mainland China, Hong Kong, Taiwan, and the United States. Lease terms vary based on the nature of operations and market dynamics; however, all leased facilities are classified as operating leases with remaining lease terms between one and seven years.

The following table presents operating lease costs ($ in thousands). Total lease expense related to short-term leases was insignificant for those periods presented.

	Year Ended December 31,	
	2025	2024
Operating fixed lease cost	9,339	8,751

The following table presents operating cash flows related to leases ($ in thousands):

	Year Ended December 31,	
	2025	2024
Cash paid for amounts included in measurement of lease liabilities	8,692	8,831
Non-cash operating lease liabilities arising from obtaining operating right-of-use assets	6,050	15,150

The maturities of lease liabilities in accordance with ASC 842 in each of the next five years and thereafter were as follows ($ in thousands):

	Year Ended December 31, 2025
2026	6,598
2027	5,655
2028	4,477
2029	2,875
2030	512
Thereafter	322
Total lease payments	20,439
Less: imputed interest	(710)
Present value of minimum operating lease payments	19,729

Weighted-average remaining lease terms and discount rates were as follows:

	December 31,	
	2025	2024
Weighted-average remaining lease term	3.5 years	3.7 years
Weighted-average discount rate	3.2 %	3.4 %

8. Intangible Assets, Net

The following table presents the components of the Company's intangible assets, net ($ in thousands):

	As of December 31,					
	2025			2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Finite-lived intangible assets						
Commercial products (i)	83,203	(8,056)	75,147	57,104	(2,637)	54,467
Software	4,461	(3,464)	997	4,360	(2,800)	1,560
Total	**87,664**	**(11,520)**	**76,144**	**61,464**	**(5,437)**	**56,027**

(i) The increase in the net carrying value is primarily driven by regulatory milestone fees for repotrectinib and KarXT (see *Note 16*).

Amortization expense was $5.9 million and $3.2 million in 2025 and 2024, respectively. The weighted-average remaining amortization period for intangible assets for commercial products and software was 8.7 years and 2.3 years, respectively.

Expected future amortization expense for the five succeeding years and thereafter is as follows ($ in thousands):

	Year Ended December 31
2026	7,295
2027	8,580
2028	9,877
2029	7,475
2030	7,465
Thereafter	35,452
	76,144

9. Revenues

Product Revenue, Net

The Company's product revenue is derived from the sales of its commercial products in Greater China. The table below presents the Company's gross and net product revenue ($ in thousands):

	Year Ended December 31,	
	2025	2024
Product revenue - gross	496,232	423,855
Less: Rebates and sales returns	(39,050)	(26,241)
Product revenue - net	457,182	397,614

Sales rebates are offered to distributors in mainland China, and the amounts are recorded as a reduction of product revenue. Estimated rebates are determined based on contracted rates, sales volumes, and level of distributor inventories.

The following table presents the Company's net revenue by commercial program ($ in thousands):

	Year Ended December 31,	
	2025	2024
ZEJULA	189,042	187,082
VYVGART / VYVGART Hytrulo	94,198	93,639
NUZYRA	60,836	43,199
OPTUNE	48,325	40,475
QINLOCK	35,614	28,826
XACDURO	22,912	3,305
AUGTYRO	5,538	1,088
Other (i)	717	—
Product revenue - net	457,182	397,614

(i) Other includes product candidates sold in patient programs prior to commercialization.

Collaboration Revenue

Collaboration revenue was $3.0 million and $1.4 million in 2025 and 2024, respectively, and related to promotional activities in mainland China.

10. Income Tax

Cayman Islands

Zai Lab Limited, ZLIP Holding Limited, Zai Auto Immune Limited, and Zai Anti Infectives Limited are incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, Zai Lab Limited, ZLIP Holding Limited, Zai Auto Immune Limited, and Zai Anti Infectives Limited are not subject to tax on income or capital gain. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

British Virgin Islands Taxation

ZL Capital Limited is incorporated in the British Virgin Islands. Under the current laws of the British Virgin Islands, ZL Capital Limited is not subject to income tax.

Australia

Zai Lab (AUST) Pty. Ltd. is incorporated in Australia and is subject to corporate income tax at a rate of 30%. Zai Lab (AUST) Pty. Ltd. had no taxable income for the periods presented; therefore, no provision for income taxes is required.

United States

Zai Lab (US) LLC is incorporated in the United States and is subject to U.S. federal corporate income tax at a rate of 21%. Zai Lab (US) LLC is also subject to state income tax in Delaware. Zai Lab (US) LLC had no taxable income for the periods presented; therefore, no provision for income taxes is required.

Taiwan

Zai Lab (Taiwan) Limited is incorporated in Taiwan and is subject to corporate income tax at a rate of 20%. Zai Lab (Taiwan) Limited had no taxable income for the periods presented; therefore, no provision for income taxes is required.

Hong Kong

Zai Lab (Hong Kong) Limited, ZL China Holding Two Limited, Zai Auto Immune (Hong Kong) Limited, and Zai Anti Infectives (Hong Kong) Limited are incorporated in Hong Kong. Companies registered in Hong Kong are subject to Hong Kong profits tax on the taxable income as reported in their respective statutory financial statements adjusted in accordance with relevant Hong Kong tax laws. Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2.0 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2.0 million will be taxed at 16.5%. In 2025 and 2024, Zai Lab (Hong Kong) Limited, ZL China Holding Two Limited, Zai Auto Immune (Hong Kong) Limited, and Zai Anti Infectives (Hong Kong) Limited did not make any provisions for Hong Kong profit tax as there were no assessable profits derived from or earned in Hong Kong for any of the periods presented. Under the Hong Kong tax law, Zai Lab (Hong Kong) Limited, ZL China Holding Two Limited, Zai Auto Immune (Hong Kong) Limited, and Zai Anti Infectives (Hong Kong) Limited are exempted from income tax on its foreign-derived income, and there are no withholding taxes in Hong Kong on remittance of dividends.

People's Republic of China

Under EIT Law, the statutory income tax rate is 25%, and the EIT rate will be reduced to 15% for state-encouraged HNTEs. Zai Lab (Shanghai) Co., Ltd., first obtained an HNTE certificate in 2018 and began to enjoy the preferential tax rate of 15% from 2018 to 2020 and further extended the certificate effective for 2021 to 2026. Zai Lab International Trading (Shanghai) Co., Ltd., Zai Lab (Suzhou) Co., Ltd., Zai Biopharmaceutical (Suzhou) Co., Ltd., Zai Lab Trading (Suzhou) Co., Ltd., and Zai Lab (Zhejiang) Co., Ltd. are subject to the statutory rate of 25%.

The following table presents loss (income) before income taxes ($ in thousands):

	Year Ended December 31,	
	2025	2024
Cayman Islands	(6,840)	(2,453)
British Virgin Islands	—	—
Mainland China	80,192	146,725
Hong Kong	(16,211)	1,808
United States	120,859	110,422
Australia	15	19
Taiwan	449	582
	178,464	257,103

The current and deferred components of the income tax benefit are as follows ($ in thousands):

	Year Ended December 31,	
	2025	2024
Current tax expense (benefit)		
Mainland China	451	—
Deferred tax expense (benefit)		
Mainland China	(3,378)	—
Tax expense (benefit)	(2,927)	—

The Company's cash paid net of refunds received for income taxes in China are nil for both 2025 and 2024.

The Company's statutory rate reconciliation is based on the PRC statutory income tax rate because the Cayman Islands does not impose corporate income tax and the PRC is the jurisdiction that primarily drives the Company's income tax benefit.

The following table presents the reconciliation of the differences between the PRC statutory income tax, and the Company's effective income tax for 2025, following the prospective adoption of ASU No. 2023-09, *Improvements to Income Tax Disclosures*:

	Year Ended December 31	
	2025	
	$	%
PRC Statutory income tax benefit	(44,615)	25.00 %
Mainland China tax effects		
Nontaxable or nondeductible items		
Share-based compensation	5,049	(2.83)%
Expiration of deductible qualified donation	8,447	(4.73)%
Others	1,220	(0.68)%
Other adjustments		
Research and development super deduction (i)	(12,498)	7.00 %
Preferential tax rate (ii)	6,022	(3.37)%
Intercompany inventory profit deferral (iii)	3,205	(1.80)%
Others	1,672	(0.94)%
Changes in valuation allowance	3,953	(2.21)%
United States tax effects		
Nontaxable or nondeductible items		
Share-based compensation tax effect	(5,153)	2.89 %
Non-deductible compensation	2,543	(1.43)%
Other adjustments		
Effect of different tax rate of subsidiary operation	4,834	(2.71)%
Others	10	(0.01)%
Changes in valuation allowance	27,980	(15.68)%
Hong Kong tax effects		
Nontaxable or nondeductible items		
Offshore income (iv)	(6,649)	3.73 %
Others	2,982	(1.67)%
Others adjustments	(241)	0.13 %
Cayman tax effects	(1,688)	0.95 %
Effective income tax benefit	(2,927)	1.64 %

(i) In accordance with the EIT law, certain PRC entities engaged in manufacturing and whose principal operating revenue exceeded 50% of total revenue were entitled to claim an additional tax deduction of 100% of the qualified R&D expenses.

(ii) Preferential tax rate reflects the reduced 15% PRC EIT rate applicable to qualified HNTEs, compared to the 25% PRC statutory income tax rate.

(iii) Intercompany inventory profit deferral is related to the tax effect of unrealized intercompany profit on inventory that is eliminated in consolidation and allocated based on the underlying economic activity.

(iv) A certain Hong Kong entity generated income treated as offshore-sourced under Hong Kong's territorial tax system. Accordingly, the related income is not taxable in Hong Kong.

The following table presents the reconciliation of the differences between the PRC statutory income tax rate and the Company's effective income tax rate for 2024:

	Year Ended December 31,
	2024
	%
PRC statutory income tax rate	25%
Tax-exempted income	0.42%
Share-based compensation	(3.52%)
Research and development super deduction	5.28%
Non-deductible expenses	(0.77%)
Prior year tax filing adjustment	(3.05%)
Effect of different tax rate of subsidiary operation in other jurisdictions	(0.73%)
Preferential tax rate	(5.05%)
Expiration of tax loss	(2.72%)
Expiration of deductible qualified donation	(0.78%)
Changes in valuation allowance	(14.08%)
Effective income tax rate	—%

The following table presents the principal components of deferred tax assets and liabilities ($ in thousands):

	Year Ended December 31,	
	2025	2024
Deferred tax assets:		
Depreciation of property and equipment	193	171
Research and experimental capitalization	49,331	38,215
Share-based compensation	3,886	3,797
Accrued expenses	500	1,038
Government grants	—	98
Deferred revenue	3,225	3,442
Qualified donation	23,224	26,832
Lease liability	3,662	3,885
Inventory write-down	2,953	—
Net operating loss carry forwards	349,118	321,068
Less: valuation allowance	(429,181)	(394,778)
Total Deferred tax assets	6,911	3,768
Deferred tax liabilities:		
Right-of-use assets	(3,521)	(3,768)
Deferred tax assets, net	3,390	—

ASC 740 provides for the recognition of deferred tax assets if realization of such assets is more likely than not. The Company's ability to realize deferred tax assets depends on its ability to generate sufficient taxable income within the carry forward periods provided for in the tax law. In assessing the need for any valuation allowance, the Company considered all available evidence both positive and negative, including potential for prudent and feasible tax planning strategies, recent losses, and forecasts of future profitability. The Company's deferred tax assets, net were $3.4 million as of December 31, 2025, which was primarily related to its inventory write-down (see *Note 5*). The Company expects it is more likely than not to generate sufficient taxable income in the jurisdictions in which the inventory write-down occurred in the future to realize the tax benefit.

The following table presents that movement of the valuation allowance on deferred tax assets ($ in thousands):

	2025	2024
Balance as of January 1,	(394,778)	(357,956)
Additions	(38,406)	(36,822)
Reductions	4,003	—
Balance as of December 31,	(429,181)	(394,778)

As of December 31, 2025 and 2024, the Company had net operating loss carry forwards of $2,121.7 million and $1,951.5 million, respectively. The following table presents the components of the Company's net operating losses, net as of December 31, 2025 ($ in thousands):

	December 31, 2025	Expiration Date
Mainland China	66,299	2026 through 2030
Mainland China (High-Tech) (i)	1,611,373	2026 through 2035
Hong Kong	60,420	No expiration date
Taiwan	2,812	2026 through 2035
United States	376,963	No expiration date
Australia	3,811	No expiration date
Total	2,121,678	

(i) The EIT rate for certain entity in mainland China is reduced to 15% for state-encouraged HNTEs.

Uncertainties exist with respect to how the current income tax law in mainland China applies to the Company's overall operations, and more specifically, with regard to tax residency status. The EIT Law includes a provision specifying that legal entities organized outside of mainland China will be considered residents for Chinese income tax purposes if the place of effective management or control is within mainland China. The implementation rules to the EIT Law provide that non-resident legal entities will be considered Chinese residents if substantial and overall management and control over the manufacturing and business operations, personnel, accounting, and properties occurs within mainland China. Despite the present uncertainties resulting from the limited Chinese tax guidance on the issue, the Company does not believe that the legal entities organized outside of mainland China within the Company should be treated as residents for EIT Law purposes. If the Chinese tax authorities subsequently determine that the Company and its subsidiaries registered outside of mainland China should be deemed resident enterprises, the Company and its subsidiaries registered outside of mainland China will be subject to Chinese income taxes, at a rate of 25%. The Company is not subject to any other uncertain tax position.

According to the PRC Tax Administration and Collection Law, the statute of limitation is three years if the underpayment of taxes is due to computational errors made by the taxpayer or the withholding agent. The statute of limitation is extended to five years under special circumstances where the underpayment of taxes is more than RMB0.1 million. In the case of transfer pricing issues, the statute of limitation is 10 years. There is no statute of limitation in the case of tax evasion. The income tax returns of the Company's PRC subsidiary for the years from 2016 to 2025 are open to examination by the PRC tax authorities.

For Hong Kong income tax purposes, the statute of limitations is six years after the relevant year of assessment. This can be extended to 10 years in the case of fraud or willful evasion of taxes. There are no provisions that govern the time limit for tax collection.

For U.S. federal income tax purposes, the statute of limitations is generally 3 years after the due date of the return, or 3 years after the date the return was actually filed, whichever is later. The statute of limitations does not apply to fraud or tax evasion. Also, the statute of limitations is indefinite if no tax return is filed. For state income tax purposes, the statute of limitations is generally 4 years from the return filing date or due date in states including California, Kentucky, and New Jersey, subject to certain exceptions (e.g., fraud, failure to file).

11. Borrowings

The Company has debt arrangements with the Bank of China, SPD Bank, CMB, BOCOM, Ningbo Bank, and CIB to support its working capital needs in mainland China. The following table presents the Company's short-term debt and weighted-average interest rate per annum ($ in thousands):

	December 31, 2025		December 31, 2024	
Bank of China Working Capital Loans	2.36 %	69,427	2.77 %	69,138
SPD Bank Working Capital Loans	2.80 %	28,454	3.13 %	27,823
China Merchants Bank Working Capital Loans	2.65 %	42,683	2.91 %	34,750
Bank of Communications Working Capital Loans	2.75 %	42,682	N/A	—
Ningbo Bank Discounted Bills	1.60 %	7,057	N/A	—
Industrial Bank Working Capital Loans	2.60 %	14,227	N/A	—
Total short-term debt	2.55 %	204,530	2.88 %	131,711

Bank of China Working Capital Loan Facility

The Company has an uncommitted facility letter with BOC HK pursuant to which BOC HK will provide standby letters of credit in favor of BOC Pudong Branch for loans of up to $100.0 million, which are or may become payable by Zai Lab Shanghai. BOC HK and BOC Pudong Branch are collectively referred to as Bank of China. In accordance with this agreement, the Company also maintained restricted deposits of $100.0 million, which are presented as restricted cash-current on the consolidated balance sheet, to secure the standby letters of credit. Each working capital loan has a one-year term and is subject to a floating interest rate, which is subject to adjustment every six months.

SPD Bank Working Capital Loan Facility

In February 2024, the Company entered into a maximum-amount guarantee contract with SPD Bank, pursuant to which the Company will guarantee working capital loans of up to RMB300.0 million (approximately $42.0 million) from SPD Bank to Zai Lab Shanghai over a three-year period. Each working capital loan has a one-year term and is subject to a fixed interest rate.

China Merchants Bank Working Capital Loan Facility

In July 2024, the Company issued a maximum-amount irrevocable letter of guarantee to CMB pursuant to which the Company will guarantee working capital loans of up to RMB500.0 million (approximately $69.6 million) from CMB to Zai Lab Shanghai, and Zai Lab Shanghai entered into a Credit Agreement with CMB with respect to the RMB250.0 million (approximately $34.4 million) facility. The credit facility was available for one year and expired in July 2025. In August 2025, the Company entered into a new revolving credit facility with CMB, which replaced its previous RMB250.0 million (approximately $34.4 million) credit facility that expired in July. The Company issued a new maximum-amount irrevocable letter of guarantee to CMB pursuant to which the Company will guarantee working capital loans of up to RMB500.0 million (approximately $69.6 million) from CMB to Zai Lab Shanghai, and Zai Lab Shanghai entered into a Credit Agreement with CMB with respect to the RMB500.0 million facility. The new guarantee and credit facility include the outstanding working capital loans with CMB. The credit facility will be available for two years. Each working capital loan has a one-year term and is subject to a floating interest rate, which is subject to adjustment every three months.

Bank of Communications Working Capital Loan Facility

In January 2025, the Company entered into a guarantee contract with BOCOM pursuant to which the Company will guarantee working capital loans from BOCOM to Zai Lab Shanghai, and Zai Lab Shanghai entered into a working capital loan contract with BOCOM with respect to a revolving credit facility of up to RMB300.0 million (approximately

$41.1 million). The credit facility expired in September 2025. Each working capital loan has a one-year term and is subject to a floating interest rate, which is subject to adjustment every three months.

Ningbo Bank Working Capital Loan Facility

In February 2024, Zai Lab Suzhou entered into a maximum credit contract as well as an Electronic Commercial Draft Discounting Master Agreement and Online Working Capital Loan Master Agreement with Ningbo Bank. The Ningbo Bank Agreements permit Zai Lab Suzhou to utilize, including through discounting or working capital loan agreements and subject to the terms and conditions in related master agreements, up to RMB230.3 million (approximately $32.4 million), of which Zai Lab Suzhou is authorized to utilize up to RMB160.0 million (approximately $22.5 million). The cash proceeds from the discounting arrangement were classified as short-term debt. Each discounted bill has a 6-month term.

Industrial Bank Working Capital Loans

On October 13, 2025, the Company entered into a maximum amount guarantee contract with CIB pursuant to which the Company will guarantee working capital loans of up to RMB300.0 million (approximately $42.1 million) from CIB to its wholly-owned subsidiary, Zai Lab Shanghai, and Zai Lab Shanghai entered into a credit line contract with CIB with respect to the RMB300.0 million revolving credit facility. The credit facility will be available until May 5, 2026. Each working capital loan has a one-year term and is subject to a fixed interest rate.

12. Other Current Liabilities

The following table presents the Company's other current liabilities ($ in thousands):

	December 31,	
	2025	2024
Accrued payroll	28,485	30,198
Accrued professional service fees	2,948	5,728
Payables for purchase of property and equipment	486	449
Accrued rebate to distributors	19,388	10,839
Tax payables	5,303	5,154
Other (i)	7,074	6,352
Total	63,684	58,720

(i) Other primarily includes accrued travel, business-related expenses, and advance payments from partners.

13. Loss Per Share

The following table presents the computation of the basic and diluted net loss per share ($ in thousands, except share and per share data):

	Year Ended December 31,	
	2025	2024
Numerator:		
Net loss attributable to ordinary shareholders	(175,537)	(257,103)
Denominator:		
Weighted-average number of ordinary shares - basic and diluted	1,095,311,090	989,477,730
Net loss per share-basic and diluted	(0.16)	(0.26)

As a result of the Company's net loss for 2025 and 2024, share options and non-vested restricted shares outstanding in the respective periods were excluded from the calculation of diluted loss per share as their inclusion would have been anti-dilutive.

	December 31,	
	2025	2024
Share options	80,967,820	101,015,470
Non-vested restricted shares	26,127,190	31,951,710

14. Related Party Transactions

In January 2025, the Company entered into a license agreement with Zenas, pursuant to which the Company obtained a license under certain patents and know-how of Zenas to develop and commercialize products containing a differentiated humanized monoclonal antibody targeting IGF-1R as an active ingredient in Greater China. One of the members of the Company's Board of Directors, Mr. Moulder, is also the Chairman of the Board of Directors and Chief Executive Officer of Zenas BioPharma, Inc. The Company recorded a $10.0 million upfront fee into research and development expenses in 2025. As of December 31, 2025, the Company may be required to pay an additional aggregate amount of up to $117.0 million in development and sales-based milestones as well as certain royalties at tiered percentage rates ranging from high-single digits to mid-teens on annual net sales of the licensed products in the licensed territories.

15. Share-Based Compensation

The Company has adopted equity incentive plans, pursuant to which the Company grants share options, SARs, restricted and unrestricted shares, and share units, performance awards, and other awards that are convertible into or otherwise based on ordinary shares to employees and directors of the Company as well as to certain advisors and service providers. In March 2015, the Board of Directors of the Company approved the 2015 Plan. In August 2017, in connection with the completion of the Company's IPO on Nasdaq, the Board of Directors approved the 2017 Plan. No new equity-based awards would be granted under the 2015 Plan subsequent to the IPO; new equity-based awards would be granted under the 2017 Plan.

The Company adopted the 2022 Plan, which became effective in June 2022 following required approvals from the Company's shareholders and Board of Directors. No new equity-based awards will be made under the 2017 Plan as of the effective date of the 2022 Plan. The initial aggregate number of shares available for issuance under the 2022 Plan was 97,908,743 ordinary shares.

The Company adopted the 2024 Plan, which became effective in June 2024 following required approvals from the Company's shareholders and Board of Directors. No new equity-based awards will be made under the 2022 Plan as of the effective date of the 2024 Plan. The initial aggregate number of shares available for issuance under the 2024 Plan was 99,208,743 ordinary shares.

The share options granted under the equity incentive plans described above have a contractual term of ten years. Share options granted since April 2023 generally vest ratably over a four-year period, and share options granted prior to April 2023 generally vest ratably over a five-year period, with 25% or 20% of the awards vesting on each anniversary of the grant date, respectively, subject to continued employment/service with the Company on the vesting date. The restricted shares granted generally vest ratably over a specified period on the anniversary of the grant date, subject to continued employment/service with the Company on the vesting date. The shares underlying restricted share grants represent shares not yet vested until they have met related consideration or vesting requirements, which are generally continued employment/service to the Company or satisfaction of specified performance conditions. The restricted shares will be released from the restrictions once they vest. Upon termination of the award holders' service with the Company for any reason, any shares that are outstanding and not yet vested will be immediately forfeited unless otherwise determined by the administrator or set forth in an agreement between the Company and the award holder.

Before November 2023, upon each settlement date of the share awards, shares were generally withheld to cover the required withholding tax, which was based on the value of a share on the settlement date as determined by the closing price of the ADSs on the trading day of the applicable settlement date. The remaining shares after the withholding were delivered to the recipient. The amount remitted to the tax authorities for employee tax obligations was reflected as a financing activity on the consolidated statements of cash flows. These shares withheld by the Company as a result of the net settlement were accounted for as treasury stock and considered issued but not outstanding.

Stock Option Activity

The following table presents a summary of option activity and related information in 2025:

	Number of options	Weighted average exercise price ($)	Weighted average remaining contractual term (years)	Aggregate intrinsic value ($ in thousands)
Outstanding at December 31, 2024	101,015,470	2.82	5.81	83,381
Granted	7,716,210	3.54		
Exercised	(20,261,540)	0.67		
Forfeited	(7,502,320)	3.90		
Outstanding at December 31, 2025	80,967,820	3.32	5.90	17,029
Vested and exercisable as of December 31, 2025	47,469,840	3.47	4.49	15,750

The aggregate intrinsic value of stock options exercised during 2025 and 2024 was $52.5 million and $9.4 million, respectively.

Stock Option Valuation Assumptions

The following table presents the assumptions used to estimate the fair values of the share options granted:

	2025	2024
Risk-free rate of return	3.7%-4.1%	3.5%-4.5%
Expected term (in years)	6.25	6.25
Estimated volatility rate	70%-71%	70%
Expected dividend rate	0%	0%

Options granted are measured based on grant-date fair value using the Black-Scholes option pricing model. The weighted-average grant-date fair value per share for options granted during 2025 and 2024 were $2.35 and $1.12 per share, respectively.

Non-Vested Restricted Shares Activity

The following table summarized the Company's non-vested restricted share activity in 2025:

	Numbers of non-vested restricted shares	Aggregate intrinsic value ($ in thousands)
Non-vested as of December 31, 2024	31,951,710	83,682
Granted	9,715,750	
Vested	(10,946,270)	
Forfeited	(4,594,000)	
Non-vested as of December 31, 2025	26,127,190	46,088

The grant-date fair value of restricted shares is the fair value of the underlying stock on the award's grant date. The weighted-average grant-date fair value per share for restricted shares granted in 2025 and 2024 were $3.49 and $1.73 per share, respectively.

Stock-Based Compensation Expenses

The following table presents the share-based compensation expense which has been reported in the Company's consolidated statements of operations ($ in thousands):

	Year Ended December 31,	
	2025	2024
Selling, general and administrative	42,725	42,532
Research and development	22,873	28,119
Total	65,598	70,651

As of December 31, 2025, there was unrecognized share-based compensation expense related to unvested share options and unvested restricted shares of $47.0 million and $51.7 million, respectively, which the Company expects to recognize over a weighted-average period of 2.08 years and 2.10 years, respectively.

16. License and Collaboration Agreements

The Company may enter into collaboration agreements with third parties to license intellectual property. These agreements may require the Company to make upfront payments and payments related to certain future development, regulatory, and sales-based milestones as well as certain royalties at tiered percentage rates on annual sales of the licensed products in the licensed territory. These agreements generally remain in effect, unless earlier terminated, until the expiration of the last-to-expire royalty term for the last licensed product. The royalty terms generally continue until the latest of: (i) the expiration of the last-to-expire valid claim with respect to licensed patent rights; (ii) the expiration of market or regulatory exclusivity; or (iii) a specified period of time, generally around ten years, after the date of the first commercial sale of the licensed product. These agreements also contain customary provisions for termination by either party, including in the event of a material breach by the other party that remains uncured; by the Company for convenience upon a specified notice period; for certain bankruptcy, insolvency, or other similar events; and by its partners upon challenge of their licensed patent rights.

Payments under these agreements generally become due and payable upon the achievement of such milestones or sales. These commitments are not recorded as liabilities on the consolidated balance sheet because the achievement and timing of these milestones are not fixed and determinable. The following is a description of the Company's significant license and collaboration agreements as of December 31, 2025, including milestone fees incurred in 2025 and 2024.

Significant License and Collaboration Arrangements

License and Collaboration Agreement with GSK (Niraparib)

In September 2016, the Company entered into a collaboration, development, and license agreement with Tesaro, a company later acquired by GSK, pursuant to which the Company obtained an exclusive sublicense under certain patents and know-how of GSK to develop, manufacture, and commercialize GSK's proprietary PARP inhibitor, niraparib, for the diagnosis and prevention of any human diseases or conditions (other than prostate cancer) in mainland China, Hong Kong, and Macau. The Company will purchase ZEJULA from GSK for commercial use in Hong Kong. The Company is not otherwise obligated to purchase ZEJULA or other licensed products from GSK.

The Company may be required to pay an additional aggregate amount of up to $16.0 million in sales-based milestones as well as certain royalties at tiered percentage rates ranging from mid- to high-teens on annual net sales of the licensed products in the licensed territories.

Collaboration and License Agreement with argenx (Efgartigimod)

In January 2021, the Company entered into a collaboration and license agreement with argenx, pursuant to which the Company obtained an exclusive license under certain patients and know-how of argenx to develop and commercialize products containing efgartigimod as an active ingredient in all human and animal uses for any preventative or therapeutic indications in Greater China. The Company will purchase the licensed products exclusively from argenx.

Pursuant to the collaboration and license agreement, the Company and argenx entered into a share issuance agreement. The Company issued as an upfront payment to argenx of 5,681,820 ordinary shares of the Company. In determining the fair value of the ordinary shares at closing, the Company considered the closing price of the ordinary shares on the closing date and included a lack of marketability discount because the shares were subject to certain restrictions. The fair value of the shares on the closing date was determined to be $62.3 million in the aggregate.

The Company may be required to pay an additional aggregate amount of up to $42.5 million in sales-based milestones as well as certain royalties at tiered percentage rates ranging from mid-teens to low-twenties on annual net sales of licensed products in the licensed territory.

License and Collaboration Agreement with Novo Holdings (Omadacycline)

In April 2017, the Company entered into a license and collaboration agreement with Paratek, a subsidiary of Paratek Pharmaceuticals, Inc. (which was subsequently acquired by Gurnet Point Capital and Novo Holdings A/S), pursuant to which the Company obtained both an exclusive license under certain patents and know-how of Paratek and an exclusive sub-license under certain intellectual property that Paratek licensed from Tufts University to develop, manufacture, and commercialize products containing omadacycline as an active ingredient in the field of all human therapeutic and preventative uses other than biodefense in Greater China.

The Company may be required to pay an additional aggregate amount of up to $40.5 million in sales-based milestones as well as certain royalties at tiered percentage rates ranging from low- to mid-teens on annual net sales of licensed products in the licensed territory.

License and Collaboration Agreement with NovoCure (Tumor Treating Fields)

In September 2018, the Company entered into a license and collaboration agreement with NovoCure, pursuant to which it obtained an exclusive license under certain patents and know-how of NovoCure to develop and commercialize any Tumor Treating Fields treatment or delivery system, including the device branded as OPTUNE, in all human therapeutic and preventative uses in the field of oncology in Greater China. The Company will purchase the licensed products exclusively from NovoCure.

The Company may be required to pay an additional aggregate amount of up to $68.0 million in regulatory and sales-based milestones as well as certain royalties at tiered percentage rates ranging from low- to mid-teens on annual net sales of the licensed products in the licensed territory.

License and Collaboration Agreement with Deciphera (Ripretinib)

In June 2019, the Company entered into a license agreement with Deciphera, pursuant to which it obtained an exclusive license under certain patents and know-how of Deciphera to develop and commercialize products containing ripretinib in the field of the prevention, prophylaxis, treatment, cure, or amelioration of any disease or medical condition in humans in Greater China. The Company will purchase the licensed products exclusively from Deciphera.

The Company may be required to pay an additional aggregate amount of up to $160.0 million in development, regulatory, and sales-based milestones as well as certain royalties at tiered percentage rates ranging from low- to high-teens on annual net sales of the licensed products in the licensed territory.

License and Collaboration Agreement with Innoviva (SUL-DUR)

In April 2018, the Company entered into a license and collaboration agreement with Entasis (now a wholly owned subsidiary of Innoviva), pursuant to which it obtained an exclusive license under certain patents and know-how of Entasis to develop and commercialize products containing Entasis's proprietary compounds known as durlobactam with Sulbactam (the combination, SUL-DUR) with the possibility of developing and commercializing a combination of such compounds with Imipenem in all human diagnostic, prophylactic, and therapeutic uses in Greater China, Korea, Vietnam, Thailand, Cambodia, Laos, Malaysia, Indonesia, the Philippines, Singapore, Australia, New Zealand, and Japan. The Company will purchase the licensed products exclusively from Innoviva.

The Company recorded a regulatory milestone fee of $8.0 million as an intangible asset in 2024. The Company may be required to pay an additional aggregate amount of up to $78.0 million in development, regulatory, and sales-based milestones as well as certain royalties at tiered percentage rates ranging from high single digits to low-teens on annual net sales of the licensed products in the licensed territory. The Company is also responsible for a portion of the costs of the global pivotal Phase 3 ATTACK clinical trial of SUL-DUR outside of the licensed territory.

License Agreement with BMS (Repotrectinib)

In July 2020, the Company entered into an exclusive license agreement with Turning Point (now a wholly-owned subsidiary of BMS), pursuant to which the Company received an exclusive license to develop and commercialize products containing repotrectinib as an active ingredient in all human therapeutic indications in Greater China. The Company will purchase the licensed products exclusively from BMS.

The Company recorded regulatory milestone fees of $5.0 million and $25.0 million into intangible assets in 2025 and 2024, respectively. The Company may be required to pay an additional aggregate amount of up to $111.0 million in development, regulatory, and sales-based milestones as well as certain royalties at tiered percentage rates ranging from low- to high-teens on annual net sales of the licensed products in the licensed territory.

Collaboration and License Agreement with Pfizer (Tisotumab Vedotin)

In September 2022, the Company entered into a collaboration and license agreement with Seagen (a company later acquired by Pfizer), pursuant to which the Company and Seagen agreed to collaboratively develop and commercialize tisotumab vedotin (TIVDAK). Under the agreement, the Company obtained an exclusive license to develop and commercialize TIVDAK in Greater China. The Company will purchase the licensed products exclusively from Pfizer.

The Company may be required to pay an additional aggregate amount of up to $258.0 million in development, regulatory, and sales-based milestone payments as well as certain royalties at tiered percentage rates ranging from mid-teens to low-twenties on annual net sales of the licensed products in Greater China.

License Agreement with BMS (Xanomeline and Trospium Chloride)

In November 2021, the Company entered into a license agreement with Karuna (a company later acquired by BMS), pursuant to which the Company obtained an exclusive license to develop, manufacture, and commercialize xanomeline-trospium (KarXT) in Greater China.

The Company recorded regulatory milestone fees of $15.0 million as an intangible asset in 2025. The Company recorded development milestone fees into research and development expenses of $10.0 million in 2024. The Company may be required to pay an additional aggregate amount of up to $117.0 million in regulatory and sales-based milestones as well as certain royalties at tiered percentage rates ranging from low- to high-teens on annual net sales of the licensed products in Greater China.

Collaboration and License Agreement with MediLink (DLL3 ADC)

In April 2023, the Company entered into a collaboration and license agreement with MediLink, pursuant to which the Company obtained an exclusive global license to research, develop, manufacture, and commercialize MediLink's proprietary ADC compound targeting DLL3.

The Company may be required to pay an additional aggregate amount of up to $592.0 million in development, regulatory, and sales-based milestone payments as well as certain royalties at tiered percentage rates ranging from high single digits to low double digits on annual net sales of the licensed products.

Other License and Collaboration Arrangements That Are Not Individually Significant

The Company may be required to pay an additional aggregate amount of up to $1,522.0 million in development, regulatory, and sales-based milestones as well as certain royalties at tiered percentage rates on annual net sales under such agreements.

17. Other Income, Net

The following table presents the Company's other income, net ($ in thousands):

	Year Ended December 31,	
	2025	2024
Government grants	5,862	8,170
Loss on equity investments with readily determinable fair value	(1,912)	(6,105)
Other miscellaneous (losses) gains	(410)	3,235
Total	3,540	5,300

18. Restricted Net Assets

Chinese laws and regulations restrict the Company's ability to receive distributions of funds from its Chinese subsidiaries. For example, relevant Chinese laws and regulations permit payments of dividends by the Company's Chinese subsidiaries only out of its retained earnings, if any, as determined in accordance with Chinese accounting standards and regulations.

In accordance with the Company Law of the People's Republic of China, each Chinese subsidiary of the Company is required to provide statutory reserves of at least 10% of its annual after-tax profit until such reserve has reached 50% of its respective registered capital based on the enterprise's Chinese statutory accounts. The reserves can only be used for specific purposes and are not distributable as cash dividends. Foreign exchange and other regulations in mainland China may further restrict the Company's Chinese subsidiaries from transferring out funds in the form of dividends, loans, and advances.

No appropriation to statutory reserves was made in 2025 and 2024 because the Chinese subsidiaries had substantial losses during such periods.

The Company did not receive any distributions from its Chinese subsidiaries; such distributions were not permitted under Chinese laws and regulations due to the reserve requirements discussed above. As of December 31, 2025 and 2024, amounts restricted included the paid-in capital of the Company's subsidiaries in mainland China, and were $516.0 million and $506.0 million, respectively.

19. Employee Defined Contribution Plans

Full-time employees of the Company in mainland China participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund, and other welfare benefits are provided to employees. Chinese labor regulations require that the Company's subsidiaries in mainland China make contributions to

the government for these benefits primarily based on certain percentages of the employees' salaries subject to certain caps and other government requirements. The total amounts for such employee benefits, which were expensed as incurred, were $24.9 million and $26.0 million for 2025 and 2024, respectively.

The Company's employees who are U.S. taxpayers and who meet certain age and service requirements are eligible to participate in a broad-based, defined contribution retirement plan which is qualified under Section 401 of the Internal Revenue Code. The Company makes a matching contribution equal to 100% in 2025 and 2024 of the first 5.0% of the employee's elective contributions under the plan, up to 5.0% of an employee's eligible compensation. Contributions made by the Company vest 100% upon contribution. The total amounts for such employee benefits, which were expensed as incurred, were $0.9 million and $1.1 million in 2025 and 2024, respectively.

The Company also provides required Mandatory Provident Fund contribution for its full-time employees located in Hong Kong and provides social benefits contribution for its full-time employees located in Taiwan. The total amounts for these contributions, which were expensed as incurred, was $0.1 million and $0.2 million in each of 2025 and 2024.

There is no forfeiture of contribution related to any of the Company's employee defined contribution plans as described above.

20. Commitments and Contingencies

(a) Purchase Commitments

As of December 31, 2025, the Company's commitments were $1.7 million and related to commercial manufacturing development activities and capital expenditures that are contracted but not yet reflected in the consolidated financial statements. Of this amount, $1.5 million and $0.2 million were expected to be incurred within one year and from one to two years from December 31, 2025, respectively.

(b) Legal Proceedings

The Company is not currently a party to any material legal proceedings. Each quarter, the Company evaluates whether there have been any developments in legal proceedings that would require an accrual. In accordance with the accounting guidance for contingencies, the Company will accrue for losses that are both probable and reasonably estimable. The Company will record any legal and other third-party costs related to its legal contingencies as incurred.

(c) Indemnifications

In the normal course of business, the Company enters into agreements that indemnify others for certain liabilities that may arise in connection with a transaction or certain events and activities. If the indemnified party were to make a successful claim pursuant to the terms of the indemnification, the Company may be required to reimburse the loss. These indemnifications are generally subject to various restrictions and limitations. The Company's exposure under these agreements is unknown because it involves claims that may be made against the Company in the future but have not yet been made. To date, the Company has not paid any claims or been required to defend any action related to its indemnification obligations.

21. Segment Information

The Company operates as a single operating segment that is engaged in discovering, developing, and commercializing products that address medical conditions with significant unmet needs in the areas of oncology, immunology, neuroscience, and infectious disease. A global research and development organization and a supply chain organization discover, develop, manufacture, and supply our products. A global commercial organization markets, distributes, and sells the products. The business is also supported by global corporate staff functions. The Company's CODM is the Chief Executive Officer, who assesses performance and allocates resources based on significant expenses and net income on a consolidated basis. The significant expenses that are regularly provided to the CODM include those amounts that are also reported on the

consolidated statement of operations as well as below additional disaggregated measures. The CODM also reviews cash position (which are cash and cash equivalents, current restricted cash, and short-term investments) that are also reported on the consolidated balance sheets when making operating decisions. In accordance with ASC 280, the Company has only one reportable segment.

The following tables present disaggregated expenses that are regularly provided to the CODM:

	Year Ended December 31,	
	2025	**2024**
Personnel compensation and related costs	87,894	106,154
Licensing fees	30,597	30,997
CROs/CMOs/Investigators expenses	73,763	69,870
Other costs	28,650	27,483
Total research and development expenses	220,904	234,504

	Year Ended December 31,	
	2025	**2024**
Clinical programs	86,934	86,126
Pre-Clinical programs	24,293	31,913
Unallocated research and development expenses	109,677	116,465
Total research and development expenses	220,904	234,504

	Year Ended December 31,	
	2025	**2024**
Personnel compensation and related costs	165,005	174,958
Other costs	112,600	123,783
Total selling, general, and administrative expenses	277,605	298,741

	Year Ended December 31,	
	2025	**2024**
Selling and marketing expenses	187,562	190,367
General and administrative expenses	90,043	108,374
Total selling, general, and administrative expenses	277,605	298,741

22. Subsequent Events

On February 25, 2026, the Company entered into a new revolving credit facility with BOCOM, which replaced its previous RMB300.0 million (approximately $41.1 million) credit facility that expired in September 2025. The Company entered into a new guarantee contract with BOCOM pursuant to which the Company will provide a maximum-amount guarantee of RMB330.0 million (approximately $47.9 million) for working capital loans of up to RMB300.0 million (approximately $43.6 million) from BOCOM to Zai Lab Shanghai, and Zai Lab Shanghai entered into a working capital loan contract with BOCOM with respect to the RMB300.0 million facility. The new credit facility will be available until February 2, 2029. Each loan term will be up to 12 months, with a maturity date no later than August 2, 2029, and is subject to a floating interest rate, which is subject to adjustment every three months.

23. Accounts Receivable

The following table presents the Company's accounts receivable ($ in thousands):

	December 31,	
	2025	**2024**
Accounts receivable, gross	106,147	85,203
Allowance for credit loss	(31)	(25)
Accounts receivable, net	106,116	85,178

The Company's trading terms with its customers are mainly on credit, and the credit period generally ranges from 40 to 90 days. The Company seeks to maintain strict control over its outstanding receivables and overdue balances are regularly reviewed. The Company does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

The following table presents an aging analysis of the accounts receivable, based on the invoice date ($ in thousands):

	December 31,	
	2025	**2024**
Within 3 months	106,116	85,167
3 months to 6 months	—	11
Total	106,116	85,178

24. Accounts Payable

The following table presents an aging analysis of the accounts payable, based on the invoice date ($ in thousands):

	December 31,	
	2025	**2024**
Within 3 months	141,096	100,456
3 months to 6 months	54	145
6 months to 1 year	136	23
Over 1 year	322	282
Total	141,608	100,906

The accounts payable are non-interest-bearing and repayable within the normal operating cycle.

25. Director and Chief Executive Remuneration

Director and chief executive remuneration in 2025 and 2024 are disclosed pursuant to the HK Listing Rules, section 383(1)(a), (b), (c), and (f) of the Hong Kong Companies Ordinance, and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation and were as follows ($ in thousands):

	Year Ended December 31,	
	2025	2024
Fees	596	604
Other emoluments:		
Salaries, allowances and benefits in kind	938	926
Performance related and discretionary bonuses	671	851
Share-based compensation expense*	15,426	15,675
Pension scheme contributions	19	12
Total other emoluments	17,054	17,464
Total fees and other emoluments	17,650	18,068

** The fair value of share-based compensation, which has been recognized in the consolidated statements of operations over the vesting period, was determined on the date of grant in accordance with ASC 718. Refer to Note 15 for additional information.*

None of the Company's directors waived any emoluments in 2025 and 2024.

In 2025 and 2024, no emoluments were paid or payable by the Company to any of the Company's directors as an inducement to join or upon joining the Company or as compensation for loss of office.

The remuneration of each director in 2025 and 2024 were as follows ($ in thousands):

Year Ended December 31, 2025

	Fees	Salaries, allowances and benefits in kind	Performance related and discretionary bonuses	Share-based compensation expense	Pension scheme contributions	Total remuneration
Executive director and chief executive						
Dr. Samantha Du *Note (i)*	—	938	671	12,161	19	13,789
Independent non-executive directors						
Dr. John Diekman	114	—	—	400	—	514
Dr. Richard Gaynor	66	—	—	400	—	466
Ms. Nisa Leung	49	—	—	215	—	264
Mr. William Lis	56	—	—	400	—	456
Mr. Scott W. Morrison	75	—	—	400	—	475
Mr. Leon O. Moulder, Jr.	80	—	—	400	—	480
Mr. Michel Vounatsos *Note (ii)*	73	—	—	650	—	723
Mr. Peter Wirth	83	—	—	400	—	483

Year Ended December 31, 2024

	Fees	Salaries, allowances and benefits in kind	Performance related and discretionary bonuses	Share-based compensation expense	Pension scheme contributions	Total remuneration
Executive director and chief executive						
Dr. Samantha Du *Note (i)*	—	926	851	11,558	12	13,347
Independent non-executive directors						
Dr. John Diekman	114	—	—	462	—	576
Dr. Kai-Xian Chen *Note (iii)*	58	—	—	462	—	520
Dr. Richard Gaynor	65	—	—	684	—	749
Ms. Nisa Leung	—	—	—	—	—	—
Mr. William Lis	56	—	—	462	—	518
Mr. Scott W. Morrison	75	—	—	658	—	733
Mr. Leon O. Moulder, Jr.	80	—	—	462	—	542
Mr. Michel Vounatsos *Note (ii)*	73	—	—	465	—	538
Mr. Peter Wirth	83	—	—	462	—	545

Notes:

(i) The Company compensates its independent non-executive directors pursuant to its non-employee director compensation policy. Dr. Samantha Du, as the Chief Executive Officer of the Company, is not compensated separately for her service to the Company as executive director.

(ii) Effective on January 7, 2023, the Board appointed Mr. Michel Vounatsos as an independent director of the Company.

(iii) Dr. Chen ceased to be an independent director of the Company with effect from December 31, 2024.

26. Five Highest Paid Individuals

The five highest paid individuals in 2025 and 2024 included the following number of directors and chief executive (headcount):

	Year Ended December 31,	
	2025	**2024**
Director and chief executive[#]	1	1
Neither director nor chief executive	4	4
	5	5

 # Details of the remuneration of the Director and chief executive are set out in Note 25 above.

The aggregate of the emoluments in respect of the remaining individuals who are neither a director nor chief executive of the Company were as follows ($ in thousands):

	Year Ended December 31,	
	2025	2024
Salaries, allowances and benefits in kind	2,510	2,482
Performance related and discretionary bonuses	1,018	1,319
Share-based compensation expense*	13,811	11,645
Pension scheme contributions	51	45
	17,390	15,491

** The fair value of share-based compensation, which has been recognized in the consolidated statements of operations over the vesting period, was determined on the date of grant in accordance with ASC 718. Refer to Note 15 for additional information.*

The number of non-director and non-chief executive highest paid individuals whose remuneration fell within the following bands is as follows (headcount):

	2025	2024
HK$21,500,001 to HK$22,000,000	—	1
HK$24,000,001 to HK$24,500,000	1	—
HK$29,000,001 to HK$29,500,000	—	1
HK$33,500,001 to HK$34,000,000	1	1
HK$35,000,001 to HK$35,500,000	1	—
HK$35,500,001 to HK$36,000,000	—	1
HK$42,000,001 to HK$42,500,000	1	—
	4	4

Share-based compensation amount is included in the above disclosures. The fair value of share-based compensation, which has been recognized in the consolidated statements of operations over the vesting period, was determined on the date of grant in accordance with ASC 718. Refer to *Note 15* for additional information.

In 2025 and 2024, no emoluments were paid or payable by the Company to any of the five highest paid individuals of the Company as compensation for loss of office.

27. Auditors' Remuneration

The fees paid or payable by the Company in relation to audit services in 2025 and 2024 were $3.3 million and $3.6 million, respectively. The auditor's remuneration paid or payable by the Company in relation to non-audit services in 2025 and 2024 were $0.1 million and nil, respectively.

28. Dividends

The Board did not recommend any final dividend in 2025 and 2024.

29. Reconciliation Between U.S. GAAP and International Financial Reporting Standards

The consolidated financial statements of the Company are prepared in accordance with U.S. GAAP, which differ in certain respects from IFRS. The following tables present the effect of material differences on the financial information of the Company prepared under U.S. GAAP and IFRS.

Reconciliation of consolidated statements of operations ($ in thousands)

	Year Ended December 31, 2025		
	Amounts as reported under U.S. GAAP	**IFRS adjustments**	**Amounts as reported under IFRS**
Consolidated statements of operations		**Share-based compensation (note (i))**	
Expenses			
Research and development	(220,904)	9,144	(211,760)
Selling, general and administrative	(277,605)	8,302	(269,303)
Net loss	(175,537)	17,446	(158,091)

	Year Ended December 31, 2024		
	Amounts as reported under U.S. GAAP	IFRS adjustments	Amounts as reported under IFRS
Consolidated statements of operations		Share-based compensation (note (i))	
Expenses			
Research and development	(234,504)	5,367	(229,137)
Selling, general and administrative	(298,741)	7,159	(291,582)
Net loss	(257,103)	12,526	(244,577)

Reconciliation of consolidated balance sheets ($ in thousands)

	As of December 31, 2025		
	Amounts as reported under U.S. GAAP	**IFRS adjustments**	**Amounts as reported under IFRS**
Consolidated balance sheets		**Share-based compensation (note (i))**	
Additional paid-in capital	3,343,469	31,593	3,375,062
Accumulated deficit	(2,628,620)	(31,593)	(2,660,213)
Total shareholders' equity	715,500	—	715,500

	As of December 31, 2024		
	Amounts as reported under U.S. GAAP	IFRS adjustments	Amounts as reported under IFRS
Consolidated balance sheets		Share-based compensation (note (i))	
Additional paid-in capital	3,264,295	49,039	3,313,334
Accumulated deficit	(2,453,083)	(49,039)	(2,502,122)
Total shareholders' equity	840,898	—	840,898

Notes:

(i) Share-Based Compensation

Under U.S. GAAP, the Company has elected to use the straight-line method to recognize compensation expense for instruments granted to employees with graded vesting based on service conditions, subject to the minimum amount of cumulative compensation expense recognized being no less than the portion of the award vested to date.

Under IFRS, the graded vesting method must be applied to recognize compensation expense.

In addition, under U.S. GAAP, the Company has elected to recognize the effect of award forfeitures as they occur, and previously recognized compensation cost is reversed in the period that the award is forfeited.

Under IFRS, the number of instruments that are expected to vest is estimated by the Company initially at the time of grant. Subsequently, these estimates are adjusted for differences between the number of instruments expected to vest and the actual number of instruments vested.

A difference of $17.4 million and $12.5 million arose between the amount of share-based compensation (included in research and development expenses, and selling, general and administrative expenses) recognized under U.S. GAAP and IFRS in 2025 and 2024, respectively.

The accumulated differences on share-based compensation recognized in accumulated deficit and additional paid in capital under U.S. GAAP and IFRS were $31.6 million and $49.0 million as of December 31, 2025 and 2024, respectively.

(ii) Leases

Under U.S. GAAP, as a lessee, the Company recognized a lease liability based on the present value of the total remaining lease payments, and a corresponding right of use asset. The amortization of the right-of-use assets and the interest expenses related to the lease liabilities are recorded together as a single total lease expense on a straight-line basis on the consolidated statements of operations.

Under IFRS, the amortization of the right-of-use assets is recognized on a straight-line basis while the interest expense related to the lease liabilities is recognized on the basis that the lease liabilities are measured at amortized cost. Compared to U.S. GAAP, this changes the allocation and the total amount of expenses recognized for each period of the lease terms, and results in a higher total charge to profit or loss in the early years and a decreasing expense during the latter years of the lease terms. The amortization on the right-of-use assets and the interest expense on the lease liabilities are separately recorded on the consolidated statements of operations.

Based on the Company's assessment, the differences in leases recognized on the consolidated financial statements as of December 31, 2025 and 2024, and for the years ended December 31, 2025 and 2024 under U.S. GAAP and IFRS were not material.

30. Financial Information of Parent Company

PARENT COMPANY BALANCE SHEETS

(in thousands of $, except for number of shares and per share data)

	December 31,	
	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	413,355	98,755
Restricted cash, current	100,000	100,000
Short-term investments	—	330,000
Prepayments and other current assets	3,904	5,227
Total current assets	517,259	533,982
Investment in subsidiaries	199,798	309,901
Total assets	**717,057**	**843,883**
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
Other current liabilities	1,557	2,985
Total current liabilities	1,557	2,985
Total liabilities	**1,557**	**2,985**
Shareholders' equity		
Ordinary shares (par value of $0.000006 per share; 5,000,000,000 shares authorized, 1,113,822,550 and 1,082,614,740 shares issued as of December 31, 2025 and 2024, respectively; 1,106,389,340 and 1,077,702,540 shares outstanding as of December 31, 2025 and 2024, respectively)	7	7
Additional paid-in capital	3,343,469	3,264,295
Accumulated deficit	(2,628,620)	(2,453,083)
Accumulated other comprehensive income	29,697	50,515
Treasury stock	(29,053)	(20,836)
Total shareholders' equity	**715,500**	**840,898**
Total liabilities and shareholders' equity	**717,057**	**843,883**

PARENT COMPANY STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands of $, except for number of shares)

	Ordinary shares		Additional paid in capital	Accumulated deficit	Accumulated other comprehensive income	Treasury Stock		Total
	Number of Shares	Amount				Number of Shares	Amount	
Balance at January 1, 2024	977,151,270	6	2,975,302	(2,195,980)	37,626	(4,912,200)	(20,836)	796,118
Issuance of ordinary shares upon vesting of restricted shares	10,120,260	0	0	—	—	—	—	—
Exercise of share options	5,147,140	0	3,269	—	—	—	—	3,269
Issuance of ordinary shares upon follow-on public offering, net of issuance cost of $2,277	90,196,070	1	215,073	—	—	—	—	215,074
Share-based compensation	—	—	70,651	—	—	—	—	70,651
Net loss	—	—	—	(257,103)	—	—	—	(257,103)
Foreign currency translation	—	—	—	—	12,889	—	—	12,889
Balance at December 31, 2024	1,082,614,740	7	3,264,295	(2,453,083)	50,515	(4,912,200)	(20,836)	840,898
Issuance of ordinary shares upon vesting of restricted shares	10,946,270	0	0	—	—	—	—	—
Exercise of share options	20,261,540	0	13,604	—	—	—	—	13,604
Issuance cost of the follow-on public offering	—	—	(28)	—	—	0	0	(28)
Receipt of shares netted to satisfy tax withholding obligations related to share-based compensation	—	—	—	—	—	(2,521,010)	(8,217)	(8,217)
Share-based compensation	—	—	65,598	—	—	—	—	65,598
Net loss	—	—	—	(175,537)	—	—	—	(175,537)
Foreign currency translation	—	—	—	—	(20,818)	—	—	(20,818)
Balance at December 31, 2025	1,113,822,550	7	3,343,469	(2,628,620)	29,697	(7,433,210)	(29,053)	715,500

"0" in above table means less than 1,000 dollar.

The above statement of financial position of the Company has been prepared in accordance with U.S. GAAP, and in conformity with the disclosure requirements of the HK Listing Rules and the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

We are a patient-focused, innovative, commercial-stage, global biopharmaceutical company with a substantial presence in both Greater China and the United States. We are focused on discovering, developing, and commercializing products that address medical conditions with significant unmet needs in the areas of oncology, immunology, neuroscience, and infectious disease. We intend to leverage our competencies and resources to positively impact human health. We currently have seven commercial programs – ZEJULA, VYVGART / VYVGART Hytrulo, NUZYRA, OPTUNE, QINLOCK, XACDURO, and AUGTYRO – with products that have received marketing approval and that we have commercially launched in one or more territories in Greater China. We also have multiple programs in late-stage product development and a number of ongoing pivotal trials across our portfolio.

Since our inception, we have incurred net losses and negative cash flows from our operations. Substantially all of our losses have resulted from funding our research and development programs and selling, general and administrative costs associated with our operations. Developing high quality product candidates requires significant investment in our research and development activities over a prolonged period of time, and a core part of our strategy is to continue making sustained investments in this area. Our ability to generate profits and positive cash flow from operations depends upon our ability to successfully market our commercial products and to successfully expand the indications for these products and develop and commercialize our other product candidates. As discussed further below, we expect to continue to incur substantial costs related to our research and development and commercialization activities.

As we pursue our corporate strategic goals, we anticipate that our financial results will fluctuate from quarter to quarter and year to year depending in part on the balance between the success of our commercial products and the level of our research and development expenses. We cannot predict whether or when our product candidates will receive regulatory approval. Further, if we receive such regulatory approval, we cannot predict whether or when we may be able to successfully commercialize such products or whether or when such products may become profitable.

Business Developments

In 2025, we continued to demonstrate strong financial performance, with a 15% increase in total revenue to $460.2 million and a 32% decrease in net loss to $175.5 million compared to the prior year. Our revenue increase was primarily driven by increased sales for XACDURO, driven by strong patient demand and expanding hospital adoption but partially constrained by supply limitations during the year, and increased sales for NUZYRA, supported by increasing market coverage and penetration. ZEJULA continued to be the leading PARP inhibitor in hospital sales for ovarian cancer despite evolving competitive dynamics within the PARPi class in mainland China. In 2025, VYVGART revenue included a $5.6 million rebate related to its NRDL renewal and VYVGART Hytrulo revenue included a $2.4 million rebate following a voluntary price adjustment ahead of the NRDL negotiation. In the fourth quarter of 2025, the NMPA approved AUGTYRO for the treatment of adult patients with NTRK+ solid tumors and KarXT for the treatment of adult patients with schizophrenia. In 2026, we expect our revenues to continue to increase primarily driven by our existing commercial products and recently approved products or indications that are expected to be launched this year.

We also continued to make progress across our product pipeline. For our global assets, we had promising results from the global Phase 1 study of zoci, a potential first-in-class and best-in-class DLL3-targeting ADC for the treatment of extensive stage SCLC, and promising pre-clinical data for ZL-1503, our internally developed IL-13/IL-31Rα bispecific antibody for atopic dermatitis. For our late-stage regional pipeline, we had positive data readouts during the year, including for povetacicept in IgA nephropathy and primary membranous nephropathy. We have also expanded and strengthened our pipeline through synergistic business development activities, including obtaining exclusive worldwide rights to develop and commercialize ZL-1311, a next generation TCE targeting MUC17 for the treatment of gastric and gastroesophageal junction cancers, which is expected to enter global clinical development this year.

We also continued to strengthen our business through key new additions to our global leadership team. For example, we appointed Dr. Shan He as Senior Vice President, Chief Business Officer in September 2025. Dr. He is a respected leader with deep expertise in healthcare strategy, capital markets, and entrepreneurship. She will be responsible for leading and directing strategy for business development and strategic partnerships. We also announced the creation of our Oncology Scientific Advisory Board ("SAB") in August 2025. This newly formed Oncology SAB is comprised of distinguished oncology leaders and will support the advancement of our robust oncology products and pipeline, including multiple internally developed investigational therapies.

We further discuss below key factors affecting our results of operations, key components and primary drivers of changes in our results of operations in 2025, and our liquidity and capital resources.

Factors Affecting Our Results of Operations

Our Commercial Products

We generate product revenue through the sale of our commercial products in Greater China, net of any related sales returns and rebates to distributors. Our cost of product revenue mainly consists of the costs of manufacturing ZEJULA and NUZYRA; costs of purchasing VYVGART / VYVGART Hytrulo, OPTUNE, QINLOCK, XACDURO, and AUGTYRO from our collaboration partners; any royalty fees incurred as a result of sales of our commercial products under our license and collaboration agreements; and amortization of capitalized post-approval milestone fees incurred under our license and collaboration agreements. We expect our product revenue to increase in coming years as we continue to focus on increasing patient access to our existing commercial products, such as through NRDL listing or increased supplemental insurance coverage in the private-pay market, and as we launch additional commercial products, if and when we obtain required regulatory approvals. We expect our cost of product revenue to increase as the volume of products sold increases.

Research and Development Expenses

We believe our ability to successfully develop product candidates will be the primary factor affecting our long-term competitiveness, as well as our future growth and development. Developing high quality product candidates requires a significant investment of resources over a prolonged period of time. We are committed to advancing and expanding our pipeline of potential best-in-class and first-in-class products, such as through clinical and pre-clinical trials and business development activities. As a result, we expect to continue making significant investments in research and development, including internal discovery activities.

Elements of research and development expenditures primarily include:

- payroll and other related costs of personnel engaged in research and development activities;
- fees for exclusive development rights of products granted to the Company;
- costs related to pre-clinical testing of the Company's technologies and clinical trials, such as payments to CROs and CMOs, investigators, and clinical trial sites that conduct our clinical studies; and
- costs to produce the product candidates, including raw materials and supplies, product testing, depreciation, and facility-related expenses.

Selling, General, and Administrative Expenses

Our selling, general, and administrative expenses consist primarily of personnel compensation and related costs, including share-based compensation for commercial and administrative personnel. Other selling, general, and administrative expenses include product distribution and promotion costs, and professional service fees for legal, intellectual property, auditing, and tax services as well as other direct and allocated expenses for rent and maintenance of facilities, insurance, and other supplies used in selling, general, and administrative activities. We expect these costs to continue to be significant

to support sales of our commercial products and preparation to launch and subsequent sales of additional product candidates if and when approved.

Our Ability to Commercialize Our Product Candidates

We have multiple product candidates in late-stage clinical development and various others in clinical and pre-clinical development in Greater China and globally. Our ability to generate revenue from our product candidates is dependent on our receipt of regulatory approvals for and successful commercialization of such product candidates, which may not occur. Certain of our product candidates may require additional pre-clinical and/or clinical development, regulatory approvals in multiple jurisdictions, manufacturing supply, and significant marketing efforts before we generate any revenue from product sales.

License and Collaboration Arrangements

Our results of operations have been, and will continue to be, affected by our license and collaboration agreements. In accordance with these agreements, we may be required to make upfront payments and milestone payments upon the achievement of certain development, regulatory, and sales-based milestones for the relevant products as well as certain royalties at tiered percentage rates based on annual net sales of the licensed products in the licensed territories. As of December 31, 2025, we may in the future be required to pay development and regulatory milestone payments of up to an additional aggregate amount of $170.0 million for our current clinical programs and $507.0 million for other programs. Such development and regulatory milestone payments are contingent on the progress of our product candidates prior to commercialization, and we see these payments as favorable because they indicate that product candidates are advancing. As of December 31, 2025, we also in the future may be required to pay sales-based milestone payments of up to an additional aggregate amount of $2,328.0 million as well as certain royalties at tiered percentage rates on annual net sales. Such sales-based milestone and royalty payments are contingent on the performance of our commercial products, and we see these payments as favorable because they signify that a product is achieving higher sales levels.

Future and Outlook

Our mission is to be a leading global biopharmaceutical company focused on discovering, developing, and commercializing innovative therapies that improve the lives of patients.

To execute on that mission, we have developed a corporate strategy with the following three pillars to help us drive innovation:

- **Accelerate Medicines to Patients:** We seek to advance our global and regional pipelines by continuing to invest in research and development activities;
- **Expand and Strengthen Our Pipeline:** We seek to continue to expand and strengthen our differentiated global and regional pipelines through our internal discovery efforts and synergistic collaborations and corporate development activities; and
- **Continue Our Commercial Excellence and Execution:** We seek to continue delivering strong financial performance through increased access to our existing commercial products and further increases in our efficiency and productivity as we prepare to launch additional products or new indications for existing products, as we advance along our path to achieve profitability.

We also seek to build and maintain the trust of our stakeholders, including through our Trust for Life strategy, which includes three commitments: improve human health, create better outcomes, and act right now with ethical business practices and strong corporate governance. As part of our corporate strategy, and the actions taken in support of our corporate goals, we will continue to develop and integrate our Trust for Life strategy into our business and operations.

FINANCIAL REVIEW

Results of Operations

The following table presents our results of operations ($ in thousands):

	Year Ended December 31		Change	
	2025	2024	$	%
Revenues				
Product revenue, net	457,182	397,614	59,568	15 %
Collaboration revenue	2,974	1,374	1,600	116 %
Total revenues	460,156	398,988	61,168	15 %
Expenses				
Cost of product revenue	(190,520)	(147,118)	(43,402)	30 %
Cost of collaboration revenue	(561)	(742)	181	(24)%
Research and development	(220,904)	(234,504)	13,600	(6)%
Selling, general, and administrative	(277,605)	(298,741)	21,136	(7)%
Loss from operations	(229,434)	(282,117)	52,683	(19)%
Interest income	33,048	37,105	(4,057)	(11)%
Interest expenses	(5,209)	(2,254)	(2,955)	131 %
Foreign currency gains (losses)	19,591	(15,137)	34,728	(229)%
Other income, net	3,540	5,300	(1,760)	(33)%
Loss before income tax	(178,464)	(257,103)	78,639	(31)%
Income tax benefit	2,927	—	2,927	NM
Net loss	(175,537)	(257,103)	81,566	(32)%

NM - Not Meaningful

Revenues

Product Revenue, Net

The following table presents net revenue by commercial program ($ in thousands):

	Year Ended December 31		Change	
	2025	2024	$	%
ZEJULA	189,042	187,082	1,960	1 %
VYVGART / VYVGART Hytrulo	94,198	93,639	559	1 %
NUZYRA	60,836	43,199	17,637	41 %
OPTUNE	48,325	40,475	7,850	19 %
QINLOCK	35,614	28,826	6,788	24 %
XACDURO	22,912	3,305	19,607	593 %
AUGTYRO	5,538	1,088	4,450	409 %
Other (i)	717	—	717	NM
Total product revenue, net	457,182	397,614	59,568	15 %

NM - Not Meaningful

(i) Other includes product candidates sold in patient programs prior to commercialization.

Our product revenue is primarily derived from the sales of our commercial products primarily in mainland China, net of sales returns and rebates to distributors with respect to the sales of these products.

Our net product revenue increased by $59.6 million in 2025, primarily due to increased sales for XACDURO, driven by strong patient demand and expanding hospital adoption but partially constrained by supply limitations during the year, and increased sales for NUZYRA, supported by increasing market coverage and penetration. ZEJULA continued to be the leading PARP inhibitor in hospital sales for ovarian cancer despite evolving competitive dynamics within the PARPi class in mainland China. In 2025, VYVGART revenue included a $5.6 million rebate related to its NRDL renewal and VYVGART Hytrulo revenue included a $2.4 million rebate following a voluntary price adjustment ahead of the NRDL negotiation.

Cost of Product Revenue

Cost of product revenue increased by $43.4 million in 2025 primarily due to increasing sales volumes and higher inventory provision for VYVGART Hytrulo.

Collaboration Revenue and Cost of Collaboration Revenue

Collaboration revenue and cost of collaboration revenue related to promotional activities in mainland China increased by $1.6 million and $0.2 million, respectively, in 2025.

Research and Development Expenses

The following table presents the components of our research and development expenses ($ in thousands):

	Year Ended December 31		Change	
	2025	2024	$	%
Personnel compensation and related costs	87,894	106,154	(18,260)	(17)%
Licensing fees	30,597	30,997	(400)	(1)%
CROs/CMOs/Investigators expenses	73,763	69,870	3,893	6 %
Other costs	28,650	27,483	1,167	4 %
Total	220,904	234,504	(13,600)	(6)%

Research and development expenses decreased by $13.6 million in 2025, primarily due to:

- a decrease of $18.3 million in personnel compensation and related costs primarily driven by the Company's ongoing resource prioritization and efficiency efforts; partially offset by

- an increase of $5.1 million in CROs/CMOs/Investigators expenses and other costs related to ongoing clinical trials.

The following table presents our research and development expenses by program ($ in thousands):

	Year Ended December 31		Change	
	2025	2024	$	%
Clinical programs	86,934	86,126	808	1 %
Pre-Clinical programs	24,293	31,913	(7,620)	(24)%
Unallocated research and development expenses	109,677	116,465	(6,788)	(6)%
Total	220,904	234,504	(13,600)	(6)%

Research and development expenses attributable to pre-clinical programs decreased by $7.6 million in 2025, primarily driven by a decrease of $9.4 million in licensing fees, partially offset by an increase of $1.8 million in CROs/CMOs/ Investigators expenses and other costs related to newly initiated studies.

Although we manage our external research and development expenses by program, we do not allocate our internal research and development expenses by program because our employees and internal resources may be engaged in projects for multiple programs at any given time.

Selling, General, and Administrative Expenses

The following table presents our selling, general, and administrative expenses by category ($ in thousands):

	Year Ended December 31		Change	
	2025	2024	$	%
Personnel compensation and related costs	165,005	174,958	(9,953)	(6)%
Other costs	112,600	123,783	(11,183)	(9)%
Total	277,605	298,741	(21,136)	(7)%

Selling, general, and administrative expenses decreased by $21.1 million in 2025 primarily due to our resource prioritization and efficiency efforts.

Interest Income

Interest income decreased by $4.1 million in 2025, primarily due to decreased cash and cash equivalents and short-term investments.

Interest Expenses

Interest expense increased by $3.0 million in 2025, primarily due to increased short-term debts.

Foreign Currency Gains (Losses)

Foreign currency gains were $19.6 million in 2025 primarily driven by remeasurement gain due to appreciation of the RMB against the U.S. dollar, compared to foreign currency losses of $15.1 million in 2024 primarily driven by remeasurement loss due to depreciation of the RMB against the U.S. dollar.

Other Income, Net

Other income, net decreased by $1.8 million in 2025 primarily due to a decrease of $2.3 million in government grants.

Income Tax Benefit

Income tax benefit was $2.9 million in 2025 primarily due to the deferred tax assets recognized as of December 31, 2025. We had no income tax benefit or expense in 2024.

Net Loss

Net loss was $175.5 million in 2025, or a loss per ordinary share attributable to common stockholders of $0.16 (or loss per ADS of $1.60), compared to a net loss of $257.1 million in 2024, or a loss per ordinary share of $0.26 (or loss per ADS of $2.60).

Discussion of Certain Key Balance Sheet Items

This section includes discussion of certain key balance sheet items as of December 31, 2025 compared to December 31, 2024.

Cash, Cash Equivalents, and Restricted Cash

As of December 31, 2025, the Company's cash, cash equivalents, and restricted cash amounted to $780.7 million and primarily comprised of (i) $752.3 million denominated in U.S. dollars; (ii) $25.4 million denominated in RMB; and (iii) $3.0 million in aggregate denominated in HK dollars, Australian dollars, and new Taiwan dollars.

Accounts Receivable

Accounts receivable increased by $20.9 million to $106.1 million as of December 31, 2025, primarily due to increased product revenue.

Inventories, Net

Inventories, net increased by $34.9 million to $74.7 million as of December 31, 2025, primarily due to increased inventory levels to support anticipated sales growth.

Property and Equipment, Net

Property and equipment, net decreased by $0.6 million to $47.4 million as of December 31, 2025, primarily due to depreciation.

Intangible Assets, Net

Intangible assets, net increased by $20.1 million to $76.1 million as of December 31, 2025, primarily driven by regulatory milestone fees for repotrectinib and KarXT.

Accounts Payable

Accounts payable increased by $40.7 million to $141.6 million as of December 31, 2025, based on the timing of accrual and payments.

Short-Term Debt

Short-term debt increased by $72.8 million to $204.5 million as of December 31, 2025, primarily due to net new borrowings made in 2025.

Other Current Liabilities

Other current liabilities increased by $5.0 million to $63.7 million as of December 31, 2025, primarily due to increased rebates for VYVGART related to the NRDL renewal.

Liquidity and Capital Resources

The following table represents our cash and cash equivalents, short-term investments, and current restricted each ($ in thousands):

	December 31,	
	2025	**2024**
Cash and cash equivalents	679,573	449,667
Restricted cash, current	100,000	100,000
Short-term investments	10,000	330,000
Restricted cash, non-current	1,116	1,114
Total	790,689	880,781

To date, we have financed our activities primarily through private placements and public offerings, including our September 2017 initial public offering and various follow-on offerings on Nasdaq, and our September 2020 secondary

listing and initial public offering on the Hong Kong Stock Exchange. We have raised approximately $164.6 million in private equity financing and approximately $2,677.8 million in net proceeds from public offerings after deducting underwriting commissions and the offering expenses payable by us. Our operations have consumed substantial amounts of cash since inception. The net cash used in our operating activities was $150.8 million and $214.9 million in 2025 and 2024, respectively. For information on our research and development activities and related expenditures, see the *Research and Development Expenses*, *Selling, General, and Administrative Expenses*, *License and Collaboration Arrangements*, and *Results of Operations* sections above. In addition, as of December 31, 2025, we had commitments of $1.7 million related to commercial manufacturing development activities and capital expenditures.

We have also identified opportunities to access capital through debt arrangements on favorable commercial terms. As of December 31, 2025, we had such debt arrangements with Chinese financial institutions that allow certain of our subsidiaries to borrow up to approximately $317.4 million (or RMB2,271.7 million) to support our working capital needs in mainland China. As of December 31, 2025, we had short-term debt outstanding of $204.5 million (or RMB1,437.6 million) pursuant to these debt arrangements. These debt arrangements provide us with additional capital capacity that will give us enhanced flexibility to execute on our corporate strategic goals. For more information, see *Note 11*.

As of December 31, 2025, we had cash and cash equivalents, current restricted cash, and short-term investments of $789.6 million, which we expect will enable us to meet our cash requirements including the funding of operating expenses, capital expenditures, and debt obligations for at least the next 12 months.

Although we believe that we have sufficient capital to fund our operations for at least the next twelve months, we may, from time to time, utilize debt arrangements on favorable commercial terms or consider additional funding sources to bring to fruition our strategic objectives. There can be no assurances that such funding will be made available to us on acceptable terms or at all.

The following table presents information regarding our cash flows ($ in thousands):

	Year Ended December 31,		Change
	2025	2024	$
Net cash used in operating activities	(150,789)	(214,869)	64,080
Net cash provided by (used in) investing activities	307,866	(375,193)	683,059
Net cash provided by financing activities	72,353	349,889	(277,536)
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	478	(310)	788
Net increase (decrease) in cash, cash equivalents and restricted cash	229,908	(240,483)	470,391

Net Cash Used in Operating Activities

Net cash used in operating activities decreased by $64.1 million in 2025, primarily due to a decrease of $81.6 million in net loss and an increase of $13.7 million in net changes in operating assets and liabilities, partially offset by a decrease of $31.2 million in adjustments to reconcile net loss to net cash used in operating activities.

Net Cash Provided by (Used in) Investing Activities

Net cash provided by investing activities was $307.9 million in 2025, compared to net cash used in investing activities of $375.2 million in 2024. This shift was primarily due to a decrease of $320.0 million in purchases of short-term investments, an increase of $313.7 million in proceeds from maturity of short-term investments, a decrease of $50.5 million in acquisition of intangible assets, an increase of $1.2 million in proceeds from sale of equity investment, partially offset by an increase of $2.4 million in purchases of property and equipment.

Net Cash Provided by Financing Activities

Net cash provided by financing activities decreased by $277.5 million in 2025, primarily due to a decrease of $216.9 million in proceeds from issuance of ordinary shares upon public offerings net of offering costs, an increase of $138.6 million in repayment of short-term bank borrowings, an increase of $8.2 million in taxes paid related to settlement of equity awards, partially offset by an increase of $75.2 million in proceeds from short-term debt and an increase of $10.5 million in proceeds from exercises of stock options.

Effect of Exchange Rates on Cash

We have substantial operations in mainland China, which generate a significant amount of RMB-denominated cash from product sales and require a significant amount of RMB-denominated cash to pay our obligations. Since the reporting currency of the Company is the U.S. dollar, periods of volatility in exchange rates may have a significant impact on our consolidated cash balances.

Operating Capital Requirements

We may require or seek to obtain additional funding in connection with our operations through public or private equity offerings, debt financing, collaborations or licensing arrangements, or other sources. If we are unable to raise capital when needed or on acceptable terms, we could incur losses or be forced to delay, reduce, or terminate certain programs or activities.

Although we believe our cash and cash equivalents and short-term investments as of December 31, 2025 will enable us to fund our operating expenses and capital expenditure requirements for at least the next twelve months, we could use our capital resources sooner than we currently expect. Our future capital requirements will depend on many factors, including:

- revenues from our approved commercial products and related product costs;
- the cost and timing of future commercialization activities for our products and any other product candidates for which we receive regulatory approval;
- the cost, timing, and outcome of seeking, obtaining, and maintaining regulatory approval for our products and product candidates;
- the scope, progress, timing, results, and costs of researching and developing our product candidates, including additional indications for our existing commercial products, and conducting pre-clinical and clinical trials;
- our ability to establish and maintain strategic partnerships, including collaboration, licensing, or other arrangements and the economic and other terms, timing, and success of such arrangements, such as with respect to any upfront fees, development and regulatory milestones that may be payable prior to commercialization or before we have generated revenue from the related product, and sales-based milestones or royalty payments that may be payable after commercial launch;
- the cost, timing, and outcome of preparing, filing, and prosecuting patent applications, maintaining and enforcing our intellectual property rights, and defending any intellectual property related claims;
- cash requirements of any future acquisitions;
- resources and costs required to promote compliance with applicable laws and regulations by us and our third-party partners;
- costs of our personnel; and
- the costs of operating as a public company in both the United States and Hong Kong.

Contractual Obligations and Commitments

As of December 31, 2025, our commitments were $1.7 million and related to commercial manufacturing development activities and capital expenditures that are contracted but not yet reflected in the consolidated financial statements. Of this amount, $1.5 million and $0.2 million were expected to be incurred within one year and from one to two years from December 31, 2025, respectively.

Disclosures About Market Risk

We are exposed to market risk including foreign exchange risk, credit risk, and interest rate risk.

Foreign Exchange Risk

Renminbi, or RMB, is not a freely convertible currency. The State Administration of Foreign Exchange, under the authority of the PBOC, controls the conversion of RMB into foreign currencies. The value of RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market. The cash and cash equivalents of the Company included aggregated amounts of $25.4 million and $19.0 million, which were denominated in RMB, representing 4% and 4% of the cash and cash equivalents as of December 31, 2025 and 2024, respectively.

While our financial statements are presented in U.S. dollars, our business mainly operates in mainland China with a significant portion of our transactions settled in RMB, and as such, we do not believe that we currently have significant direct foreign exchange risk and have not used derivative financial instruments to hedge our exposure to such risk. Although, in general, our exposure to foreign exchange risk should be limited, the value of your investment in our ADSs and ordinary shares will be affected by the exchange rate between the U.S. dollar and the RMB and between the HK dollar and the RMB, respectively, because the value of our business is effectively denominated in RMB, while ADSs and ordinary shares are traded in U.S. dollars and HK dollars, respectively.

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in Greater China's political and economic conditions. The conversion of RMB into foreign currencies, including U.S. dollars, has been based on rates set by the PBOC.

The value of our ADSs and our ordinary shares will be affected by the foreign exchange rates between U.S. dollars, HK dollars, and the RMB. For example, to the extent that we need to convert U.S. dollars or HK dollars into RMB for our operations or if any of our arrangements with other parties are denominated in U.S. dollars or HK dollars and need to be converted into RMB, appreciation of the RMB against the U.S. dollar or the HK dollar would have an adverse effect on the RMB amount we receive from the conversion. Conversely, if we decide to convert RMB into U.S. dollars or HK dollars for the purpose of making payments for dividends on ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar or the HK dollar against the RMB would have a negative effect on the conversion amounts available to us.

Since 1983, the HKMA has pegged the HK dollar to the U.S. dollar at the rate of approximately HK$7.80 to US$1.00. However, there is no assurance that the HK dollar will continue to be pegged to the U.S. dollar or that the HK dollar conversion rate will remain at HK$7.80 to US$1.00. If the HK dollar conversion rate against the U.S. dollar changes and the value of the HK dollar depreciates against the U.S. dollar, our assets denominated in HK dollars will be adversely affected. Additionally, if the HKMA were to repeg the HK dollar to, for example, the RMB rather than the U.S. dollar, or otherwise restrict the conversion of HK dollars into other currencies, then our assets denominated in HK dollars will be adversely affected.

Credit Risk

Financial instruments that are potentially subject to significant concentration of credit risk consist of cash and cash equivalents, restricted cash, short-term investments, accounts receivable, and notes receivable.

The carrying amounts of cash and cash equivalents and short-term investments represent the maximum amount of losses due to credit risk. As of December 31, 2025 and 2024, we had cash and cash equivalents of $679.6 million and $449.7 million, respectively, restricted cash of $101.1 million and $101.1 million, respectively, and short-term investments of $10.0 million and $330.0 million, respectively. As of December 31, 2025 and 2024, all of our cash and cash equivalents, restricted cash, and short-term investments were held by major financial institutions located in mainland China and international financial institutions outside of mainland China which we believe are of high credit quality and for which we monitor continued credit worthiness.

Accounts receivable are typically unsecured and are derived from product revenue. We manage credit risk related to our accounts receivable through ongoing monitoring of outstanding balances and limiting the amount of credit extended based upon payment history and credit worthiness. Historically, we have collected receivables from customers within the credit terms with no significant credit losses incurred. As of December 31, 2025, our two largest customers accounted for approximately 25% of our total accounts receivable collectively.

Certain accounts receivable balances are settled in the form of notes receivable. As of December 31, 2025, such notes receivable included bank acceptance promissory notes that are non-interest bearing and due within six months. These notes receivable were used to collect the receivables based on an administrative convenience, given these notes are readily convertible to known amounts of cash. In accordance with the sales agreements, whether to use cash or bank acceptance promissory notes to settle the receivables is at our discretion, and this selection does not impact the agreed contractual purchase prices.

Interest Rate Risk

We are exposed to risks related to changes in interest rates on our cash and cash equivalents, restricted cash, and short-term investments. As of December 31, 2025 and 2024, we had cash and cash equivalents of $679.6 million and $449.7 million, respectively, restricted cash of $101.1 million and $101.1 million, respectively, and short-term investments of $10.0 million and $330.0 million, respectively. Our investment portfolio, which relates to cash equivalents and short-term investments, primarily consists of time deposits. The primary objectives of our investment activities are to preserve principal, provide liquidity, and maximize income without significantly increasing risk. Given the short-term nature of our deposits and investments, we believe that a sudden change in market interest rates would not be expected to have a material impact on our financial condition and/or results of operation. For example, a hypothetical 10% relative change in interest rates during any of the periods presented would not have a material impact on future interest income.

We are also exposed to risks related to changes in interest rates on our short-term debt, which is currently subject to a mix of fixed and floating interest rates. As of December 31, 2025 and 2024, we had short-term debt of $204.5 million and $131.7 million, respectively. A 100-basis point increase in interest rates would not materially increase our interest expense. Our interest rate exposure from short-term debt is also offset by our exposure in cash and cash equivalents, restricted cash, and short-term investments, as discussed above. For more information on our short-term debt, see *Note 11*.

Gearing Ratio

The gearing ratio of the Company, which was calculated by dividing total interest-bearing loans by total shareholders' equity as of the end of the year, was 29% and 16% as of December 31, 2025 and 2024, respectively.

Significant Investments Held

We did not hold any significant investments as of December 31, 2025 and December 31, 2024.

Future Plans for Material Investments and Capital Assets

We did not have any future plans for material investments or capital assets as of December 31, 2025.

Material Acquisitions and Disposals of Subsidiaries, Associates, and Joint Ventures

In 2025, we did not have any material acquisitions or disposals of subsidiaries, associates, or joint ventures.

Employee and Remuneration Policy

As of December 31, 2025, we had a global team of 1,797 full-time employees, which decreased from 1,844 full-time employees as of December 31, 2024.

The remuneration policy for our employees is periodically reviewed by the Compensation Committee of the Board. Employee remuneration packages are determined in consideration of a variety of factors, including our pay-for-performance compensation model and market data for companies in similar industries and with similar complexity and size. In addition to cash compensation and benefits, we may issue share options, share appreciation rights, restricted shares, unrestricted shares, share units including restricted share units, performance awards, and other types of awards to our employees in accordance with our equity incentive plans. For more details about share-based compensation, please refer to the section headed "Equity Incentive Plans" and *Note 15*.

The total remuneration cost incurred by the Company was $252.9 million and $281.1 million for 2025 and 2024, respectively.

Charges on Group Assets

As of December 31, 2025 and December 31, 2024, we had a charge over deposit of $100.0 million in restricted cash with BOC HK to secure the standby letters of credit.

Contingent Liabilities

As of December 31, 2025 and 2024, we did not have any material contingent liabilities. See *Note 16* for contractual obligations under licenses and collaborative agreements.

Recent Accounting Pronouncements

See *Note 2* for recent accounting pronouncements.

OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company's corporate governance practices are based on the principles and code provisions set forth in Part 2 of the CG Code.

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Hong Kong Stock Exchange are expected to comply with, but may choose to deviate from, the requirement that the responsibilities of the Chairperson and the Chief Executive Officer should be segregated and should not be performed by the same individual. Our Founder and Chief Executive Officer, Dr. Samantha Du, currently serves as the Chairperson of the Board. The Board believes that Dr. Du is the director best suited to serve as Chairperson. Dr. Du has an extensive understanding of our business and industry, is adept at identifying strategic opportunities, promoting the effective execution of those strategic initiatives, and facilitating the flow of information between management and the Board. The Board also believes that the combined role of Chairperson and Chief Executive Officer promotes effective execution of strategic initiatives To promote strong corporate governance while the roles of Chairperson and Chief Executive Officer are combined, the Board has established a lead independent director and appointed Dr. John Diekman to serve in this important position. Our lead independent director, among other things, leads meetings of the Board when the Chairperson is not present, serves as liaison between the Chairperson and independent directors, has the authority to call meetings of the independent directors, and, if requested by a significant portion of our shareholders, will be available for consultation and direct communication. While the roles of Chairperson and Chief Executive officer are combined, the Board believes that the balance of power and authority on the Board will not be impaired due to this arrangement. The Board will continue to review the corporate governance structure and practices from time to time and shall make changes the Board considers appropriate.

Except as disclosed above, during the Reporting Period and up to the date of this announcement, the Company has complied with the code provisions set out in Part 2 of the CG Code.

The Board will continue to periodically review and monitor its corporate governance practices for compliance with the CG Code and maintain a high standard of corporate governance practices of the Company.

Compliance with Policies Equivalent to the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted its own securities dealing policies on terms no less exacting than those in the Model Code regarding director dealings in the securities of the Company.

Having made specific enquiry of all of the Directors, all of the Directors confirmed that they have complied with the required standards set forth in the Company's securities dealing policies during the Reporting Period.

Purchase, Sale, or Redemption of the Company's Listed Securities

During the Reporting Period, the Company and its subsidiaries did not purchase, sell, or redeem any of the Company's securities listed on the Hong Kong Stock Exchange.

During the Reporting Period and as at December 31, 2025, the Company did not have any treasury shares (as defined in the HK Listing Rules).

Use of Net Proceeds

Use of Net Proceeds from the April 2021 Offering

In April 2021, the Company issued 224,000 ordinary shares (equivalent to 2,240,000 ordinary shares after the Share Subdivision) of the Company at a price of HK$1,164.20 per share (equivalent to HK$116.42 per ordinary share after the Share Subdivision) and 5,492,400 ADSs at a price of $150.00 per ADS for aggregate cash consideration (before deducting underwriting discounts and commissions and other offering expenses) of approximately $857.5 million.

As of the date of this announcement, there has been no change in the intended use of net proceeds raised from this offering, which amounted to approximately $818.0 million, as disclosed in the announcement of the Company dated April 21, 2021:

- Approximately 30% to fund new business and corporate development and licensing opportunities;
- Approximately 30% to complete clinical trials and advance new drug candidates;
- Approximately 20% to expand the Company's commercialization efforts;
- Approximately 15% to enhance the Company's global pipeline; and
- Approximately 5% for working capital and other general corporate purposes.

The following table sets forth a summary of the utilization of the net proceeds from this offering as of December 31, 2025 ($ in millions):

Purpose	Percentage to total amount	Net proceeds from the offering	Amount of net proceeds unutilized as of January 1, 2025	Amount of net proceeds utilized during the Reporting Period	Actual use of proceeds up to December 31, 2025	Unutilized amount as of December 31, 2025	Expected timeline for use of unutilized proceeds
Fund new business and corporate development and licensing opportunities	30.0 %	245.4	245.4	36.5	36.5	208.9	By December 2027
Complete clinical trials and advance new drug candidates	30.0 %	245.4	—	—	245.4	—	Not applicable
Expand the Company's commercialization efforts	20.0 %	163.6	—	—	163.6	—	Not applicable
Enhance the Company's global pipeline	15.0 %	122.7	87.1	39.7	75.3	47.4	By December 2027
Working capital and other general corporate purposes	5.0 %	40.9	40.9	—	—	40.9	By December 2027
Total	100.0 %	818.0	373.4	76.2	520.8	297.2	

The Company plans to gradually utilize the remaining net proceeds from the April 2021 offering in accordance with such intended purpose depending on actual business, which is expected to be fully utilized by the end of 2027. This expected timeline is based on the best estimation of future market conditions and business operations made by the Company, and remains subject to change based on current and future development of market conditions and actual business needs.

Use of Net Proceeds from the Global Offering

Dealings in ordinary shares on the Hong Kong Stock Exchange commenced on September 28, 2020. The net proceeds raised from the Global Offering as described in the Prospectus, after deduction of the underwriting fees and commissions and other estimated expenses payable by the Company in connection with the Global Offering, were approximately HK$6,636.2 million ($850.8 million). The intended uses for the net proceeds received by the Company from the Global Offering, as previously disclosed in "Use of Proceeds" in the Prospectus and as modified per the announcement of Zai Lab Limited dated March 28, 2024, included the following:

- Approximately 7.2% for ZEJULA to seek indication expansion and hire high-caliber R&D staff dedicated to its development, and to develop and improve the Company's manufacturing facilities to bring ZEJULA to commercialization;
- Approximately 6.2% for ongoing and planned clinical trials and preparation for registration filings of Tumor Treating Fields in multiple solid tumor cancer indications;
- Approximately 16.0% for ZEJULA to enhance the Company's commercialization capabilities through increasing its sales and marketing headcounts, among other efforts;
- Approximately 8.0% to strengthen commercialization efforts for Tumor Treating Fields through recruiting key talents in relevant indications to drive sales and future potential product launch;
- Approximately 20.6% to fund the Company's ongoing and planned clinical trials and preparation for registration filings of other drug candidates in the pipeline, especially late-stage drug candidates;
- Approximately 25.0% to explore new global licensing and collaboration opportunities and bring in potentially global best-in-class/ first-in-class assets with clinical validation, synergistic with the Company's current pipeline, and aligned to its expertise;
- Approximately 7.0% to continue investing in and expanding the Company's internal discovery pipeline and recruit and train talent globally; and
- Approximately 10.0% to fund working capital and other general corporate purposes.

The following table presents a summary of the utilization of the net proceeds from the Global Offering as of December 31, 2025 ($ in millions):

Purpose	Percentage to total amount	Net proceeds from the offering	Amount of net proceeds unutilized as of January 1, 2025	Amount of net proceeds utilized during the Reporting Period	Actual use of proceeds up to December 31, 2025	Unutilized amount as of December 31, 2025	Expected timeline for use of unutilized proceeds
For ZEJULA to seek indication expansion and hire high-caliber R&D staff dedicated to its development, and to develop and improve the Company's manufacturing facilities to bring ZEJULA to commercialization	7.2%	61.6	—	—	61.6	—	Not Applicable
Fund ongoing and planned clinical trials and preparation for registration filings of Tumor Treating Fields in multiple solid tumor cancer indications	6.2%	52.7	28.7	1.9	25.9	26.8	By December 2027
For ZEJULA to enhance the Company's commercialization capabilities through increasing its sales and marketing headcounts, among other efforts	16.0%	136.1	—	—	136.1	—	Not Applicable
Strengthen commercialization efforts for Tumor Treating Fields through recruiting key talents in relevant indications to drive sales and future potential product launch	8.0%	68.1	7.3	7.3	68.1	—	Not Applicable
Fund the Company's ongoing and planned clinical trials and preparation for registration filings of other drug candidates in the pipeline, especially late-stage drug candidates	20.6%	174.9	—	—	174.9	—	Not applicable
Explore new global licensing and collaboration opportunities and bring in potentially global best-in-class/ first-in-class assets with clinical validation, synergistic with the Company's current pipeline and aligned to its expertise	25.0%	212.7	2.1	2.1	212.7	—	Not applicable

Continue investing in and expanding the Company's internal discovery pipeline and recruit and train talent globally	7.0%	59.6	—	—	59.6	—	Not applicable
Fund working capital and other general corporate purposes	10.0%	85.1	30.7	—	54.4	30.7	By December 2027
Total	100.0%	850.8	68.8	11.3	793.3	57.5	

During the Reporting Period, there was no change in the intended use of net proceeds as previously disclosed in the section "Use of Proceeds" in the Prospectus and the announcement of Zai Lab Limited dated March 28, 2024.

The Company plans to gradually utilize the remaining net proceeds from the Global Offering in accordance with such intended purposes depending on actual business, which is expected to be fully utilized by the end of 2027. This expected timeline is based on the best estimation of future market conditions and business operations made by the Company, and remains subject to change based on current and future development of market conditions and actual business needs.

Use of Net Proceeds from the November 2024 Offering

In order to raise additional capital for the Group's business and operations, broaden the Company's shareholder base and capital base and enhance further liquidity of the securities of the Company, on November 14, 2024 (U.S. Eastern time), the Company and the Underwriters entered into the underwriting agreement, pursuant to which the Company (i) agreed to issue and sell to the Underwriters an aggregate of 7,843,137 ADSs (representing 78,431,370 underlying ordinary shares with the aggregate nominal value of $470.59) at the Offer Price; and (ii) granted to the Underwriters the Option to purchase up to an additional 1,176,470 ADSs (representing 11,764,700 underlying ordinary shares with the aggregate nominal value of $70.59) at the Offer Price less the underwriting discounts and commissions. The Offer Price represents (i) a discount of approximately 4.39% to the closing price per ADS of $26.67 as quoted on Nasdaq on November 14, 2024 (U.S. Eastern time), being the last trading day immediately prior to the date of the underwriting agreement and the pricing date; and (ii) a discount (calculated based on the ten-to-one share-to-ADS ratio) of approximately 10.64% to the closing price per ordinary share of HK$22.20 as quoted on the Hong Kong Stock Exchange on November 14, 2024 (Hong Kong time).

Closing of the November 2024 Offering took place on November 18, 2024 (U.S. Eastern time). In addition, since the Underwriters fully exercised their Option, the additional closing took place on November 19, 2024 (U.S. Eastern time). A total of 9,019,607 ADSs were issued to not fewer than six placees (being professional, institutional or other investors selected and procured by the Underwriters to subscribe for the ADSs), who and whose ultimate beneficial owners were, to the best of the knowledge, information and belief of the directors of the Company and the Underwriters, not a connected person(s) of the Company within the meaning of the HK Listing Rules.

The net proceeds of the November 2024 Offering, after deduction of the underwriting fees and other expenses relating to the November 2024 Offering, were approximately $215.0 million (equivalent to approximately HK$1,673.1 million), and the net Offer Price amounted to approximately $23.84 per ADS (equivalent to approximately HK$18.55 per ordinary share calculated based on the ten-to-one share-to-ADS ratio).

As previously disclosed in "Use of Proceeds" in the Final Prospectus Supplement and as supplemented per the Closing Announcement, the Company intends to apply the net proceeds of the November 2024 Offering for general corporate purposes, more specifically, to continue its research and development of its global pipeline, advance its product candidates and drive commercialization of its products, and pursue strategic business and corporate development and licensing opportunities, details of which are further discussed in the Company's press release associated with its third quarter 2024 earnings dated November 12, 2024.

As of January 1, 2025, the unutilized amount of net proceeds from the November 2024 Offering was $195.3 million. During the Reporting Period, the Company utilized $195.3 million of the net proceeds from the November 2024 Offering

for general corporate purposes, mainly in the areas of advancing its product candidates and driving commercialization of its products, and the unutilized amount of net proceeds as of December 31, 2025 was nil.

During the Reporting Period, there was no change in the intended use of net proceeds as previously disclosed in the section "Use of Proceeds" in the Final Prospectus Supplement and the Closing Announcement.

Audit Committee Review of Financial Statements

The Audit Committee oversees the accounting and financial reporting processes of the Company and the audits of the Company's financial statements, including but not limited to assisting the Board in its oversight of the integrity of the consolidated financial statements of the Company, the Company's compliance program, and the Company's risk management and internal control over financial reporting. The Audit Committee consists of three members, namely Mr. Scott W. Morrison, Dr. John Diekman, and Mr. Peter Wirth, all of whom are independent directors. Mr. Morrison is the chairperson of the Audit Committee.

The Audit Committee has reviewed the consolidated financial statements and annual results of the Company for the year ended December 31, 2025. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal controls with members of senior management and the external auditor of the Company. The consolidated financial statements included in this announcement have been audited by the external auditor of the Company.

Important Events after the Reporting Period

Except as disclosed in *Note 22*, there were no important events after the Reporting Period.

Annual General Meeting and Record Date

The AGM in 2026 is scheduled to be held on June 17, 2026.

Zai Lab Limited announces that the Ordinary Share Record Date for the purpose of determining the eligibility of the holders of the Ordinary Shares of Zai Lab Limited to attend and vote at the forthcoming AGM. In order to be eligible to attend and vote at the AGM, all valid documents for the transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on the Ordinary Share Record Date. All persons who are registered holders of the Ordinary Shares on the Ordinary Share Record Date will be entitled to attend and vote at the AGM.

Holders of ADSs issued by Citibank, N.A., as depositary of the ADSs, and representing the right to receive the Ordinary Shares will not be entitled to attend the AGM and cannot vote their ADSs directly. Holders of record of ADSs as of 4:30 p.m. on the ADS Record Date may exercise the voting rights with respect to the Ordinary Shares underlying his, her or its ADSs in accordance with the provisions of the deposit agreement among the Company, Citibank, N.A. and the holders and beneficial owners of ADSs. Holders of record of ADSs as of the ADS Record Date who wish to exercise their voting rights for the underlying Ordinary Shares must act through Citibank, N.A. The deposit agreement permits registered holders of ADSs as of the ADS Record Date to instruct Citibank, N.A. to exercise the voting rights for the Ordinary Shares underlying his, her or its ADSs. Citibank, N.A. has agreed that it will endeavor, insofar as practicable and permitted under and in accordance with applicable law and the provisions of the deposit agreement, to vote the securities (in person or by proxy) represented by the holder's ADSs in accordance with such voting instruction. If a holder of ADSs cancels his, her or its ADSs in exchange for Ordinary Shares on or prior to the ADS Record Date, such holder of ADSs will not be able to instruct Citibank, N.A., as depositary of the ADSs, as to how to vote the Ordinary Shares represented by the cancelled ADSs as described above. Holders of ADSs who wish to cancel their ADSs in exchange for Ordinary Shares for the purpose of voting the Ordinary Shares directly will need to make arrangements to deliver their ADSs to Citibank, N.A., as depositary of the ADSs, for cancellation with sufficient time to allow for the completion of the delivery and, if applicable, the re-registration of the Ordinary Shares on the Company's register of members in Hong Kong prior to the Ordinary Share Record Date, together with (a) delivery instructions for the corresponding Ordinary Shares (including, if applicable, the

name and address of the person(s) who will be the registered holder(s) of such Ordinary Shares) and (b) payment of the ADS depositary fees associated with such ADS cancellation ($0.05 per ADS to be cancelled) and any applicable taxes. If ADSs are held in a brokerage firm, bank or other financial institution, please contact the broker, bank or other financial institution to find out what actions need to be taken to instruct the broker, bank or other financial institution to present the ADSs for cancellation. Please be aware that there are no guarantees of timely delivery or re-registration of Ordinary Shares prior to the Ordinary Share Record Date due to the time differences between U.S. Eastern Time and Shanghai and Hong Kong Time, as well as the time required for processing the ADS cancellations, the delivery of Ordinary Shares and, if applicable, the re-registration of Ordinary Shares on the Company's register of members in Hong Kong.

Details including the date and location of the AGM will be set out in the notice of AGM to be issued and provided to holders of our Ordinary Shares and ADSs as of the respective Record Date together with the proxy materials in due course.

Publication of Annual Results and Annual Report

This announcement is published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.zailaboratory.com). The annual report of the Company for the Reporting Period will be published on the aforesaid websites and (if applicable) dispatched to the Company's shareholders in due course.

By order of the Board
Zai Lab Limited
Samantha Du
Director, Chairperson and Chief Executive Officer

Hong Kong, March 27, 2026

As at the date of this announcement, the Board of the Company comprises Dr. Samantha Du and Mr. Leon O. Moulder, Jr. as directors, and Dr. John Diekman, Dr. Richard Gaynor, Ms. Nisa Leung, Mr. William Lis, Mr. Scott W. Morrison, Mr. Michel Vounatsos and Mr. Peter Wirth as independent directors.

** For identification only*

GLOSSARY

This Glossary includes acronyms and defined terms that are used throughout this announcement.

ABC:	*Acinetobacter baumannii-calcoaceticus* complex
ABSSSI:	Acute bacterial skin and skin structure infections
ADC:	Antibody-drug conjugate
ADP:	Psychosis associated with Alzheimer's Disease
ADS:	American Depositary Share, each representing ten of the Company's ordinary shares
ADS Record Date:	Thursday, April 16, 2026 (U.S. Eastern Time)
AGM:	The annual general meeting of Zai Lab Limited
argenx:	argenx BV
ASC:	Accounting Standard Codification
ASC 606:	ASC Topic 606, *Revenue from Contracts with Customers*
ASC 718:	ASC 718, *Compensation-Stock Compensation*
ASC 740:	ASC 740, *Income Taxes*
ASC 808:	ASC Topic 808, *Collaborative Arrangements*
ASC 820:	ASC Topic 820, *Fair Value Measurements and Disclosures*
ASC 842:	ASC 842, *Leases*
Audit Committee:	The Audit Committee of the Board of Directors
AUGTYRO (Repotrectinib):	A next-generation TKI of ROS proto-oncogene 1 (ROS1) tyrosine-protein kinase and of the tropomyosin receptor tyrosine kinases (TRKs) TRKA, TRKB, and TRKC
BMS:	Bristol-Myers Squibb Company
Board of Directors (or Board):	The Board of Directors of Zai Lab Limited
BOC HK:	Bank of China (Hong Kong) Limited
BOCOM:	Bank of Communications Co., Ltd. Shanghai Zhangjiang Sub-Branch
BOC Pudong Branch:	Bank of China Pudong Development Zone Sub-Branch
CG Code:	The Corporate Governance Code as set forth in Appendix C1 to the HK Listing Rules
Chief Executive:	Has the meaning ascribed to it in the HK Listing Rules
CIB:	Industrial Bank Co., Ltd., Shanghai Gubei Branch
Closing Announcement:	The voluntary announcement of Zai Lab Limited dated November 22, 2024 with respect to the closing of the November 2024 Offering
CMB:	China Merchants Bank Co., Ltd. Shanghai Branch
CMO:	Contract Manufacturing Organization
CODM:	Chief Operating Decision Maker
Company:	Zai Lab Limited and its subsidiaries, collectively
CRO:	Contract Research Organization
Deciphera:	Deciphera Pharmaceuticals, LLC, a subsidiary of Deciphera Pharmaceuticals, Inc.
DLL3:	An inhibitor of the Notch ligand that is overexpressed in SCLC and other neuroendocrine neoplasmas
Efgartigimod (efgartigimod alfa fcab or efgartigimod alfa injection):	A human IgG1 antibody fragment that binds to FcRn
EIT:	Enterprise income tax
EIT Law:	The Enterprise Income Tax Law of the People's Republic of China
Entasis:	Entasis Therapeutics Holdings Inc.
FASB:	Financial Accounting Standards Board

FcRn:	The neonatal fragment crystallizable receptor
FGFR2b:	Human fibroblast growth factor receptor 2 isoform IIb
Final Prospectus Supplement:	The Final Prospectus Supplement of the Company dated November 15, 2024
GBM:	Glioblastoma multiforme, an aggressive form of brain tumor
Global Offering:	The global offering of the Company as described in the Prospectus
Greater China:	Mainland China, Hong Kong, Macau, and Taiwan, collectively
GSK:	GlaxoSmithKline plc
HK Listing Rules:	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended
HKMA:	Hong Kong Monetary Authority
HNTE:	High and new technology enterprise
Hong Kong (or HK):	Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Stock Exchange (or HKEx):	The Stock Exchange of Hong Kong Limited
IFRS:	International Financial Reporting Standards
IL:	Interleukin
Innoviva:	Innoviva, Inc.
IPO:	Initial public offering
IV:	Intravenous
Karuna:	Karuna Therapeutics, Inc.
KarXT:	Xanomeline and trospium chloride, a combination of an oral M1/M4-preferring muscarinic acetylcholine receptor agonist and an antimuscarinic agent
Macau:	Macau Special Administrative Region of the People's Republic of China
MediLink:	MediLink Therapeutics (Suzhou) Co., Ltd.
MMAE:	Microtubule-disrupting agent monomethyl auristatin E
Model Code:	The Model Code for Securities Transactions as set forth in Appendix C3 to the HK Listing Rules
Nasdaq:	Nasdaq Global Market
Ningbo Bank:	Bank of Ningbo Co., Ltd. Suzhou Sub-Branch
Ningbo Bank Agreements:	Maximum Credit Contract, Electronic Commercial Draft Discounting Master Agreement and Online Working Capital Loan Master Agreement between Zai Lab Suzhou and Ningbo Bank, collectively
November 2024 Offering:	The underwritten public offering of 7,843,137 ADSs (representing 78,431,370 underlying ordinary shares) at the Offer Price and the full exercise of the Option by the Underwriters
NovoCure:	NovoCure Ltd.
Novo Holdings:	Novo Holdings A/S
NRDL:	China’s National Reimbursement Drug List
NUZYRA (Omadacycline):	A novel tetracycline-class antibacterial with both oral and IV formulations that is a broad-spectrum antibiotic
Offer Price:	The offer price of the November 2024 Offering at US$25.50 per ADS (equivalent to approximately HK$19.84 per ordinary share calculated based on the ten-to-one share-to-ADS ratio)
Option:	With respect to the November 2024 Offering, a 30-day option to purchase up to an additional 1,176,470 ADSs (representing 11,764,700 underlying ordinary shares with the aggregate nominal value of $70.59) at the Offer Price

OPTUNE:	Tumor Treating Fields (or TTFields) devices marketed under various brand names, including OPTUNE GIO® for GBM
Ordinary Share(s):	Ordinary share(s) in the authorized share capital of the Company with a par value of $0.000006 per share after the Share Subdivision (or $0.00006 per share before the Share Subdivision)
Ordinary Share Record Date:	Thursday, April 16, 2026 (Shanghai and Hong Kong Time)
Our commercial products / programs:	ZEJULA, VYVGART / VYVGART Hytrulo, NUZYRA, OPTUNE, QINLOCK, XACDURO, and AUGTYRO, collectively
Ovarian cancer:	Epithelial ovarian, fallopian tube, and primary peritoneal cancer, collectively
Paratek:	Paratek Bermuda Ltd., a subsidiary of Paratek Pharmaceuticals, Inc.
PARP / PARPi / PARP Inhibitor:	PARP (poly (ADP-ribose) polymerase) is a protein that helps repair DNA damage in cells; PARP inhibitors block PARP from repairing DNA damage, such as may be caused by radiation and/or certain chemotherapies, which may lead to cancer cell death and slow the return or progression of cancer
PBOC:	People's Bank of China
PDGFRα:	Platelet-derived growth factor receptor alpha
Pfizer:	Pfizer Inc.
Prospectus:	The prospectus of the Company dated September 17, 2020
QINLOCK (Ripretinib):	An orally administered switch-control TKI that broadly inhibits KIT and PDGFRα tyrosine kinases, including wild-type and forms with multiple primary mutations or secondary mutations
Record Date:	The ADS Record Date and the Ordinary Share Record Date, collectively
Reporting Period:	the year ended December 31, 2025
RMB:	Chinese Renminbi
ROU:	Right-of-use
SAB:	Scientific Advisory Board
SC:	Subcutaneous
SCLC:	Small cell lung cancer
Seagen:	Seagen Inc.
Share Subdivision:	The subdivision of each of the issued and unissued ordinary shares of Zai Lab Limited into ten ordinary shares effective as of March 30, 2022
SPD Bank:	Shanghai Pudong Development Bank Co., Ltd. Zhangjiang Hi-Tech Park Sub-Branch
Tesaro:	Tesaro, Inc.
TIVDAK (Tisotumab Vedotin):	An ADC composed of Genmab's human monoclonal antibody directed against cell surface tissue factor and Seagen's ADC technology that utilizes a protease-cleavable linker that covalently attaches MMAE to the antibody
TKI:	Tyrosine kinase inhibitor
Trust for Life:	Our sustainability strategy, which includes three pillars: improve human health, create better outcomes, and act right now with ethical business practices and strong governance
Turning Point:	Turning Point Therapeutics, Inc.
TWD:	New Taiwan Dollar
Underwriters:	Goldman Sachs (Asia) L.L.C., Jefferies LLC and Leerink Partners LLC, collectively
U.S.:	United States
U.S. GAAP:	Generally Accepted Accounting Principles in the United States
VYVGART:	The brand name for the IV formulation of efgartigimod
VYVGART Hytrulo:	The brand name for the SC formulation of efgartigimod

XACDURO (SUL-DUR):	A combination of a beta-lactam antibiotic (sulbactam) and beta-lactamase inhibitor (durlobactam)
Zai Lab:	Zai Lab Limited, holding company, and its subsidiaries on a consolidated basis
Zai Lab Limited:	Zai Lab Limited, a holding company
Zai Lab Shanghai:	Zai Lab (Shanghai) Co., Ltd., a wholly-owned subsidiary of the Company
Zai Lab Suzhou:	Zai Lab (Suzhou) Co., Ltd., a wholly-owned subsidiary of the Company
Zenas:	Zenas BioPharma (HK) Limited, a subsidiary of Zenas BioPharma, Inc.
ZEJULA (Niraparib):	An orally administered PARP 1/2 inhibitor
ZL-1503:	A pre-clinical IL-13 / IL-31 bi-specific antibody
2015 Plan:	Zai Lab Limited 2015 Omnibus Equity Incentive Plan, as amended
2017 Plan:	Zai Lab Limited 2017 Equity Incentive Plan
2022 Plan:	Zai Lab Limited 2022 Equity Incentive Plan
2024 Plan:	Zai Lab Limited 2024 Equity Incentive Plan
$:	U.S. Dollar
A$:	Australian Dollar
HK$:	Hong Kong Dollar