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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO**

Commission File Number 001-36687

XENON PHARMACEUTICALS INC.

(Exact Name of Registrant as Specified in its Charter)

Canada	**98-0661854**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
200-3650 Gilmore Way	
Burnaby, British Columbia	**V5G 4W8**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (604) 484-3300

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, without par value	XENE	The Nasdaq Stock Market LLC (The Nasdaq Global Market)

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☒ NO ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on the closing price of the common shares on The Nasdaq Global Market on June 30, 2025, was approximately $2,404.9 million. Common shares held by each executive officer and director and by each other person who may be deemed to be an affiliate of the Registrant, have been excluded from this computation. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of common shares of the Registrant outstanding as of February 23, 2026 was 83,190,316.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Definitive Proxy Statement relating to the 2026 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission subsequent to the date hereof, are incorporated by reference into Part III of this Report. Such Proxy Statement will be filed with the Securities and Exchange Commission not later than 120 days following the end of the Registrant's fiscal year ended December 31, 2025.

Auditor Firm Id:	238	Auditor Name:	PricewaterhouseCoopers LLP	Auditor Location:	Boston, Massachusetts

XENON PHARMACEUTICALS INC.

FORM 10-K

For the Fiscal Year Ended December 31, 2025

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PART I

Forward-Looking Statements

Certain statements contained in this Annual Report on Form 10-K may constitute forward-looking statements under applicable law. The words or phrases "would be," "will allow," "intends to," "may," "believe," "plan," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," or similar expressions, or the negative of such words or phrases, are intended to identify "forward-looking statements." You should read these statements carefully because they discuss future expectations, contain projections of future results of operations or financial condition, or state other "forward-looking" information. These statements relate to our future plans, objectives, expectations, intentions and financial performance and the assumptions that underlie these statements. These forward-looking statements include, but are not limited to:

- our ability to identify additional products or product candidates either from our internal research efforts or through acquiring or in-licensing other product candidates or technologies;
- the initiation, timing, cost, progress and success of our research and development programs, pre-clinical studies and clinical studies;
- our ability to advance product candidates into, and successfully complete, clinical studies;
- our ability to recruit sufficient numbers of patients for our current and future clinical studies;
- our ability to obtain funding for our operations in sufficient amounts or on terms acceptable to us, including funding necessary to complete further development, approval and, if approved, commercialization of our product candidates;
- our ability to independently develop and commercialize product candidates;
- developments relating to our competitors and our industry, including the success of competing therapies that are or become available;
- our pre-commercial, commercialization, marketing and manufacturing capabilities and strategy;
- our ability to obtain and maintain intellectual property protection for our product candidates and the duration of such protection;
- the therapeutic benefits, effectiveness and safety of our product candidates;
- the timing of, and our and our collaborators' ability to obtain and maintain, regulatory approvals for our product candidates;
- the accuracy of our estimates of the size and characteristics of the markets that may be addressed by our products and product candidates and our ability to serve those markets, either alone or in partnership with others;
- the rate and degree of market acceptance and clinical utility of any future products;
- the pricing and reimbursement of our product candidates, if approved;
- our expectations regarding federal, state and foreign regulatory requirements;
- our ability to establish and maintain collaborations;
- our expectations regarding market risk, including interest rate changes and foreign currency fluctuations;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- our ability to engage and retain the employees required to grow our business;
- our future financial performance; and
- the direct and indirect impact of pandemics, epidemics and other public health emergencies on our business and operations, including supply chain, manufacturing, research and development costs, clinical study conduct, clinical study data and employees.

These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in this report in Part I, Item 1A — "Risk Factors," and elsewhere in this Annual Report on Form 10-K. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. These statements, like all statements in this report, speak only as of their date, and we undertake no obligation to update or revise these statements in light of future developments. In this Annual Report on Form 10-K, "we," "our," "us," "Xenon," and "the Company" refer to Xenon Pharmaceuticals Inc. and its subsidiary. Unless otherwise noted, all dollar amounts in this report are expressed in United States dollars.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Annual Report on Form 10-K, and although we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted a thorough inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements.

This Annual Report on Form 10-K includes our trademarks and registered trademarks, including the Xenon logo and other trademarks or service marks of Xenon. Other trademarks, trade names or service marks appearing in this Annual Report on Form 10-K belong to their respective holders.

Risk Factors Summary

Our business is subject to numerous risks and uncertainties, including those highlighted in the section of this report captioned "Risk Factors." The following is a summary of the principal risks we face:

- We have incurred significant losses since our inception and anticipate that we will continue to incur significant losses for the foreseeable future.
- We will need to raise additional funding, which may not be available on acceptable terms, if at all. Failure to obtain capital when needed may force us to delay, limit or terminate our product discovery and development programs or commercialization efforts or other operations.
- Our business substantially depends upon the successful development of azetukalner. If we are unable to obtain regulatory approval for, and successfully commercialize, azetukalner, our business may be materially harmed.
- Clinical studies may fail to demonstrate adequately the safety and efficacy of our, or our collaborators', product candidates at any stage of clinical development. Terminating the development of any of our, or our collaborators', product candidates could materially harm our business and the market price of our common shares.
- We, or our collaborators, may find it difficult to enroll patients in our clinical studies which could delay or prevent the successful completion of clinical studies of our product candidates.
- We, or our collaborators, may incur unexpected costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our, or our collaborators', product candidates.
- The regulatory approval processes of the FDA, EMA and regulators in other foreign jurisdictions are lengthy, time-consuming and inherently unpredictable. If we, or our collaborators, are unable to obtain regulatory approval for our product candidates in a timely manner, or at all, our business may be substantially harmed.
- If we are unable to establish our own sales, marketing and distribution capabilities or enter into agreements for these purposes, we may not be successful in independently commercializing any future products.
- Our prospects for successful development and commercialization of our partnered products and product candidates are dependent upon the research, development and marketing efforts of our collaborators.
- Our reliance on third parties to manufacture our product candidates may increase the risk that we will not have sufficient quantities of our product candidates, raw materials, APIs or drug products when needed or at an acceptable cost.
- We rely on third parties to conduct our pre-clinical studies and clinical studies. If these third parties do not successfully carry out their contractual duties, including to comply with applicable laws and regulations or meet expected deadlines, our business could be substantially harmed.
- We could be unsuccessful in obtaining or maintaining adequate patent protection for one or more of our products, product candidates or future products.
- We may not be able to protect our intellectual property rights throughout the world.

- Our business and operations could suffer in the event of an actual or perceived information security incident such as a cybersecurity breach, system failure or other compromise of our systems and/or information, including information held by a third-party contractor or vendor.
- The market price of our common shares may be volatile, and purchasers of our common shares could incur substantial losses.
- Future sales and issuances of our common shares or securities convertible into or exchangeable for common shares would cause our shareholders to incur dilution and could cause the market price of our common shares to fall.

Our Risk Factors are not guarantees that no such conditions exist as of the date of this report and should not be interpreted as an affirmative statement that such risks or conditions have not materialized, in whole or in part.

Item 1. Business

We are a neuroscience-focused biopharmaceutical company dedicated to drug discovery, clinical development and commercialization of life-changing therapeutics for patients in need. We are advancing a differentiated product pipeline led by our investigational candidate, azetukalner, which is being studied in multiple Phase 3 studies in epilepsy, major depressive disorder, or MDD, and bipolar depression, or BPD. Our early-stage pipeline includes Kv7 potassium channel openers and Nav sodium channel modulators being advanced for select high-need indications, including pain.

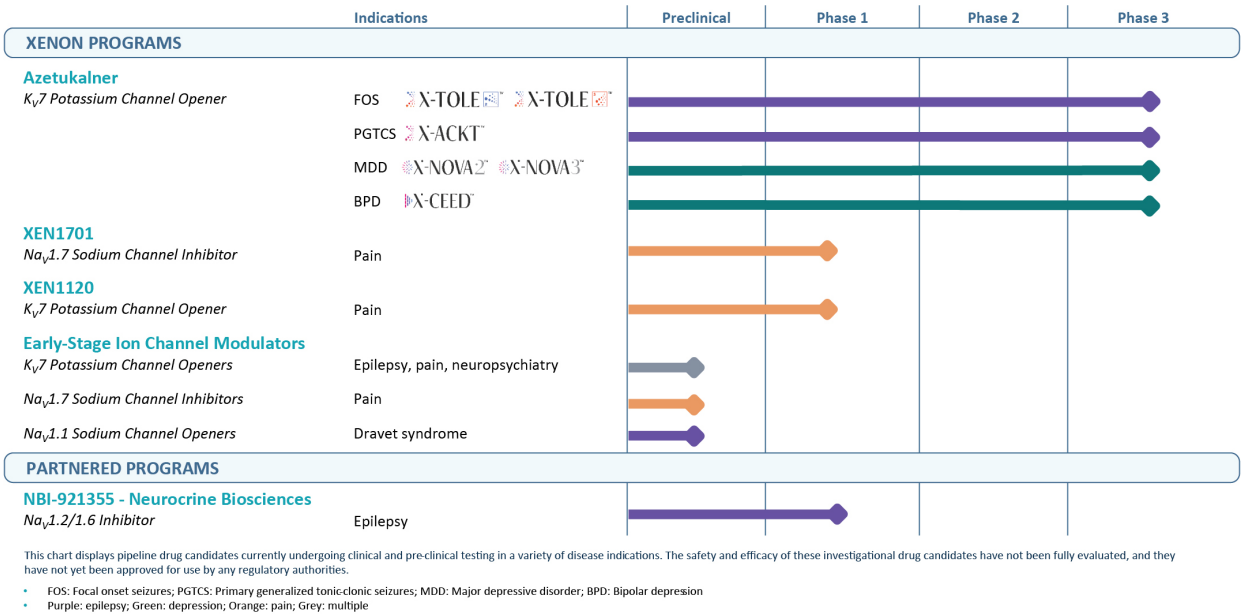
Our Strategy

Our goal is to build a fully-integrated and profitable biopharmaceutical company that discovers, develops, and commercializes innovative therapeutics to treat a range of neurological and psychiatric disorders.

Key components of our strategy include:

- Leveraging our discovery capabilities – which were founded upon our understanding of the genetics of channelopathies combined with proprietary biology and medicinal chemistry assets and know-how – to identify product candidates for development;
- Advancing selected proprietary product candidates through clinical development;
- Selectively establishing collaborations that allow us to potentially expand our internal capabilities and/or address broader commercial opportunities than may be possible independently;
- Identifying opportunities to further expand our pipeline through indication expansion, acquisition, or in-licensing of external product candidates; and
- Commercializing product candidates alone or in collaboration with others, including our late-stage investigational candidate, azetukalner, which is being studied in epilepsy and depression.

Our Pipeline



This chart displays pipeline drug candidates currently undergoing clinical and pre-clinical testing in a variety of disease indications. The safety and efficacy of these investigational drug candidates have not been fully evaluated, and they have not yet been approved for use by any regulatory authorities.

- FOS: Focal onset seizures; PGTCS: Primary generalized tonic-clonic seizures; MDD: Major depressive disorder; BPD: Bipolar depression
- Purple: epilepsy; Green: depression; Orange: pain; Grey: multiple

Our Product Candidates

Azetukalner

Azetukalner, a novel, potent Kv7 potassium channel opener, represents the most advanced, clinically-validated potassium channel modulator in late-stage clinical development for the treatment of multiple indications, including two in epilepsy – focal onset seizures, or FOS, and primary generalized tonic-clonic seizures, or PGTCS, – as well as neuropsychiatric disorders, including MDD or BPD.

Epilepsy Programs

Focal Onset Seizures

Phase 3 azetukalner clinical studies in FOS (X-TOLE2 and X-TOLE3) continue to progress. The X-TOLE2 study has completed enrollment with 380 patients randomized, and the topline data readout is anticipated in the first half of March 2026. The X-TOLE3 study continues to enroll and is intended to support regulatory submissions outside the United States. X-TOLE3 enrollment in all countries except Japan is expected to complete in 2026.

Designed closely after the Phase 2b X-TOLE clinical study, the Phase 3 X-TOLE2 and X-TOLE3 clinical studies are multicenter, randomized, double-blind, placebo-controlled studies evaluating the clinical efficacy, safety, and tolerability of 15 mg or 25 mg of azetukalner administered orally with food as adjunctive treatment in approximately 360 patients with FOS per study. The primary efficacy endpoint is the median percent change, or MPC, in monthly seizure frequency from baseline through the 12-week double-blind period, or DBP, of azetukalner compared to placebo. Upon completion of the DBP in the Phase 3 FOS epilepsy studies, eligible patients may enter an open label extension, or OLE, study for up to three years.

Primary Generalized Tonic-Clonic Seizures

The Phase 3 X-ACKT clinical study continues to enroll patients and is intended to support potential regulatory submissions in an additional epilepsy indication of PGTCS. X-ACKT is a multicenter, randomized, double-blind, placebo-controlled study evaluating the clinical efficacy, safety, and tolerability of 25 mg of azetukalner administered with food as adjunctive treatment in approximately 160 patients with PGTCS. The primary efficacy endpoint is the MPC in monthly PGTCS frequency from baseline through the 12-week DBP of azetukalner compared to placebo. Upon completion of the DBP in the X-ACKT study, eligible patients may enter an OLE study for up to three years.

Summary of Azetukalner Clinical Results in Epilepsy

Phase 1: Phase 1 studies conducted in healthy subjects suggested that azetukalner was generally well tolerated in the doses examined, and its pharmacokinetic profile supported a once-daily dosing schedule with food and without the need for titration, which has been utilized in all Phase 2 and Phase 3 studies. In addition, data from a Phase 1b transcranial magnetic stimulation, or TMS, study – which was designed to assess azetukalner's ability and potency to modulate cortical excitability – demonstrated activity in the target central nervous system, or CNS, tissue and helped inform dose selection for our Phase 2b clinical study.

Phase 2b X-TOLE Clinical Study: In October 2021, we announced topline results from the Phase 2b X-TOLE clinical study, which was designed as a randomized, double-blind, placebo-controlled, multicenter study to evaluate the clinical efficacy, safety, and tolerability of 10 mg, 20 mg, or 25 mg of azetukalner administered as once-daily adjunctive treatment with food in adult patients with focal epilepsy. The study included a total of 325 randomized and treated subjects in the safety population and 323 subjects in the modified intent-to-treat population for the efficacy analyses. Subjects had an average age of 40.8 ± 13.3 years, and 8.9%, 40.6%, or 50.5% of the subjects were on and continued taking one, two, or three stable background anti-seizure medications, or ASMs, throughout the study, respectively, and failed a median of six previous ASMs prior to study entry. The median baseline seizure frequency across the study groups was approximately 13.5 seizures per 28 days. Of the 285 subjects who completed the double-blind period, 96.5% entered the OLE to evaluate the long-term safety, tolerability, and effectiveness of azetukalner.

***Summary of X-TOLE Efficacy Results in the DBP*:** The X-TOLE study met its primary efficacy endpoint with azetukalner demonstrating a statistically significant and dose-dependent reduction from baseline in monthly (defined as 28 days) focal seizure frequency when compared to placebo (monotonic dose response; $p<0.001$). Primary and secondary measures in the topline data set included a pairwise comparison of each active dose to placebo and a responder analysis with the proportion of patients who achieved a 50% or greater reduction in monthly focal seizure frequency from baseline. Azetukalner demonstrated a statistically significant reduction from baseline in monthly focal seizure frequency in pairwise comparisons to placebo for all three azetukalner doses. The median percent reduction in monthly focal seizure frequency was 52.8% in the azetukalner 25 mg group, 46.4% in the azetukalner 20 mg group, and 33.2% in the azetukalner 10 mg group compared to 18.2% in the placebo group. Statistical significance was achieved for all dose groups compared to placebo with 2-sided p-values of $p<0.001$ for 25 mg vs. placebo, $p<0.001$ for 20 mg vs. placebo, and $p=0.035$ for 10 mg vs. placebo. A prespecified secondary endpoint of the study was a responder analysis, which compared the proportion of study subjects treated with azetukalner who achieved a ≥50% reduction in monthly focal seizures versus placebo. The percentage of subjects who achieved a ≥50% reduction in monthly focal seizures was 54.5% in the azetukalner 25 mg group, 43.1% in the azetukalner 20 mg group, and 28.3% in the azetukalner 10 mg group compared to 14.9% in the placebo group. Statistical significance was achieved for all dose groups compared to placebo with 2-sided p-values of $p<0.001$ for 25 mg vs. placebo, $p<0.001$ for 20 mg vs. placebo, and $p=0.037$ for 10 mg vs placebo. In addition to the topline data, further sub-analyses were presented in December 2021. These sub-analyses include the proportion of patients with at least a 75% reduction in monthly focal seizure frequency from baseline along with the proportion of patients who achieved 100% reduction in monthly seizure frequency from baseline. Efficacy results are summarized in the following table; all p-values are 2-sided comparing the active dose to placebo for the prespecified primary and secondary seizure reduction endpoints:

	Azetukalner 25 mg (n=112)	**Azetukalner 20 mg (n=51)**	**Azetukalner 10 mg (n=46)**	**Placebo (n=114)**
Median reduction from baseline in monthly focal seizure frequency	52.8% ($p<0.001$)	46.4% ($p<0.001$)	33.2% ($p=0.035$)	18.2%
Patients with **at least a 50%** reduction in monthly focal seizure frequency from baseline	54.5% ($p<0.001$)	43.1% ($p<0.001$)	28.3% ($p=0.037$)	14.9%
Patients with **at least a 75%** reduction in monthly focal seizure frequency from baseline	29.5%	29.4%	8.7%	6.1%
Patients with **100%** reduction in monthly focal seizure frequency from baseline	6.3%	7.8%	2.2%	1.8%

Additional sub-analyses were performed in patients with different baseline characteristics given that X-TOLE included a difficult-to-treat patient population as defined by the number of prior failed ASMs, concomitant ASMs on study, and baseline seizure burden. The table below outlines a sub-group analyses of median percent reduction in seizures within the 25 mg dose group, showing that there was a significant increase in seizure reduction in patients with less disease severity at baseline:

	Azetukalner 25 mg Median reduction from baseline in monthly focal seizures frequency	**Placebo**
Overall in X-TOLE	52.8% (n=112)	18.2% (n=114)
Prior failed ASMs > 6	43.2% (n=45)	14.2% (n=47)
Prior failed ASMs ≤ 6	58.3% (n=67)	20.5% (n=67)
Concomitant ASMs = 3	51.3% (n=54)	20.4% (n=56)
Concomitant ASMs ≤ 2	59.7% (n=58)	14.4% (n=58)
Baseline seizures > 8.5 per month	50.8% (n=83)	18.2% (n=84)
Baseline seizures ≤ 8.5 per month	70.6% (n=29)	18.8% (n=30)

In addition, an analysis of seizure reduction across seizure subtypes showed a median percent reduction in monthly focal seizure frequency of 86.9% (n=23) in 'type 4' focal seizures that lead to generalized tonic-clonic seizures in the 25 mg dose group. A time-to-event analysis analyzing the time to reach the baseline monthly focal seizure count during the double-blind period showed a marked dose-dependent decrease in the rate of seizure recurrence when comparing azetukalner to placebo.

These marked reductions in seizures were associated with statistically significant improvements in overall status, as assessed by physicians using the Clinical Global Impression of Change, or CGI-C, and by subject self-reporting using the Patient Global Impression of Change, or PGI-C, scales in the azetukalner 25 mg group, which are shown in the table below:

	Azetukalner 25 mg (n=112)	**Placebo (n=114)**
CGI-C (Portion of patients much improved or very much improved)	46.4% ($p<0.001$)	22.8%
PGI-C (Portion of patients much improved or very much improved)	42.9% ($p=0.001$)	21.9%

The azetukalner 25 mg group was statistically significant in CGI-C and PGI-C, and the azetukalner 20 mg group was statistically significant in PGI-C, while the azetukalner 20 mg group in CGI-C and the azetukalner 10 mg group for both CGI-C and PGI-C showed numerical improvements over placebo but were not statistically significant.

***Summary of X-TOLE Safety Results in the DBP*:** Azetukalner was generally well tolerated in the DBP with adverse events, or AEs, generally consistent with other ASMs. The incidence of treatment-emergent adverse events, or TEAEs, was higher in the treatment groups as compared to the placebo group, with 62.3% of patients in the placebo group, 67.4% of patients in the azetukalner 10 mg group, 68.6% of patients in the azetukalner 20 mg group, and 85.1% of patients in the azetukalner 25 mg group experiencing at least one TEAE. The TEAEs that were greater than or equal to 5% in all treatment arms were attributed to nervous system disorders; psychiatric disorders; general disorders; gastrointestinal disorders; eye disorders; and infections – with the majority related to the central nervous system, mild or moderate in severity, and occurring early in the treatment period. Across all azetukalner dose groups (n=211), the most common TEAEs were dizziness (n=52, 24.6%), somnolence (n=33, 15.6%), fatigue (n=23, 10.9%), and headache (n=21, 10.0%). The breakdown of subjects with dizziness across dose groups including placebo is as follows: 8 subjects (7.0%) in the placebo group, 3 subjects (6.5%) in the 10 mg group, 13 subjects (25.5%) in the 20 mg group, and 36 subjects (31.6%) in the 25 mg group. The incidence of treatment-emergent serious adverse events, or SAEs, was similar in all four arms of the study with 2.6% of patients in the placebo group, 4.3% of patients in the azetukalner 10 mg group, 3.9% of patients in the azetukalner 20 mg group, and 2.6% of patients in the azetukalner 25 mg group experiencing at least one treatment-emergent SAE. There were 3.5% of subjects in the placebo group, 2.2% of subjects in the azetukalner 10 mg group, 13.7% of subjects in the azetukalner 20 mg group, and 15.8% of subjects in the azetukalner 25 mg group that had an AE leading to treatment discontinuation. Two TEAEs of urinary retention were reported in the active treatment groups, one of which required a dose reduction, and both subjects remained on drug with no other changes or intervention. There was no evidence of urinary retention based upon mean differences across treatment groups in the total or individual items of the American Urological Association Symptom Index. There was no cardiovascular signal of concern based on vital signs from resting or orthostatic tests; there were no safety signals of concern from physical or neurologic exams; and there were no signals of concern from ECGs, safety labs or urinalysis. Weight changes were modest with mean (SD) changes of 0.2 kg (2.4) in the placebo group, 0.6 kg (2.3) in the 10 mg group, 1.6 kg (2.2) in the 20 mg group and 1.9 kg (2.9) in the 25 mg group.

Additional Post Hoc Sub-Analyses of X-TOLE Data and Interim Open Label Extension (OLE) Data: Additional sub-analyses of the X-TOLE data suggest that the rapid onset of efficacy for azetukalner was associated with starting at an effective, therapeutic dose. There was a statistically significant reduction in median seizure frequency within one week for all doses compared with placebo. Rapid onset of efficacy of azetukalner was seen at week 1, with a dose-dependent reduction from baseline in median weekly seizure frequency of 39.1% ($p<0.01$, n=46), 41.5% ($p=0.04$, n=50) and 55.4% ($p<0.001$, n=110) in the 10 mg, 20 mg, and 25 mg groups, respectively, compared to placebo (20.2%, n=114).

The most recent interim data from the ongoing 7-year X-TOLE OLE, in which participants received open-label azetukalner at a dose of 20 mg once daily with food, were presented in December 2025. For ongoing OLE patients, monthly MPC reductions in FOS frequency ranged from 61% to 82% during month one to OLE study month 24 and were maintained at 91% at OLE study month 48. Patients who were receiving one to two ASMs at baseline experienced higher monthly MPC reductions in FOS frequency from baseline at OLE study month 48 (100% seizure reduction, n=60), compared to those receiving three ASMs (82% seizure reduction, n=69). For those participants who were treated for >48 months in the OLE, 38% (50/131) achieved seizure freedom for a period of at least 12 months. Long-term safety of azetukalner in the OLE was comparable with the safety observed in the DBP. Retention rates with azetukalner at 12, 24, 36, and 48 months into the OLE study period were 66%, 60%, 52%, and 46%, respectively.

About Epilepsy and Seizure Types

Epilepsy is a chronic neurologic disorder, the hallmark of which is recurrent, unprovoked and unpredictable seizures. Individuals are diagnosed with epilepsy if they have two unprovoked seizures (or one unprovoked seizure with the likelihood of recurrent seizures) that were not caused by a known and reversible medical condition. Seizures are generally described in two major groups: focal onset seizures or FOS, and generalized seizures. FOS are the most common type of seizure experienced by people with epilepsy. FOS are localized within the brain and can either stay localized or spread to the entire brain, which is typically categorized as a secondarily generalized seizure. Approximately 60% of people with epilepsy in the U.S. have FOS, which results in a total patient population of approximately 1.8 million. Generalized seizures affect both sides of the brain or groups of cells on both sides of the brain at the same time. This term includes primary generalized tonic-clonic seizures, or PGTCS, absence seizures, and atonic seizures. Approximately 30% of people with epilepsy in the U.S., or approximately 0.9 million, have generalized seizures, of which the majority experience PGTCS. The remaining 10% of people with epilepsy in the U.S. experience seizures characterized as unknown onset seizures, which occurs when the beginning of the seizure is unknown. As more information is learned, unknown onset seizures may later be diagnosed as focal onset or generalized seizures.

Numerous ASMs are available for the treatment of seizures in the U.S., although there are fewer indicated for PGTCS. The treatment of an individual patient with FOS or PGTCS is currently focused on reduction of seizure frequency, with seizure freedom as the ultimate goal. Early treatment typically begins with monotherapy followed by increasing use of polypharmacy to manage patients with residual seizure burden. Despite the availability of multiple treatment options, up to 50% of patients are considered inadequately managed with initial lines of therapy warranting additional treatment options. For poorly managed patients, physicians increasingly turn to complementary mechanisms used as adjunctive therapy to control seizures. We believe there is a need for new, more effective and tolerable treatments for FOS and PGTCS that have rapid onset of action, unique mechanisms of action important in polypharmacy, and are easy to take (for example, once-daily and no dose titration). Based on our market research, we believe azetukalner could offer a compelling value proposition to address FOS and PGTCS, if approved.

Neuropsychiatric Programs

We continue to explore the applicability of azetukalner in neuropsychiatric disorders based on establishing a strong scientific rationale, availability of preclinical and clinical data, and a determination of unmet medical needs. Phase 3 studies evaluating azetukalner in major depressive disorder, or MDD, and bipolar depression I or II, or BPD, are underway.

Major Depressive Disorder

Our Phase 3 MDD program currently includes two multicenter, randomized, double-blind, placebo-controlled clinical studies to evaluate the clinical efficacy, safety, and tolerability of 20 mg of azetukalner administered orally with food over the 6-week DBP as monotherapy treatment in approximately 450 patients with moderate-to-severe MDD per study. The primary efficacy endpoint is the change from baseline in the HAM-D17 score at week 6 in patients who received azetukalner compared to placebo. Upon completion of the DBP, eligible patients may enter an OLE study for up to 12 months. Two Phase 3 clinical studies evaluating azetukalner in patients with MDD, X-NOVA2 and X-NOVA3, are currently enrolling patients. Topline data from X-NOVA2 are expected in the first half of 2027.

Bipolar Depression

Our Phase 3 BPD program currently includes one multicenter, randomized, double-blind, placebo-controlled clinical study to evaluate the clinical efficacy, safety, and tolerability of 20 mg of azetukalner administered orally with food over the 6-week DBP as monotherapy treatment in approximately 400 patients with BPD I or II. The primary efficacy endpoint is the change from baseline in the Montgomery-Åsberg Depression Rating Scale, or MADRS, score at week 6 in patients who received azetukalner compared to placebo. Upon completion of the DBP, eligible patients may enter an OLE study for up to 12 months.

Summary of Azetukalner Clinical Results in MDD

Phase 2 Proof-of-Concept X-NOVA Clinical Study: In November 2023, we reported topline results from the randomized, double-blind, placebo-controlled, Phase 2 proof-of-concept X-NOVA clinical study, which evaluated the clinical efficacy, safety, and tolerability of 10 mg and 20 mg of azetukalner taken once daily with food in 168 patients with moderate to severe MDD. The primary objective was to assess the efficacy of azetukalner compared to placebo on improvement of depressive symptoms in subjects diagnosed with moderate to severe MDD, using the MADRS score change through week 6.

Summary of X-NOVA Efficacy Data in the DBP: The primary endpoint of the study was a change in MADRS at week 6. The mean reduction was 13.90 in the placebo group, 15.61 in the azetukalner 10 mg group and 16.94 in the azetukalner 20 mg group. A clear dose response and a clinically meaningful, but not statistically significant, 3.04 difference between placebo and the azetukalner 20 mg group (p=0.135) was observed. A significant change was achieved on the following additional endpoints in the study:

- Pre-specified endpoint of the Hamilton Depression Rating Scale, or HAM-D17, at week 6 with a mean reduction of 10.18 in the placebo group and 13.26 in the azetukalner 20 mg group (p=0.042 (nominal));
- Key secondary endpoint of a change in the Snaith-Hamilton Pleasure Scale, or SHAPS, measuring anhedonia at week 6 with a reduction of 5.30 in the placebo group and 7.77 in the azetukalner 20 mg group (p=0.046 (nominal));
- MADRS at week 1 with a mean reduction of 4.88 in the placebo group and 7.54 in the azetukalner 20 mg group (p=0.047 (nominal)) demonstrating early onset of efficacy; and
- At least minimally improved symptoms of depression as assessed by physicians using the Clinical Global Impression of Improvement, or CGI-I, (p=0.004 (nominal)); in the azetukalner 20 mg group compared to placebo.

Summary of X-NOVA Safety and Tolerability Data in the DBP: Azetukalner was generally well tolerated with similar rates of adverse events reported across all treatment arms. The most commonly reported TEAEs in the azetukalner 20 mg group included dizziness (17.9%), somnolence (10.7%), headache (8.9%), and disturbance in attention (8.9%), as compared to the placebo group which reported dizziness (7.3%), somnolence (1.8%), headache (12.7%), and disturbance in attention (0%). Rates of discontinuation were similar across all treatment arms and rates of discontinuation due to TEAEs were low with three patients in the azetukalner 20 mg group (5.4%), as compared to two patients in the placebo group (3.6%). No serious adverse events, or SAEs, were reported in the two azetukalner treatment groups and there were two patients (3.6%) in the placebo group who experienced a treatment-emergent SAE. Azetukalner was not associated with notable weight gain, and patients did not report notable sexual dysfunction.

About Major Depressive Disorder (MDD) and Bipolar Disorder (BPD)

MDD is a common, chronic neurological disorder characterized by low mood, inability to feel pleasure, feelings of guilt and worthlessness, low energy, and other emotional and physical symptoms that last for two weeks or more, and which impairs social, occupational, educational, or other important functioning. MDD is highly prevalent and difficult to treat. According to the National Institutes of Health, an estimated 7.8% of U.S. adults (21.0 million) experience MDD each year, and of them approximately two-thirds had severe impairment associated with their depression. Results of the Sequenced Treatment Alternatives to Relieve Depression, or STAR*D trial, funded by the National Institute of Mental Health, indicate that nearly two-thirds of diagnosed and treated patients do not experience adequate treatment response with first-line therapy, and that the majority of these initial failures also fail second-line treatment, highlighting the need for new anti-depressant medications with novel mechanisms of action.

BPD refers to the depressive episodes that are part of bipolar disorder, a psychiatric condition impacting an estimated 6 million U.S. adults. On average, patients diagnosed with bipolar disorder spend 3 times as many days with depressive symptoms than with manic/hypomanic symptoms, and the severity of depressive symptoms has been associated with functional impairment, reduced quality of life, and a higher prevalence of attempted suicide. Effective treatments for BPD are limited, and many patients are non-adherent due to intolerability and side effects. There remains a significant unmet medical need for safe and effective therapies to treat patients with BPD.

Intellectual Property Related to Azetukalner

We have a comprehensive strategy in place to protect and expand the intellectual property portfolio that covers azetukalner. Importantly, two U.S. patents were issued in 2021 with claims covering: (1) distinct crystalline forms of azetukalner drug substance and related pharmaceutical compositions, along with methods for their preparation and use; and (2) various methods of orally administering azetukalner with or close to a meal. These U.S. patents are expected to expire in 2040 and 2039, respectively, absent any extensions of patent term. For a more detailed description of our intellectual property portfolio covering our pipeline of product candidates, see "—Intellectual Property" below.

Early-Stage Pipeline: Next Generation Ion Channel Modulators

We continue to expand our portfolio by leveraging our extensive ion channel expertise to discover and develop potassium and sodium channel therapeutics.

Pain

Acute and chronic pain affects more people than diabetes, heart disease, and cancer combined, yet effective, long-term treatment options are scarce. Acute pain serves as the body's normal, short-term alarm signal in response to an injury or illness. In contrast, chronic pain is a widespread condition defined by the International Association for the Study of Pain, or IASP, as pain that lasts or recurs for more than three months, persisting even after the initial cause has healed. 2021 data from the US Centers for Disease Control and Prevention, or CDC, show that chronic pain affects more than one in five American adults, often impacting daily life and well-being.

In 2025, we initiated two Phase 1 Single Ascending Dose/Multiple Ascending Dose, or SAD/MAD, studies in healthy adult participants investigating two novel potential candidates for pain. The first is for XEN1701 targeting the sodium channel Nav1.7 – an important pain-related target based on strong human genetic validation. The second is for XEN1120 targeting the Kv7 potassium channel. Both Nav1.7 and Kv7 represent potential new classes of pain medicines without the limitations of opioids. Completion of both Phase 1 SAD/MAD studies is expected in 2026, and we plan to evaluate the results of both studies for their potential to support initiating Phase 2 proof-of-concept studies in acute pain.

Epilepsy

Investigational New Drug, or IND, application-enabling studies are ongoing for our Nav1.1 program for the treatment of Dravet syndrome. Pre-clinical data suggest that targeting Nav1.1 could potentially address the underlying cause and symptoms of the disease.

Our Partnered Program with Neurocrine Biosciences

In December 2019, we entered into a license and collaboration agreement with Neurocrine Biosciences to develop treatments for epilepsy. The agreement also included a multi-year research collaboration to discover, identify and develop additional novel Nav1.6 and Nav1.2/1.6 inhibitors, which was completed in June 2022. As part of this ongoing collaboration, NBI-921355, a Nav1.2/1.6 sodium channel inhibitor, has progressed into a Phase 1 first-in-human study as a potential treatment for certain types of epilepsy, and the study remains ongoing. For a more detailed description of the terms of this agreement with Neurocrine Biosciences, see "—Collaborations, Commercial and License Agreements" below.

Collaborations, Commercial and License Agreements

License and Collaboration Agreement with Neurocrine Biosciences, Inc.

In December 2019, as amended in January 2021 and February 2022, we entered into a license and collaboration agreement, or the Collaboration Agreement, with Neurocrine Biosciences to establish a collaboration under which the parties will identify, research and develop sodium channel inhibitors, including XEN901, renamed as NBI-921352, and certain pre-clinical candidates, or DTCs, and research compounds which Neurocrine Biosciences will have the exclusive right to further develop and commercialize under the terms and conditions set forth in the Collaboration Agreement.

Neurocrine Biosciences has an exclusive, royalty-bearing, sublicensable license to certain of our intellectual property rights for the research, development and commercialization of these compounds on a worldwide basis for the treatment, cure, diagnosis, prediction or prevention of any human disease or disorder, state, condition and/or malady, subject to certain exceptions set forth in the Collaboration Agreement. We also granted to Neurocrine Biosciences a non-exclusive, non-royalty-bearing, sublicensable license to certain of our intellectual property rights for the screening of compounds for identification as a Select Nav Inhibitor (as defined below) and for the research of certain compounds otherwise expressly excluded from the Collaboration Agreement, or the Excluded Compounds.

During the term of the Collaboration Agreement, other than the Excluded Compounds and otherwise in accordance with the terms of the Collaboration Agreement, neither we nor any of our respective affiliates are permitted to directly or indirectly research, develop, manufacture or commercialize a compound that, as its primary mechanism of action, binds to and inhibits voltage-gated sodium channels Nav1.2 and Nav1.6, such compound referred to as a Select Nav Inhibitor.

Each party is solely responsible for all costs such party incurs to conduct its activities under the development and research plans, provided that, with respect to NBI-921352 development and research activities, Neurocrine Biosciences reimburses us for certain full-time employees and out-of-pocket expenses incurred by us, and with respect to certain development activities related to certain DTCs, Neurocrine Biosciences may make agreed-upon reimbursements.

Except for the activities set forth in the development plans, Neurocrine Biosciences is solely responsible, at its sole cost and expense, for all development and manufacturing of the compounds and any pharmaceutical product that contains a compound, subject to the Co-Funding Option (as defined below). We will have the right to elect to co-fund the development of one product in the first indication that meets or exceeds a specified prevalence threshold, or a Major Indication, under such development plan and to receive a mid-single digit percentage increase in royalties owed on the net sales as calculated pursuant to the terms of the Collaboration Agreement, or Net Sales, of such products in the U.S., or the Co-Funding Option. If we exercise the Co-Funding Option, the parties will share equally all reasonable and documented costs and expenses that Neurocrine Biosciences incurs in connection with the development of such product in the applicable indication, except costs and expenses that are solely related to the development of such product for regulatory approval outside the U.S. We have not exercised this option as of February 26, 2026.

Neurocrine Biosciences paid us an upfront payment of $50.0 million, which included a $30.0 million payment in cash. For the remainder of the upfront payment, concurrently with the entry into the Collaboration Agreement, the parties entered into the Share Purchase Agreement (as defined below) pursuant to which we issued and sold common shares to Neurocrine Biosciences for an aggregate purchase price of $20.0 million.

In February 2025, NBI-921355, a Nav1.2 and Nav1.6 sodium channel inhibitor in development for the potential treatment for certain types of epilepsy, progressed into a Phase 1 clinical study in healthy adult participants, triggering a $7.5 million milestone payment to us.

The Collaboration Agreement also provides for potential aggregate development and regulatory milestone payments from Neurocrine Biosciences to us of up to $325.0 million for a NBI-921352 product and up to $247.5 million for each other Compound up to a maximum of three other Compounds. Sales-based milestones of up to $150.0 million for each Compound will be paid from Neurocrine Biosciences to us upon the achievement of certain Net Sales targets, up to a maximum of four Compounds.

Neurocrine Biosciences' obligations to pay royalties with respect to a product and country will expire upon the latest of: (i) the expiration of the last to expire valid claim in (a) the parties' joint patent rights filed during the Research Term or a specified period of time thereafter or (b) our patent rights as specified in the Collaboration Agreement, in each case that cover such product; (ii) ten years from the first commercial sale of the product in such country; and (iii) the expiration of regulatory exclusivity for such product in such country, or the Royalty Term. Royalty payments are subject to reduction in specified circumstances, including expiration of patent rights or if average Net Sales decrease by a certain percentage after the introduction of a generic product. Unless earlier terminated, the term of the Collaboration Agreement will continue on a product-by-product and country-by-country basis until the expiration of the Royalty Term for such product in such country.

Neurocrine Biosciences may terminate the Collaboration Agreement in its entirety or on a product-by-product or country-by-country basis, for any or no reason, by providing at least 90 days' written notice, provided that such unilateral termination will not be effective (i) with respect to a NBI-921352 product until Neurocrine Biosciences has used its commercially reasonable efforts to complete one Phase 2 clinical trial for a NBI-921352 product; (ii) with respect to a DTC product until Neurocrine Biosciences has used its commercially reasonable efforts to complete one Phase 1 clinical trial for a DTC product; and (iii) with respect to the Collaboration Agreement in its entirety until Neurocrine Biosciences has used its commercially reasonable efforts to complete both of these clinical trials. Either party may terminate the Collaboration Agreement in the event of a material breach in whole or in part, subject to specified conditions. If Neurocrine Biosciences is entitled to terminate the Collaboration Agreement due to our uncured material breach, in lieu of termination, Neurocrine Biosciences may elect to reduce all subsequent payments owing from Neurocrine Biosciences to us by half.

Upon the termination of the Collaboration Agreement for any reason, all licenses and other rights granted to Neurocrine Biosciences by us shall terminate, provided that if termination is solely with respect to one or more products or countries, then such termination will apply only to the terminated products or countries. Upon termination in certain cases, Neurocrine Biosciences has agreed to grant us licenses to certain Neurocrine Biosciences intellectual property that is reasonably necessary, and that was actually used by Neurocrine Biosciences for the development, manufacturing or commercialization of the terminated products, to research, develop and commercialize the terminated products in the terminated countries. Such license will be royalty-free with respect to any terminated product for which a Phase 2 clinical trial was not completed prior to the effective date of termination, and otherwise will be royalty-bearing ranging from a low-single digit percentage to a high-single digit percentage depending on the stage of development of the applicable product at the effective date of termination.

Asset Purchase Agreement with 1st Order Pharmaceuticals, Inc.

In April 2017, we entered into an asset purchase agreement with 1st Order Pharmaceuticals, Inc., or 1st Order, pursuant to which we acquired all rights with respect to azetukalner (previously known as 1OP2198 and XEN1101). 1st Order previously acquired 1OP2198 from Valeant Pharmaceuticals Luxembourg S.a.r.l., an indirect subsidiary of Bausch Health Companies Inc., together with Valeant Pharmaceuticals Ireland Limited, Bausch Health, and assumed certain obligations, including potential milestone and royalty payments.

In September 2018, we signed an agreement with Bausch Health to buy out all future milestone payments and royalties owed to Bausch Health with respect to azetukalner, including up to $39.6 million in potential clinical development, regulatory and sales-based milestones and a mid-to-high single digit percentage royalty on commercial sales in exchange for a one-time payment of $6.0 million.

In August 2020, we entered into an amendment to the asset purchase agreement to amend certain definitions in the agreement and to modify the payment schedule for certain milestones. Through December 31, 2025, we have paid $2.0 million based on progress against these milestones. We remain responsible for future potential payments of up to $6.0 million in regulatory milestones. There are no royalty obligations to 1st Order.

Intellectual Property

As part of our business strategy, we strive to protect the proprietary technologies that we believe are important to our business, including pursuing and maintaining patent protection intended to cover our product candidates and their methods of use and processes for their manufacture, as well as other inventions that are important to our business. We plan to continue to expand our intellectual property estate by filing patent applications for new inventions directed to, among other things, compositions, methods of use, treatment and patient selection, formulations and manufacturing processes created or identified from our ongoing development of our product candidates and future products. We also rely on trade secrets, internal know-how, technological innovations and agreements with third parties to develop, maintain and protect our competitive position. Our ability to be competitive will depend on the success of this strategy.

As of December 31, 2025, we owned, co-owned or licensed 22 U.S. issued patents, 68 issued patents in foreign jurisdictions (exclusive of European and Eurasian patent national validations), and over 295 pending patent applications.

With regard to azetukalner, as of December 31, 2025, we owned 8 U.S. issued patents, 36 issued patents in foreign jurisdictions (exclusive of European and Eurasian patent national validations) and over 170 pending patent applications. The issued patents, along with any additional patents issuing from these applications, are expected to expire between 2028 and 2046 (absent any extensions of term).

With regard to our selective inhibitors of Nav1.6 and/or Nav1.2 (including NBI-355, formerly known as XEN193), as of December 31, 2025, we owned 10 U.S. issued patents, 30 issued patents in foreign jurisdictions (exclusive of European and Eurasian patent national validations), and over 35 pending patent applications. The issued patents, along with any additional patents issuing from these applications, are expected to expire between 2037 and 2046 (absent any extensions of term). Pursuant to our collaboration with Neurocrine Biosciences, Neurocrine Biosciences controls the prosecution, maintenance and other matters relating to some of the patent portfolio for the selective Nav1.6 inhibitors and dual Nav1.2/1.6 inhibitors subject thereto, although we have a right to comment.

With regard to our development programs, including targets related to Kv7 (exclusive of azetukalner), Nav1.1 and Nav1.7, as of December 31, 2025, we owned 4 U.S. issued patents and over 80 pending patent applications. The issued patents, along with any patents issuing from these applications, are expected to expire between 2036 and 2046 (absent any extensions of term).

Competition

The biotechnology and pharmaceutical industries are highly competitive and are characterized by rapidly advancing technologies and a strong emphasis on proprietary products. While we believe that our technology, development experience, scientific knowledge and drug discovery approach provide us with certain advantages, we face potential competition in our discovery and product candidate development efforts from many different approaches and sources, including pharmaceutical and biotechnology companies, academic institutions and governmental agencies and public and private research institutions. Any product candidates or products that we, or our collaborators, successfully develop and commercialize will compete with existing products and new products that may become available in the future.

Many of the companies against which we are competing or against which we may compete in the future have significantly greater financial resources and expertise in research and development, manufacturing, pre-clinical testing, conducting clinical studies, obtaining regulatory approvals and marketing approved products than we, or our collaborators, do. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaboration arrangements with large and established companies.

Our commercial opportunities could be reduced or eliminated if our competitors develop and commercialize products or therapies that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any products that we may develop. Our competitors also may obtain FDA, European Medicines Agency, or EMA, or other foreign regulatory approval for their products more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market. In addition, our ability to compete may be affected in many cases by insurers or other third-party payers or public health systems to secure favorable coverage and reimbursement as well as the commercial success of our product candidates.

Aside from the product marketplace, our competitors also compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical study sites, recruiting patients for clinical studies, and by acquiring technologies complementary to, or necessary for, our programs.

The key competitive factors affecting the success of all of our product candidates, if approved, are likely to be their efficacy, safety, convenience, price, the effectiveness of alternative products, the level of competition and the availability of coverage, and adequate reimbursement from government and other third-party payers. Our product candidates that are in clinical development may compete with various therapies and drugs, both in the marketplace and currently under development.

If one or more of our proprietary or partnered product candidates is approved for the treatment of epilepsy, we anticipate that they could potentially compete with other anti-seizure medications, or ASMs, or one another. Commonly prescribed ASMs include brivaracetam, carbamazepine, cenobamate, clobazam, eslicarbazepine acetate, ethosuximide, gabapentin, lacosamide, lamotrigine, levetiracetam, oxcarbazepine, perampanel, phenytoin, topiramate, and valproate. There are other ASMs in development that could potentially compete with our products, including product candidates in development from Biohaven Ltd., Jazz Pharmaceuticals, plc, Neurona Therapeutics Inc., NeuShen Therapeutics, Inc., Otsuka Pharmaceutical Co. Ltd., Praxis Precision Medicines, Inc., QurAlis Corporation, Rapport Therapeutics, Inc., SK Life Science Inc., Supernus Pharmaceuticals, Inc. and Zhimeng Biopharma, Inc. If one or more of our proprietary product candidates were approved for the treatment of MDD, we anticipate that they could potentially compete with other anti-depressant medications, or ADs. Patients with MDD are typically treated with a variety of ADs, which include selective serotonin reuptake inhibitors, or SSRIs, benzodiazepines, serotonin / norepinephrine reuptake inhibitors, or SNRIs, norepinephrine and dopamine reuptake inhibitors, or NDRIs, N-methyl-D-aspartate, or NMDA, receptor agonists and atypical antipsychotics. Currently prescribed antidepressants include benzodiazepines, brexpiprazole, bupropion, bupropion/dextromethorphan, cariprazine, citalopram, duloxetine, escitalopram, esketamine, fluoxetine, ketamine, lumateperone, sertraline, trazodone, tricyclic agents, venlafaxine, vilazodone and vortioxetine. We are aware of several companies developing product candidates for the treatment of MDD including AbbVie Inc., Alto Neuroscience, Inc., Axsome Therapeutics, Inc., Johnson & Johnson Innovative Medicine, Neumora Therapeutics, Inc., Neurocrine Biosciences, Inc., Otsuka Pharmaceutical Co. Ltd., and Vanda Pharmaceuticsals, Inc. If one or more of our proprietary product candidates were approved for the treatment of depressive episodes associated with bipolar I or II disorder (bipolar depression), we anticipate that they could potentially compete with other generic antipsychotic and atypical antipsychotic medications. Patients with bipolar depression are typically treated with a variety of atypical antipsychotics as well as mood stabilizers and sometimes in combination with antidepressants. We are aware of several companies developing product candidates for the treatment of bipolar depression including Alto Neuroscience, Inc., Autobahn Therapeutics, Inc., Eli Lilly and Company, Neumora Therapeutics, Inc. and NeuroRx, Inc.

Government Regulation

We are developing small-molecule product candidates, which are regulated as drugs by the FDA and equivalent regulatory authorities outside the U.S. Within the FDA, the Center for Drug Evaluation and Research, or CDER, regulates drugs. Drugs are subject to regulation under the Federal Food, Drug, and Cosmetic Act, or FD&C Act, and other federal, provincial, state, local and foreign statutes and regulations. The FD&C Act and corresponding regulations govern, among other things, the testing, manufacturing, safety, efficacy, labeling, packaging, storage, record keeping, distribution, import, export, reporting, advertising and other promotional practices involving drugs. The extensive regulatory requirements to which drugs are subject under the FD&C Act and other applicable statutes, regulations, and guidance are subject to change and often are revised or reinterpreted by the FDA and other regulatory authorities in ways that may have a significant impact on our business. FDA approval of an IND, must be obtained before clinical testing of drugs is initiated, and each clinical study protocol for such product candidates is reviewed by the FDA and an institutional review board, or IRB, prior to initiation in the U.S. FDA approval also must be obtained before marketing of drugs in the U.S. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, provincial, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources, and we may not be able to obtain the required regulatory approvals. Failure to comply with the applicable U.S. regulatory requirements at any time during the product development process, approval process or after approval may subject an applicant and/or sponsor to a variety of administrative or judicial sanctions. These sanctions could include, among other actions, FDA's refusal to approve pending applications, withdrawal of an approval, imposition of a clinical hold, issuance of warning or untitled letters and other types of enforcement-related letters, product recalls, product seizures, relabeling or repackaging, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement of profits, or civil or criminal investigations and penalties brought by FDA and the Department of Justice or other governmental entities.

U.S. Drug Development Process

The process required by the FDA before a drug product may be marketed in the U.S. generally involves the following:

- completion of nonclinical laboratory tests and animal studies according to good laboratory practices, or GLPs, and applicable requirements for the humane use of laboratory animals and other applicable regulations;
- submission to the FDA of an application for an IND, which must become effective before human clinical studies may begin;
- performance of adequate and well-controlled human clinical studies according to the FDA's regulations commonly referred to as good clinical practices, or GCPs, and any additional requirements for the protection of human research subjects and their health information, to establish the safety and efficacy of the proposed product for its intended use;

- submission to the FDA of an NDA for drug products for marketing approval that includes substantial evidence of safety and efficacy, which is usually based on large-scale Phase 3 clinical studies;
- satisfactory completion of an FDA pre-approval inspection of the manufacturing facility or facilities where the product is produced to assess compliance with good manufacturing practices, or GMP, to assure that the facilities, methods and controls are adequate to consistently manufacture the product pursuant to regulatory requirements;
- potential FDA inspection of the nonclinical and clinical study sites that generated the data in support of the NDA; and
- payment of applicable user fees and FDA review and approval of the NDA.

The data required to support an NDA is generated in two distinct development stages: pre-clinical and clinical. For new chemical entities, the pre-clinical development stage generally involves synthesizing the active component, developing the formulation and determining the manufacturing process, evaluating purity and stability, as well as carrying out non-human toxicology, pharmacology and drug metabolism studies in the laboratory, which support subsequent clinical testing. The conduct of the pre-clinical tests must comply with federal regulations, including GLPs and the U.S. Department of Agriculture's Animal Welfare Act. The sponsor must submit the results of the pre-clinical tests, together with manufacturing information, analytical data, any available clinical data or literature and a proposed clinical protocol, to the FDA as part of the IND. An IND is a request for authorization from the FDA to administer an investigational drug product to humans. The central focus of an IND submission is on the general investigational plan and the protocol(s) for human studies. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA raises concerns or questions regarding the proposed clinical studies and places the IND on clinical hold within that 30-day time period. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns or questions before the clinical study can begin. Some long-term pre-clinical testing, such as animal tests of reproductive AEs and carcinogenicity, may continue after the IND is submitted. The FDA may also impose clinical holds on a drug candidate at any time before or during clinical studies due to safety concerns or non-compliance. Accordingly, submission of an IND does not guarantee the FDA will allow clinical studies to begin, or that, once begun, issues will not arise that could cause the study to be suspended or terminated.

If the FDA accepts the IND, the drug can then be studied in human clinical studies to determine if the drug is safe and effective. The clinical stage of development involves the administration of the drug product to human subjects, including patients, under the supervision of qualified investigators in accordance with GCPs, which establish standards for conducting, recording data from, and reporting the results of clinical studies, and also include the requirement that all research subjects provide their informed consent in writing for their participation in any clinical study.

Human clinical studies are typically conducted in three sequential phases that may overlap or be combined:

- *Phase 1.* The drug is initially introduced into healthy human subjects and tested for safety. In the case of some products for severe or life-threatening diseases, especially when the product may be too inherently toxic to ethically administer to healthy volunteers, the initial human testing is often conducted in patients that have the condition or disease being studied.
- *Phase 2.* The drug is evaluated in a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases and to determine a dose range and dosing schedule.
- *Phase 3.* Clinical studies are undertaken to further evaluate dosing and dosing schedule, clinical efficacy, and safety in an expanded patient population at geographically dispersed clinical study sites. These clinical studies are intended to establish the overall risk/benefit ratio of the product and provide an adequate basis for product labeling.

Post-approval clinical studies, sometimes referred to as Phase 4 clinical studies, may be conducted after initial marketing approval. These clinical studies are used to gain additional experience from the treatment of patients in the intended therapeutic indication, particularly for long-term safety follow-up. In certain instances, the FDA may mandate the performance of Phase 4 clinical studies as a condition of approval of an NDA. During all phases of clinical development, regulatory agencies require extensive monitoring and auditing of all clinical activities, clinical data and clinical study investigators.

Concurrent with clinical studies, companies usually complete additional animal studies and must also develop additional information about the physical characteristics of the drug as well as finalize a process for manufacturing the product in commercial quantities in accordance with GMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among other requirements, the sponsor must develop methods for ensuring the quality, identity, strength and purity of the final drug. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the drug does not undergo unacceptable deterioration over its labeled shelf life.

Further, due to disasters and public health emergencies, we may be required to develop and implement additional clinical study policies and procedures designed to help protect subjects. For example, the FDA has issued guidance on conducting clinical studies during major disruptions due to disasters and public health emergencies, which describes a number of considerations for sponsors of clinical studies impacted by these events, to ensure the safety of study participants, maintaining GCP compliance, and minimizing risks to study integrity. We may be required to make further adjustments to our clinical studies or business operations based on current or future guidance and regulatory requirements as a result of major disruptions due to disasters and public health emergencies.

U.S. Review and Approval Processes

After the completion of clinical studies of a drug, FDA approval of an NDA must be obtained before commercial marketing of the drug can begin. The NDA must include results of product development, laboratory and animal studies, human studies, information on the manufacture and composition of the product, proposed labeling and other relevant information. In addition, under the Pediatric Research Equity Act, or PREA, an NDA or supplement to an NDA must contain data to assess the safety and effectiveness of the product for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The FDA may grant deferrals for submission of data or full or partial waivers. Unless otherwise required by regulation, PREA does not apply to any drug for an indication for which orphan designation has been granted. The testing and approval processes require substantial time and effort, and there can be no assurance that the FDA will accept the NDA for filing and, even if filed, that any approval will be granted on a timely basis, if at all.

Under the Prescription Drug User Fee Act, or PDUFA, as amended, each NDA must be accompanied by a substantial user fee. PDUFA also imposes an annual product fee for drugs and an annual establishment fee on facilities used to manufacture prescription drugs. Fee waivers or reductions are available in certain circumstances, including a waiver of the application fee for the first application filed by a small business. Additionally, no user fees are assessed on NDAs for products designated as orphan drugs, unless the product also includes a non-orphan indication.

Within 60 days following submission of the application, the FDA reviews the NDA to determine if it is substantially complete before the agency accepts it for filing. The FDA may refuse to file any marketing application that it deems incomplete or not properly reviewable at the time of submission and may request additional information, including additional clinical data. In this event, the NDA must be resubmitted with the additional information. The resubmitted application also is subject to review before the FDA accepts it for filing. Once the submission is accepted for filing, the FDA begins an in-depth substantive review of the NDA. The FDA reviews the application to determine, among other things, whether the proposed product is safe and effective for its intended use, and whether the product is being manufactured in accordance with GMPs. The FDA may refer applications for novel products or products that present difficult questions of safety or efficacy to an advisory committee, typically a panel that includes clinicians and other experts, for review, evaluation and a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions. During the product approval process, the FDA also will determine whether a Risk Evaluation and Mitigation Strategy, or REMS, is necessary to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the NDA must submit a proposed REMS; the FDA will not approve the application without a REMS, if required.

Notwithstanding the submission of relevant data and information, the FDA may ultimately decide that the NDA does not satisfy its regulatory criteria for approval and deny approval. Data obtained from clinical studies are not always conclusive and the FDA may interpret data differently than we interpret the same data. If the agency decides not to approve the marketing application, the FDA will issue a complete response letter, which typically describes all of the specific deficiencies in the application identified by the FDA. The deficiencies identified may be minor (e.g., requiring labeling changes) or major (e.g., requiring additional clinical studies). Additionally, the complete response letter may include recommended actions that the applicant might take to place the application in a condition for approval. If a complete response letter is issued, the applicant may either resubmit the NDA, addressing all of the deficiencies identified in the letter, or withdraw the application.

If a product receives regulatory approval, the approval will be limited to the specific diseases and dosages studied in clinical studies, and the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling. The FDA may impose restrictions and conditions on product distribution, prescribing or dispensing pursuant to a REMS request, or otherwise limit the scope of any approval. Drug approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following initial marketing.

One of the performance goals agreed to by the FDA under the PDUFA is to complete its review of 90% of standard new molecular entity, or NME, NDAs within ten months from the filing date and 90% of priority NME NDAs within six months from the filing date, whereupon a review decision is to be made. The FDA does not always meet its PDUFA goal dates, and its review goals are subject to change from time to time. The review process and the PDUFA goal date may be extended by three months if, within the last three months before the PDUFA goal date, the FDA requests (or the application sponsor otherwise provides) a substantial amount of new data or new information not previously submitted to, or reviewed by, the FDA (e.g., a major new clinical safety or efficacy study report, a proposed REMS), or a new analysis or major reanalysis of studies previously submitted to the pending application.

Post-Approval Requirements

Rigorous and extensive FDA regulation of drug continues after approval, particularly with respect to GMP. We will rely, and expect to continue to rely, on third parties for the production of clinical and commercial quantities of any products that we may commercialize. Manufacturers of our products will be required to comply with applicable requirements in the GMP regulations, including quality control and quality assurance and maintenance of records and documentation. Other post-approval requirements applicable to drug manufacturers, include reporting of GMP deviations that may affect the safety, efficacy or quality of a distributed product, record-keeping requirements, reporting of adverse effects, reporting updated safety and efficacy information, and complying with electronic record and signature requirements.

We also must comply with the FDA's advertising and promotion requirements, such as those related to direct-to-consumer advertising, the prohibition on promoting products for uses or in patient populations that are not described in or are otherwise inconsistent with the product's approved labeling (known as "off-label use"), and industry-sponsored scientific and educational activities. Discovery of previously unknown problems or the failure to comply with the applicable regulatory requirements may result in restrictions on the marketing of a product or withdrawal of the product from the market as well as possible civil or criminal sanctions. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or after approval, may subject an applicant or manufacturer to administrative or judicial civil or criminal sanctions and adverse publicity. FDA sanctions could include refusal to approve pending applications, withdrawal of an approval, clinical hold, warning or untitled letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, mandated corrective advertising or communications with doctors, debarment, restitution, disgorgement of profits, or civil or criminal penalties. An agency or judicial enforcement action could have a material adverse effect on us.

Drug manufacturers and other entities involved in the manufacture and distribution of approved drugs are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with GMPs and other laws. Accordingly, manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain GMP compliance. Discovery of problems with a product after approval may result in restrictions on a product, manufacturer or holder of an approved NDA, including withdrawal of the product from the market. In addition, changes to the manufacturing process or facility generally require prior FDA approval before being implemented and other types of changes to the approved product, such as adding new indications and additional labeling claims, are also subject to further FDA review and approval.

Fast Track Designation, Priority Review, Breakthrough Therapy Designation and Accelerated Approval

The FDA has various programs, including fast track designation, priority review, breakthrough therapy designation and accelerated approval, which are intended to expedite or simplify the process for the development and FDA review of drugs. Even if a drug qualifies for one or more of these programs, the FDA may later decide that the drug no longer meets the conditions for qualification. Generally, drugs that are eligible for these programs are those for serious or life-threatening conditions, those with the potential to address unmet medical needs and those that offer meaningful benefits over existing treatments. While these pathways can reduce the time it takes for the FDA to review an NDA, they do not guarantee that a product will receive FDA approval.

To be eligible for a fast track designation, the FDA must determine, based on the request of a sponsor, that a drug is intended to treat a serious or life threatening disease or condition for which there is no effective treatment and demonstrates the potential to address an unmet medical need for the disease or condition. Under the fast track program, the sponsor of a drug candidate may request the FDA to designate the product for a specific indication as a fast track product concurrent with or after the filing of the IND for the drug candidate. The FDA must make a fast track designation determination within 60 days after receipt of the sponsor's request. In addition to other benefits, such as the ability to use surrogate endpoints and have greater interactions with the FDA, the FDA may initiate review of sections of a fast track product's NDA before the application is complete. This rolling review is available if the applicant provides, and the FDA approves, a schedule for the submission of the remaining information and the applicant pays applicable user fees. However, the FDA's time period goal for reviewing a fast track application does not begin until the last section of the NDA is submitted. A fast track drug also may be eligible for accelerated approval and priority review. In addition, the fast track designation may be withdrawn by the FDA if it believes that the designation is no longer supported by data emerging in the clinical study process.

The FDA may give a priority review designation to drugs that offer major advances in treatment, or provide a treatment where no adequate therapy exists. A priority review means that the goal for the FDA to review an application is six months, rather than the standard review of ten months under current PDUFA guidelines. These six- and ten-month review periods are measured from the "filing" date rather than the receipt date for NDAs for new molecular entities, which typically adds approximately two months to the timeline for review and decision from the date of submission. Most products that are eligible for fast track designation are also likely to be considered appropriate to receive a priority review.

Under the provisions of the new Food and Drug Administration Safety and Innovation Act, or FDASIA, enacted by Congress in 2012, a sponsor can request designation of a drug candidate as a "breakthrough therapy," typically by the end of the drug's Phase II studies. A breakthrough therapy is defined as a drug that is intended, alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. Drugs designated as breakthrough therapies are also eligible for accelerated approval. For breakthrough therapies, the FDA may take certain actions, such as intensive and early guidance on the drug development program, that are intended to expedite the development and review of an application for approval.

FDASIA also codified and expanded on FDA's accelerated approval regulations, under which FDA may approve a drug for a serious or life threatening illness that provides meaningful therapeutic benefit over existing treatments based on a surrogate endpoint that is reasonably likely to predict clinical benefit, or on an intermediate clinical endpoint that can be measured earlier than irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit. A surrogate endpoint is a marker that does not itself measure clinical benefit but is believed to predict clinical benefit. This determination takes into account the severity, rarity or prevalence of the disease or condition and the availability or lack of alternative treatments. As a condition of approval, the FDA may require a sponsor of a drug receiving accelerated approval to perform Phase IV or post marketing studies to verify and describe the predicted effect on irreversible morbidity or mortality or other clinical endpoint, and the drug may be subject to accelerated withdrawal procedures. All promotional materials for drug candidates approved under accelerated regulations are subject to prior review by the FDA.

Even if a product qualifies for one or more of these programs, the FDA may later decide that the product no longer meets the conditions for qualification or decide that the time period for the FDA review or approval will not be shortened. Furthermore, fast track designation, priority review, accelerated approval and breakthrough therapy designation, do not change the standards for approval and may not ultimately expedite the development or approval process.

Controlled Substance Regulation

The United States Controlled Substances Act, or CSA, establishes registration, security, recordkeeping, reporting, storage, distribution and other requirements administered by the Drug Enforcement Administration, or DEA. The DEA is concerned with the control of handlers of controlled substances, and with the equipment and raw materials used in their manufacture and packaging, in order to prevent loss and diversion into illicit channels of commerce. The DEA regulates controlled substances as Schedule I, II, III, IV or V substances. Schedule I substances by definition have a high potential for abuse, have no established medicinal use, and may not be marketed or sold in the U.S. A pharmaceutical product may be listed as Schedule II, III, IV or V, with Schedule II substances considered to present the highest risk of abuse and Schedule V substances the lowest relative risk of abuse among such substances. Annual registration is required for any facility that manufactures, distributes, dispenses, imports or exports any controlled substance. The registration is specific to the particular location, activity and controlled substance schedule. For example, separate registrations are needed for import and manufacturing, and each registration will specify which schedules of controlled substances are authorized.

The DEA typically inspects a facility to review its security measures prior to issuing a registration. Security requirements vary by controlled substance schedule, with the most stringent requirements applying to Schedule I and Schedule II substances. Required security measures include background checks on employees and physical control of inventory through measures such as cages, surveillance cameras and inventory reconciliations. Records must be maintained for the handling of all controlled substances, and periodic reports made to the DEA. Reports must also be made for thefts or losses of any controlled substance, and to obtain authorization to destroy any controlled substance. In addition, special authorization and notification requirements apply to imports and exports.

The DEA conducts periodic inspections of certain registered establishments that handle controlled substances. Failure to maintain compliance with applicable requirements, particularly as manifested in loss or diversion, can result in enforcement action that could have a material adverse effect on our business, results of operations and financial condition. The DEA may seek civil penalties, refuse to renew necessary registrations, or initiate proceedings to restrict, suspend or revoke those registrations. In certain circumstances, violations could result in criminal proceedings. Individual states also regulate controlled substances, and we and our contract manufacturers will be subject to state regulation on distribution of these products, including licensing, recordkeeping and security.

Controlled substances are also regulated pursuant to several international drug control treaties. These treaties are enforced by the United National Commission on Narcotic Drugs. The U.S. is a signatory to these treaties and thus must conform its laws and regulations to the international requirements, which generally include licensing, recordkeeping and reporting requirements. Any change in the international treaties regarding classification of these products could affect regulation of these substances in the U.S. and in other countries. Further, marketing approval and controlled substance classification procedures vary among countries, can involve additional testing and administrative review periods and may be otherwise complicated if our product candidates contain ingredients already classified as controlled substances in the countries where we develop them, which could make such product candidates subject to applicable controlled substances laws prior to commercialization. Foreign regulation of controlled substances can differ significantly from U.S. DEA and state regulations. The time required to obtain marketing approval and controlled substance classification in other countries may differ from and be longer than that required to obtain FDA approval and DEA classification in the U.S.

U.S. Patent Term Extension and Marketing Exclusivity

Depending upon the timing, duration and specifics of the FDA approval of the use of our product candidates, some of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch-Waxman Act. The Hatch-Waxman Act permits a patent term extension of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. Patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the product's FDA approval date. Only one patent applicable to an approved product is eligible for extension and the application for the patent term extension must be submitted within 60 days of receipt of FDA approval. The U.S. Patent and Trademark Office, in consultation with the FDA, reviews and approves any application for patent term extension.

Under the Hatch-Waxman Act, a drug product containing a new chemical entity as its active ingredient is entitled to five years of market exclusivity. A drug product is a new chemical entity if the FDA has not previously approved any other new drug containing the same active moiety, which is defined as the molecule or ion responsible for the activity of the drug substance, excluding those appended portions of the molecule that cause the drug to be an ester, salt, or other noncovalent derivative. During this exclusivity period, the FDA may not approve an abbreviated new drug application, or ANDA, or a 505(b)(2) NDA submitted by another company that contains the previously approved active moiety. However, an ANDA or 505(b)(2) NDA may be submitted to the FDA after four years if it contains an appropriate certification of patent invalidity or non-infringement.

A drug product whose active ingredient was previously FDA-approved, and for which the sponsor is required to generate new clinical investigations such as to support new indications, dosages, strengths or dosage forms, is entitled to three years of market exclusivity. This three-year exclusivity covers only the conditions of use associated with the new clinical investigations and, as a general matter, does not prohibit the FDA from approving ANDAs or 505(b)(2) NDAs for generic versions of the original unmodified drug product, although the approval of such an application may not be effective until, at the earliest, after the full five years of market exclusivity has expired.

A drug product can also obtain pediatric market exclusivity in the U.S. and which, if granted, adds six months to existing marketing exclusivities and any Orange Book-listed patent term(s). This six-month exclusivity, which runs from the end of other exclusivity periods and/or patent term(s), may be granted based on the timely, voluntary, and as-agreed upon completion of a pediatric study in accordance with an FDA-issued "Written Request" for such a study, even if the data do not show that the drug product was effective in the pediatric population studied.

Additional Regulation

Manufacturing, sales, promotion and other activities following drug approval are also subject to regulation by numerous regulatory authorities in addition to the FDA, including, in the United States, the Centers for Medicare & Medicaid Services, other divisions of the Department of Health and Human Services, the Drug Enforcement Administration for controlled substances, the Consumer Product Safety Commission, the Federal Trade Commission, the Occupational Safety & Health Administration, the Environmental Protection Agency and state and local governments. In the United States, the activities of pharmaceutical manufacturers are subject to federal and state laws designed to prevent "fraud and abuse" in the healthcare industry. The laws generally limit financial interactions between manufacturers and healthcare providers or other participants in the healthcare industry and/or require disclosure to the government and public of such interactions. Many of these laws and regulations contain ambiguous requirements or require administrative guidance for implementation. Pharmaceutical manufacturers are also required to provide discounts or rebates under government healthcare programs or to certain government and private purchasers in order to obtain coverage under federal healthcare programs such as Medicaid. Participation in such programs may require tracking and reporting of certain drug prices. Manufacturers are subject to fines and other penalties if such prices are not reported accurately. The handling of any controlled substances must comply with the U.S. Controlled Substances Act and Controlled Substances Import and Export Act. Drugs must meet applicable child-resistant packaging requirements under the U.S. Poison Prevention Packaging Act. Additionally, prescription drug products must comply with the Drug Supply Chain Security Act, or DSCSA, and its requirements for product tracing and supply chain security. Manufacturing, sales, promotion and other activities are also potentially subject to federal and state consumer protection and unfair competition laws.

The failure to comply with regulatory requirements subjects manufacturers to possible legal or regulatory action. Depending on the circumstances, failure to meet applicable regulatory requirements can result in criminal prosecution, fines or other penalties, injunctions, recall or seizure of drugs, total or partial suspension of production, denial or withdrawal of product approvals, exclusion from participation in government healthcare programs or refusal to allow a firm to enter into supply contracts, including government contracts. In addition, even if a firm complies with FDA and other requirements, new information regarding the safety or efficacy of a product could lead the FDA to modify or withdraw product approval. Prohibitions or restrictions on sales or withdrawal of future products marketed by us could materially affect our business in an adverse way.

Changes in regulations, statutes or the interpretation of existing regulations could impact our business in the future by requiring, for example: (i) changes to our manufacturing arrangements; (ii) additions or modifications to product labeling; (iii) the recall or discontinuation of our products; or (iv) additional record-keeping requirements. If any such changes were to be imposed, they could adversely affect the operation of our business.

Global Anti-Corruption Laws

The U.S. Foreign Corrupt Practices Act and the Canadian Corruption of Foreign Public Officials Act, the U.S. Travel Act, the OECD Anti-Bribery Convention, Title 18 United States Code section 201, and any other applicable domestic or foreign anti-corruption or anti-bribery laws to which we are subject prohibit corporations and individuals from engaging in certain activities to obtain or retain business or to influence a person working in an official capacity. It is illegal to pay, offer to pay or authorize the payment of anything of value to any foreign government official, government staff member, political party or political candidate in an attempt to obtain or retain business or to otherwise influence a person working in an official capacity. We may also be held liable for the acts of our third-party agents under the U.S. Foreign Corrupt Practices Act, Canadian Corruption of Foreign Public Officials Act, and other applicable anti-corruption and anti-bribery laws. Noncompliance with these laws could subject us to investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension or debarment from contracting with certain persons, the loss of export privileges, whistleblower complaints, reputational harm, adverse media coverage and other collateral consequences. Any investigations, actions or sanctions or other previously mentioned harm could have a material negative effect on our business, operating results and financial condition.

Government Regulation Outside of the U.S.

In addition to regulations in the U.S., we will be subject to a variety of regulations in other jurisdictions governing, among other things, research, development, testing, manufacture, quality control, controlled substances, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing and export and import of drugs, and reimbursement requirements. Generally, before a new drug can be marketed, considerable data demonstrating its quality, safety and efficacy must be obtained, organized into a format specific for each regulatory authority, submitted for review and approved by the regulatory authority. Whether or not we obtain FDA approval for a product candidate, we must obtain the requisite approvals from regulatory authorities in foreign countries prior to the commencement of clinical studies or marketing of the product candidate in those countries. Certain countries outside of the U.S. have a similar process that requires the submission of a clinical study application much like the IND prior to the commencement of human clinical studies.

The requirements and processes governing the conduct of clinical studies, product licensing, coverage, pricing and reimbursement vary from country to country. In all cases, the clinical studies are conducted in accordance with GCP and the applicable regulatory requirements and the ethical principles that have their origin in the Declaration of Helsinki. The Clinical Trials Regulation EU No 536/2014, or the CTR, which replaced the Clinical Trials Directive, entered into application on January 31, 2022, harmonizes the procedures for the submission, assessment and monitoring of clinical drug trials in the EU, thus simplifying the current rules for clinical trial authorization and standards of performance. The CTR requires a clinical trial sponsor to obtain approval from the national competent authority (NCA) of each European Union member state in which the clinical trial is to be conducted. Furthermore, the sponsor can only start a clinical trial at a specific study site after the local research ethics committee, or REC, has issued a favorable opinion. Subject to the transition arrangement referenced below, a sponsor submits a single application for a clinical trial authorization, or CTA, through a centralized EU clinical trials portal called the Clinical Trials Information System, or CTIS. One NCA (the reporting EU member state selected by the sponsor) takes the lead in validating and evaluating the application, as well as consulting and coordinating with the other concerned member states in which the clinical trial is to be conducted. If an application is rejected, it may be amended and resubmitted through CTIS. A concerned member state may in limited circumstances declare an "opt-out" from an approval and prevent the clinical trial from being conducted in that member state. The CTR foresees a three-year transition period. As of January 31, 2023, all new CTA applications had to be submitted via CTIS and be made pursuant to the CTR. From and after January 31, 2025, all clinical trials (including those approved under the Clinical Trial Directive (now replaced by the CTR)) need to comply with the CTR and be recorded in CTIS.

In the UK, clinical trials of medicinal products for human use are primarily governed by the Medicines for Human Use (Clinical Trials) Regulations 2004 (as amended). Similar to the EU, before a clinical trial can be initiated in the UK, a CTA must be obtained from the Medicines and Healthcare products Regulatory Agency, or MHRA, as well as a positive opinion from a REC.

To obtain regulatory approval of an investigational drug under EU regulatory systems, we must submit a marketing authorization application, or MAA. There are two types of marketing authorizations:

- The centralized MA is issued by the European Commission through the centralized procedure, based on the opinion of the Committee for Medicinal Products for Human Use, or the CHMP, of the EMA, and is valid throughout the entire territory of the EEA. The centralized procedure is mandatory for certain types of products, such as biotechnology medicinal products, orphan medicinal products, advanced-therapy medicinal products (gene-therapy, somatic cell-therapy or tissue-engineered medicines) and medicinal products containing a new active substance indicated for the treatment of human immunodeficiency virus, acquired immunodeficiency syndrome, cancer, neurodegenerative disorders, diabetes, auto-immune and other immune dysfunctions and viral diseases. The centralized procedure is optional for products containing a new active substance not yet authorized in the EEA, or for products that constitute a significant therapeutic, scientific or technical innovation or which are in the interest of public health in the EU. Under the centralized procedure, the maximum timeframe for the evaluation of a MA application by the EMA is 210 days, excluding clock stops, when additional written or oral information is to be provided by the applicant in response to questions asked by the CHMP. Clock stops may extend the timeframe of evaluation of a MA application considerably beyond 210 days. Where the CHMP gives a positive opinion, the EMA provides the opinion together with supporting documentation to the European Commission, who makes the final decision to grant a MA, which is ordinarily issued within 67 days of receipt of the EMA's recommendation. Accelerated assessment might be granted by the CHMP in exceptional cases, when a medicinal product is expected to be of a major public health interest, particularly from the point of view of therapeutic innovation. The timeframe for the evaluation of a MA application under the accelerated assessment procedure is 150 days, excluding clock stops, but it is possible that the CHMP may revert to the standard time limit for the centralized procedure if it determines that the application is no longer appropriate to conduct an accelerated assessment.
- National MAs, which are issued by the NCAs of the EEA member states and only cover their respective territory, are available for products not falling within the mandatory scope of the centralized procedure. Where a product has already been authorized for marketing in a member state of the EEA, this national MA can be progressively recognized in other EEA member states through the mutual recognition procedure. If the product has not received a national MA in any EEA member state at the time of application, it can be approved simultaneously in various EEA member states through the decentralized procedure. Under the decentralized procedure, an identical dossier is submitted to the NCAs of each of the EEA member states in which the MA is sought, one of which is selected by the applicant as the Reference Member State, or the RMS. The competent authority of the RMS prepares a draft assessment report, a draft summary of the product characteristics (SmPC), and a draft of the labeling and package leaflet, which are sent to the other EEA member states, referred to as the Concerned Member States, for their approval. If the Concerned Member States raise no objections, based on a potential serious risk to public health, to the assessment, SmPC, labeling, or packaging proposed by the RMS, the product is subsequently granted a national MA in all EEA member states to which an application was submitted.

In relation to the UK, until the end of 2024, under the Northern Ireland Protocol which is contained in the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, centralized MAs continue to provide a valid basis for commercializing medicinal products in Northern Ireland. However, centralized MAs no longer provide a valid basis for the commercialization of medicinal products in Great Britain. Pursuant to the Windsor Framework (which is a political declaration by the European Commission and the UK Government to correct the post-Brexit restrictions of movements of goods including medicines), from January 1, 2025, all new medicinal products for the UK market will be authorized by the MHRA which will grant on behalf of the UK Licensing Authority a single UK-wide MA for all medicinal products intended for sale in the UK, enabling medicinal products to be sold in a single pack and under a single authorization throughout the UK, including Northern Ireland, but the UK packaging must carry a clearly legible 'UK only' to be allowed onto the UK market.

Since leaving the EU, the MHRA has introduced changes to national licensing procedures, including procedures to prioritize access to new medicines that will benefit patients, an accelerated assessment procedure, and new routes of evaluation for novel products and biotechnological products. There is no wholesale recognition of EU pharmaceutical legislation between the jurisdictions, and EU MAs do not automatically provide a valid basis for the commercialization of medicinal products in Great Britain. From January 1, 2024, companies are able to request the MHRA to recognize MAs granted by acceptable Reference Regulators in foreign jurisdictions (including the EU) under a new International Recognition Procedure, or IRP. IRP allows the MHRA to take into account the expertise and decision-making of trusted regulatory authorities to conduct targeted assessments of IRP applications while retaining the authority to reject applications if the evidence provided is considered insufficiently robust.

The application used to file the NDA in the U.S. is similar to that required in the EU, with the exception of, among other things, country-specific document requirements. Reimbursement approval for the drug by regulatory authorities is also required before a drug may be commercialized.

The EU also provides opportunities for data and market exclusivity. For example, in the EU, upon receiving marketing authorization, innovative medicinal products (including both small molecules and biological medicinal products) approved on the basis of a complete independent data package consisting of quality, preclinical testing results, and clinical trial data receive eight years of data exclusivity upon grant of an MA, and an additional two years of marketing exclusivity. If granted, data exclusivity prevents generic or biosimilar applicants from cross-referencing the innovator's preclinical and clinical trial data contained in the dossier of the reference medicinal product when applying for a generic or biosimilar MA until the data exclusivity period has expired. Even if a generic and a biosimilar product is approved, it can be marketed only until the expiration of the full ten-year exclusivity period. The overall ten-year period can be extended to a maximum of 11 years if, during the first eight years of those ten years, the MA holder obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to their authorization, are determined to bring a significant clinical benefit in comparison with currently approved therapies. The UK domestic law follows the same formula of regulatory data and marketing exclusivity. However, there is no guarantee that a product will be considered by the EU's regulatory authorities to be a new chemical entity or new active substance, and products may not qualify for data exclusivity.

Products receiving orphan designation in the EU can receive ten years of market exclusivity, provided that the orphan designation is maintained at the time of grant of the marketing authorization. During the ten-year orphan market exclusivity period, no application for a similar medicinal product for the same indication may be accepted by any regulatory authority in the EU for approval. An orphan product can also obtain an additional two years of market exclusivity in the EU for completing pediatric studies in compliance with an agreed Pediatric Investigation Plan even though the data do not lead to approval of a pediatric indication. No extension to any supplementary protection certificate can be granted on the basis of pediatric studies for orphan indications.

The criteria for designating an "orphan medicinal product" in the EU are similar in principle but not identical to those in the U.S. Under Article 3 of Regulation (EC) 141/2000, a medicinal product may be designated as orphan if (1) it is intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition; (2) either (a) such condition affects no more than five in 10,000 persons in the EU when the application is made, or (b) the product, without the benefits derived from orphan status, would not generate sufficient return in the EU to justify investment; and (3) there exists no satisfactory method of diagnosis, prevention or treatment of such condition authorized for marketing in the EU, or if such a method exists, the product will be of significant benefit to those affected by the condition, as defined in Regulation (EC) 847/2000. The criteria for orphan designation must be re-assessed and confirmed at the time when a marketing authorization is granted in order to benefit from a period of 10 years orphan market exclusivity. The MHRA conducts an equivalent assessment, against the criteria specific to the UK. In the EEA, orphan drug designation must be requested before submitting an application for MA. The EMA's Committee for Orphan Medicinal Products (COMP) is required to re-assess the granted orphan designation at the time of MA grant to ensure that it continues to meet the criteria for the designation to be maintained. Otherwise, the orphan designation can be revoked. In contrast, the MHRA does not grant orphan designations during the development of the medicinal product. Instead, the MHRA will decide whether the criteria are satisfied at the point of grant of an MA.

In the EEA and the UK, orphan medicinal products are eligible for financial incentives such as reduction of fees or fee waivers and are, upon grant of a marketing authorization, entitled to ten years of market exclusivity for the approved therapeutic indication. The applicant will receive a fee reduction for the marketing authorization application if the orphan drug designation has been granted, but not if the designation is still pending at the time the marketing authorization is submitted. Orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process.

The 10-year market exclusivity may be reduced to six years if, at the end of the fifth year, it is established that the product no longer meets the criteria for orphan designation, for example, if the product is sufficiently profitable not to justify maintenance of market exclusivity. Additionally, marketing authorization may be granted to a similar medicinal product for the same therapeutic indication at any time if:

- the second applicant can establish that its product, although similar, is safer, more effective or otherwise clinically superior;
- the applicant consents to a second orphan medicinal product application; or
- the applicant cannot supply enough orphan medicinal product.

A "similar medicinal product" is defined as a medicinal product containing a similar active substance or substances as contained in an authorized orphan medicinal product, and which is intended for the same therapeutic indication.

In the EEA, companies developing a new medicinal product must agree upon a pediatric investigation plan, or PIP, with the EMA's Pediatric Committee, or PDCO, and must conduct pediatric clinical trials in accordance with that PIP, unless a waiver applies. The PIP sets out the timing and measures proposed to generate data to support a pediatric indication of the drug for which MA is being sought. The PDCO can grant a deferral of the obligation to implement some or all of the measures of the PIP until there are sufficient data to demonstrate the efficacy and safety of the product in adults. Further, the obligation to provide pediatric clinical trial data can be waived by the PDCO when this data is not needed or appropriate because the product is likely to be ineffective or unsafe in children, the disease or condition for which the product is intended occurs only in adult populations, or when the product does not represent a significant therapeutic benefit over existing treatments for pediatric patients. Products that are granted a MA with the results of the pediatric clinical trials conducted in accordance with the PIP (even where such results are negative) are eligible for six months' supplementary protection certificate extension (if any is in effect at the time of approval). In the case of orphan medicinal products, a two-year extension of the orphan market exclusivity may be available. This pediatric reward is subject to specific conditions and is not automatically available when data in compliance with the PIP are developed and submitted. According to local law requirements, the UK MHRA adopts a similar approach to the EEA to facilitate the development of medicinal products for the pediatric population.

For other countries outside of the EU, such as Canada and countries in Eastern Europe, Latin America or Asia, the requirements governing the conduct of clinical studies, product and establishment licensing, coverage, data protection, pricing and reimbursement vary from country to country. In all cases, again, the clinical studies are conducted in accordance with GCP and the applicable regulatory requirements and the ethical principles that have their origin in the Declaration of Helsinki.

If we fail to comply with applicable foreign regulatory requirements, we may be subject to, among other things, fines, suspension or withdrawal of regulatory approvals, product recalls, inability to import or export, seizure of products, operating restrictions and criminal prosecution.

Pharmaceutical Coverage, Pricing and Reimbursement

Significant uncertainty exists as to the coverage and reimbursement status of any product candidates for which we obtain regulatory approval. In the U.S. and markets in other countries, sales of any products for which we receive regulatory approval for commercial sale will depend, in part, on the availability of coverage and adequate reimbursement from third-party payers. Third-party payers include government programs such as Medicare or Medicaid, and private payers such as private health insurance and managed care plans, and other organizations. These third-party payers may deny or limit coverage or reimbursement for a product.

Within the U.S., coverage and reimbursement for drug products can differ significantly from payer to payer. One third-party payer's decision to cover a particular drug product or service does not ensure that other payers will also provide coverage for the product or will provide coverage at an adequate reimbursement rate. Third-party payers may attempt to control costs by limiting coverage (e.g., to specific drug products on an approved list, or formulary, which might not include all of the FDA-approved drug products for a particular indication), by controlling utilization (e.g., requiring pre-approval or prior authorization for new or innovative drug therapies before they will provide coverage for specific patients) and by limiting the amount of reimbursement for drugs.

The cost of pharmaceuticals continues to generate substantial governmental and third-party payer interest. We expect that the pharmaceutical industry will experience pricing pressures due to the trend toward managed healthcare, the increasing influence of managed care organizations and additional legislative proposals. Third-party payers are increasingly challenging the price and examining the medical necessity and cost-effectiveness of medical products and services, in addition to their safety and efficacy. We may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of our products, in addition to the costs required to obtain the FDA approvals. Our product candidates may not be considered medically necessary or cost-effective. A payer's decision to provide coverage for a drug product does not imply that an adequate reimbursement rate will be approved. Adequate third-party reimbursement may not be available to enable us to maintain price levels sufficient to realize an appropriate return on our investment in product development.

While we cannot predict what cost-containment measures will be adopted or otherwise implemented in the future, new measures or any announcement of proposed measures could have a material adverse effect on our ability to obtain adequate prices for our product candidates and to operate profitably.

In international markets, reimbursement and healthcare payment systems vary significantly by country, and many countries have instituted price ceilings on specific products and therapies. There can be no assurance that our products will be considered medically reasonable and necessary for a specific indication, that our products will be considered cost-effective by third-party payers, that coverage or an adequate level of reimbursement will be available or that the third-party payers' reimbursement policies will not adversely affect our ability to sell our products profitably.

In addition, in many foreign countries, the proposed pricing for a drug must be approved before it may be lawfully marketed. The requirements governing drug pricing and reimbursement vary widely from country to country. For example, the EU provides options for its member states to restrict the range of medicinal products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. A member state may approve a specific price for the medicinal product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical products will allow favorable reimbursement and pricing arrangements for any of our products. Historically, products launched in the EU do not follow price structures of the U.S. and generally prices tend to be significantly lower.

Healthcare Reform

In the U.S. and foreign jurisdictions, there have been a number of legislative and regulatory changes to the healthcare system that could affect our future results of operations. In particular, there have been and continue to be a number of initiatives at the U.S. federal and state levels that seek to reduce healthcare costs generally and drug costs specifically.

For example, in 2010 the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, collectively, the PPACA, was enacted and includes measures that have significantly changed the way healthcare is financed by both governmental and private insurers. In the U.S., in recent years, including under the current United States presidential administration, the pharmaceutical industry has been a particular focus of such reform efforts and has been significantly affected by major legislative, administrative, and executive initiatives. For example, the Inflation Reduction Act (IRA) of 2022 includes a number of changes intended to address rising prescription drug prices in Medicare Parts B and D. These changes include caps on Medicare Part D out-of-pocket costs, Medicare Part B and Part D drug price inflation rebates, a new Medicare Part D manufacturer discount drug program (replacing the PPACA Medicare Part D coverage gap discount program), and a drug price negotiation program for certain high-spend Medicare Part B and D drugs. The IRA has had and will likely continue to have a significant impact on the pharmaceutical industry. More recently, an Executive Order was issued in April 2025 with multiple directives aimed at lowering drug prices, including refining the Medicare drug price negotiation program established by the IRA accelerating competition for high-cost prescription drugs by accelerating approval of generics and biosimilars and facilitating the process for re-classifying prescription drugs as over-the-counter drugs, and increasing drug importation. In May 2025, another Executive Order was issued that directed government agencies and officials to identify most-favored nation pricing targets for prescription drugs (and looked to pharmaceutical manufacturers to make significant progress towards delivering target prices to patients), prevent foreign countries from disproportionately shifting the cost of global pharmaceutical research and development to the United States, and facilitate direct-to-consumer purchasing programs for pharmaceutical manufacturers to sell their products to patients at the most-favored-nation price, In the wake of the Executive Orders and related executive initiatives, some pharmaceutical manufacturers have announced direct-to-consumer offerings with discounted prices or reached agreements with the federal government regarding pricing for drugs, including prices for Medicaid drugs and newly launched products. A website sponsored by the federal government offering pharmaceutical direct-to-consumer channels has also been launched. Federal agencies are developing new drug pricing pilot programs, such as a Medicaid model which would authorize the federal government to negotiate Medicaid supplemental rebates with participating manufacturers on behalf of state Medicaid programs, in exchange for standardized coverage criteria for participating manufacturer drugs, and proposed Medicare Part B and Part D pilot models that, if finalized as proposed, would replace existing inflation-based Medicare rebates with rebates determined on the basis of international prices, for drugs and patients subject to the model. Changes to certain Medicare price reporting requirements for drugs beginning in 2026 will likely increase the administrative and compliance burden for manufacturers. Many of these reform initiatives would require additional legal and/or administrative action to implement- and may be subject to change.

Other healthcare reform efforts actions may affect access to healthcare coverage or the funding of health care benefits, although the full impact of such efforts or actions cannot be predicted. For example, the Congressional Budget Office has estimated that Medicaid provisions in the 2025 budget reconciliation legislation, including restrictions in eligibility and funding for Medicaid, as well as changes to the healthcare marketplace such as the elimination of certain subsidies, will increase the number of uninsured patients.

At the state level, legislatures have passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing costs disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. Additionally, a number of states have enacted states drug price transparency and reporting laws that increase compliance burdens and exposure for non-compliance.

Further, a number of states have enacted state drug price transparency and reporting laws that could substantially increase our compliance burdens and expose us to greater liability under such state laws if and when we have marketed products. These and other health reform measures that are implemented may have a material adverse effect on our operations.

Healthcare reform efforts have been and may continue to be subject to scrutiny, legal challenge and subsequent amendment, creating further uncertainty.

Other government actions could have an adverse effect upon, and could prevent, our products' commercial success. For example, the Trump Administration's announced tariff on branded or patented drugs may increase the cost of drug products that are imported from abroad or manufactured using products or materials imported from abroad. The timeline for implementation of this tariff has not yet been finalized. As another example, the Budget Control Act of 2011, as amended, resulted in the imposition of reductions in Medicare (but not Medicaid) payments to providers in 2013 and remains in effect through 2032 unless additional Congressional action is taken. Any significant spending reductions affecting Medicare, Medicaid or other publicly funded or subsidized health programs that may be implemented and/or any significant taxes or fees that may be imposed on us could have an adverse impact on our results of operations. We expect that healthcare reform measures that have been or in the future may be adopted, may result in more rigorous coverage criteria and in additional downward pressure on the price that we receive for any approved product, and could seriously harm any future revenue generation. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payers. Complying with any new legislation and regulatory changes could be time-intensive and expensive, resulting in a material adverse effect on our business.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We cannot be sure whether additional legislative changes will be enacted, or whether FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the regulatory approvals, if any, of our product candidates may be. In addition, increased scrutiny by Congress of the FDA's approval process may significantly delay or prevent regulatory approval, as well as subject us to more stringent product labeling and post-marketing testing and other requirements.

In addition, different pricing and reimbursement schemes exist in other countries. In the European Community, governments influence the price of pharmaceutical products through their pricing and reimbursement rules and control of national healthcare systems that fund a large part of the cost of those products to consumers. Some jurisdictions operate positive and negative list systems under which products may be marketed only once a reimbursement price has been agreed upon. Some of these countries may require, as a condition of obtaining reimbursement or pricing approval, the completion of clinical trials that compare the cost-effectiveness of a particular product to other then-available therapies. Other member states allow companies to fix their own prices for medicines, but monitor and control company profits. The downward pressure on healthcare costs in general, particularly prescription drugs, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products. In addition, in some countries, cross-border imports from low-priced markets exert a commercial pressure on pricing within a country.

On May 1, 2021, the EU and UK trade and cooperation agreement, or TCA, entered into application. The TCA includes specific provisions concerning pharmaceuticals, which include the mutual recognition of the outcomes of GMP inspections. Applicants and MA holders may submit GMP certificates issued by the MHRA for sites located outside the EU/EEA as supporting information for EU regulatory submissions. However, the TCA does not foresee wholesale mutual recognition of UK and EU pharmaceutical regulations. The regulatory regime in Great Britain currently broadly aligns with EU regulations. However, it is possible that these regimes may diverge in the future, given proposed legislative changes such as the European Commission's proposals for the entire overhaul of the pharmaceutical regulatory regime.

Other Healthcare Laws and Compliance Requirements

In the United States, pharmaceutical manufacturers are subject to numerous other federal, state and local laws designed to, for example, prevent fraud and abuse; promote transparency in interactions with others in the healthcare industry; regulate pricing of drugs and protect the privacy of individual information. These laws, some of which may apply only if a pharmaceutical manufacturer has an approved product, are enforced by various federal and state enforcement authorities, including but not limited to, the U.S. Department of Justice, and individual U.S. Attorney offices within the Department of Justice, the U.S. Department of Health and Human Services, or HHS, HHS' various divisions, including but not limited to, the Centers for Medicare & Medicaid Services, or CMS, and the Office of Inspector General, and state boards of pharmacy.

We may be subject to various federal and state laws pertaining to healthcare "fraud and abuse," including anti-kickback laws, and false claims laws, for activities related to sales of any products reimbursable by third party payers such as federal healthcare programs (including Medicare and Medicaid) or, in some cases, commercial health plans. Anti-kickback laws generally prohibit a pharmaceutical manufacturer from soliciting, offering, receiving, or paying anything of value to generate business, including the purchase, prescription or use of a particular drug. False claims laws generally prohibit anyone from knowingly and willingly presenting, or causing to be presented, any claims for payment for reimbursed drugs or services to third-party payers that are false or fraudulent. Although the specific provisions of these laws vary, their scope is generally broad and there may not be regulations, guidance or court decisions that apply the laws to particular industry practices. There is therefore a possibility that our practices might be challenged under such laws.

Laws and regulations have also been enacted by the federal government and various states to regulate the sales and marketing practices of pharmaceutical manufacturers with marketed products. The laws and regulations generally limit financial interactions between manufacturers and healthcare providers; require manufacturers to adopt certain compliance standards; require disclosure to the government and public of financial interactions; require disclosure of marketing expenditures or pricing information, regulate drug pricing and/or require the registration of pharmaceutical sales representatives. Many of these laws and regulations contain ambiguous requirements or require administrative guidance for implementation. Given the lack of clarity in laws and their implementation, any future activities (if we obtain approval and/or reimbursement from federal healthcare programs for our product candidates) could be subject to challenge.

Federal laws, including the Medicaid Drug Rebate Program, require pharmaceutical manufacturers to calculate, certify and report certain calculated product prices to the government or provide certain discounts or rebates to government authorities or private entities, often as a condition of reimbursement under government healthcare programs. These laws are complex and the failure to calculate reported prices correctly or provide appropriate prices and rebates can expose a manufacturer to penalties and other sanctions.

The distribution of drugs and biological products is subject to additional requirements and regulations, including extensive record-keeping, licensing, storage and security requirements intended to prevent the unauthorized sale of pharmaceutical products.

Federal and state consumer protection and unfair competition laws and regulations broadly regulate marketplace activities and that potentially harm consumers and could apply to the activities of pharmaceutical manufacturers.

We may be subject to data privacy and security laws in the various jurisdictions in which we operate, obtain or store personally identifiable information. Numerous U.S. federal and state laws govern the collection, use, disclosure and storage of personal information. Various foreign countries also have, or are developing, laws governing the collection, use, disclosure and storage of personal information. Globally, there has been an increasing focus on privacy and data protection issues that may affect our business.

Efforts to ensure that our activities comply with applicable healthcare laws and regulations will involve substantial costs. Given the breadth of the laws and regulations, limited guidance for certain laws and regulations and evolving government interpretations of the laws and regulations, governmental authorities may possibly conclude that our business practices may not comply with such laws. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, exclusion from government funded healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations. Further, defending against any such actions can be costly, time-consuming and may require significant personnel resources. Therefore, even if we are successful in defending against any such actions that may be brought against us, our business may be impaired.

To the extent that any of our products are sold in a foreign country or if we contract with vendors or independent contractors outside of the U.S., we may be subject to similar foreign laws and regulations, which may include, for instance, applicable post-approval requirements, including safety surveillance, anti-corruption/anti-bribery laws, anti-kickback laws, healthcare fraud and abuse laws, and implementation of corporate compliance programs and reporting of payments or transfers of value to healthcare professionals. While we are not aware of any current issues, we are unable to predict whether we will be subject to actions under applicable healthcare laws, or the impact of such actions on our business. However, the costs of defending such actions or claims, as well as any sanctions imposed, could result in a material adverse effect on our business or financial condition.

Environmental Matters

Our operations require the use of hazardous materials (including biological materials) which subject us to a variety of federal, provincial and local environmental and safety laws and regulations. Some of the regulations under the current regulatory structure provide for strict liability, holding a party potentially liable without regard to fault or negligence. We could be held liable for damages and fines as a result of our, or someone else's, business operations should contamination of the environment or individual exposure to hazardous substances occur. We believe that we are in material compliance with applicable environmental laws and that continued compliance therewith will not have a material adverse effect on our business. We cannot predict, however, how changes in laws or development of new regulations will affect our business operations or the cost of compliance.

Human Capital

Our board of directors and management recognize that creating long-term enterprise value is advanced by considering the interests and concerns of many stakeholders, including those of our employees. As of December 31, 2025, we had 370 employees, including 358 full-time and part-time regular employees, of which 183 are located in Canada and 175 are located in the U.S. Of our employees, 263 were primarily engaged in research and development, 107 of whom hold a Ph.D. or M.D. (or equivalent) degree, and 107 were engaged in general and administrative or commercial activities. None of our employees are represented by a labor union. We have not experienced any work stoppages and we consider our relations with our employees to be good.

As competition for qualified personnel in the biotechnology and pharmaceutical field is intense, attracting and retaining qualified employees at all levels is critical to our business. We continuously strive to ensure that employee morale remains strong, and conduct employee engagement surveys to identify areas of focus and monitor employee turnover rates. For the last several years, our company turnover rate has been lower than the industry market average.

We have established comprehensive and competitive total compensation and benefits programs to attract and retain highly qualified personnel and to incentivize and reward strong performance. In addition to providing our employees with competitive salaries, we believe that employees should share in the potential financial gains resulting from the advancement of our programs by way of annual bonuses to regular employees based on the achievement of corporate and/or individual objectives. To align the interests of our employees with those of our shareholders, we award stock options and RSUs to all regular employees, both upon initial hiring and annually thereafter. Our leave programs include paid vacation, personal, sick, disability and other paid and unpaid leaves. Our health and wellness programs include medical, dental, vision care, retirement savings, employee assistance programs, flexible work schedules and other benefits.

As a biopharmaceutical company with highly educated employees, we believe that our employees must stay current with advances in our industry and continue to grow in their careers. We support our employees' further development through a variety of internal training and external professional development opportunities, including conference attendance and tuition assistance to complete advanced degrees.

We recruit the best-qualified employees regardless of sex, gender, ethnicity, race, religion, or other protected traits, and it is our policy to comply with all applicable laws related to discrimination in the workplace. We are committed to diversity, equity, inclusion and accessibility at all levels of our company.

Manufacturing

We currently rely, and expect to continue to rely, on third-party contract manufacturers, or CMOs, to manufacture (or produce sufficient quantities of materials required for the manufacture of) our product candidates for pre-clinical testing and clinical studies, and we intend to do so for the commercial manufacture of our products. Similarly, we may rely on collaborators to manufacture, either directly or through CMOs, product candidates licensed to them. Accordingly, we have not internally developed any manufacturing facilities or hired related personnel.

To date, we have obtained materials for our product candidates from multiple third-party manufacturers and suppliers. We believe that all of the materials required for the manufacture of our product candidates can be obtained from more than one source. However, the manufacturing processes for each of our product candidates vary and sourcing adequate supplies may be made more difficult depending on the type of product candidate involved. Our product candidates generally can be manufactured in reliable and reproducible synthetic processes from readily available starting materials, excipients and packaging components.

Corporate Information

We were incorporated in the Province of British Columbia on November 5, 1996 under the predecessor to the Business Corporations Act (British Columbia) under the name "Xenon Bioresearch Inc." We continued from British Columbia to the federal jurisdiction pursuant to Section 187e of the Canada Business Corporations Act, or the CBCA, on May 17, 2000 and concurrently changed our name to "Xenon Genetics Inc." We registered as an extra-provincial company in British Columbia on July 10, 2000 and changed our name to "Xenon Pharmaceuticals Inc." on August 24, 2004. We had one wholly-owned subsidiary as of December 31, 2025, Xenon Pharmaceuticals USA Inc., which was incorporated in Delaware on December 2, 2016. Our principal executive offices are located at 3650 Gilmore Way, Burnaby, British Columbia, Canada V5G 4W8, and our telephone number is (604) 484-3300. We are a reporting issuer in British Columbia, Alberta and Ontario, but our shares are not listed on any recognized Canadian stock exchange. Our common shares trade on the Nasdaq Global Market under the symbol "XENE."

Where You Can Find Additional Information

We make available free of charge through our investor relations website, http://investor.xenon-pharma.com, our annual reports, quarterly reports, current reports, proxy statements and all amendments to those reports as soon as reasonably practicable after such material is electronically filed or furnished with the U.S. Securities and Exchange Commission, or SEC. These reports may also be obtained without charge by contacting Investor Relations, Xenon Pharmaceuticals Inc., 3650 Gilmore Way, Burnaby, British Columbia, Canada V5G 4W8, e-mail: investors@xenon-pharma.com. Our website and the information contained therein or incorporated therein are not intended to be incorporated into this Annual Report on Form 10-K. The SEC maintains a website that contains reports, proxy and information statements, and other information regarding reports that we file or furnish electronically with them at www.sec.gov. Additional information related to Xenon is also available on SEDAR+ at www.sedarplus.ca.

Item 1A. Risk Factors

You should carefully consider the following risk factors, in addition to the other information contained in this report, including the section of this report captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes. If any of the events described in the following risk factors and the risks described elsewhere in this report occurs, our business, operating results and financial condition could be seriously harmed. This report on Form 10-K also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of factors that are described below and elsewhere in this report. Our risk factors are not guarantees that no such conditions exist as of the date of this report and should not be interpreted as an affirmative statement that such risks or conditions have not materialized, in whole or in part.

Risks Related to Our Financial Condition and Capital Requirements

We have incurred significant losses since our inception and anticipate that we will continue to incur significant losses for the foreseeable future.

Investment in biopharmaceutical product development is highly speculative because it entails substantial capital expenditures and significant risk that a product candidate may fail to demonstrate adequate efficacy or an acceptable safety profile, gain regulatory approval and become commercially viable. We have no products approved for commercial sale and have not generated any revenue from product sales to date, and we will continue to incur significant research and development and other expenses related to our clinical development and ongoing operations. As a result, we are not profitable and have incurred losses in each period since our inception. Since our inception, we have devoted substantially all of our financial resources and efforts to research and development, including pre-clinical studies, manufacturing of investigational drug and our clinical studies. Our financial condition and operating results, including net losses, may fluctuate significantly from quarter to quarter and year to year. Accordingly, you should not rely upon the results of any quarterly or annual periods as indications of future operating performance. We do not expect to have sustained profitability for the foreseeable future. We had net losses of $345.9 million, $234.3 million and $182.4 million for the years ended December 31, 2025, 2024 and 2023, respectively, and an accumulated deficit of $1,245.4 million as of December 31, 2025, which were driven by expenses incurred in connection with our research and development programs and from general and administrative costs associated with our operations. We expect to continue to incur significant losses for the foreseeable future, and we expect these losses to increase as we continue our research and development of, and seek regulatory approvals for our product candidates.

We expect to incur significant expenses and increasing operating losses for the foreseeable future as we:

- seek marketing authorization for and prepare for the potential commercial launch of azetukalner;
- invest to further develop azetukalner for our current and future indications;
- advance additional product candidates into pre-clinical and clinical development;
- seek regulatory and marketing approvals for any of our product candidates that successfully complete clinical studies;
- require the manufacture of larger quantities of our product candidates for clinical development and potential commercialization;
- hire additional commercial, clinical, scientific, management and administrative personnel;
- acquire or in-license other assets and technologies;
- maintain, protect and expand our intellectual property portfolio; and
- create additional infrastructure to support our operations and any future commercialization efforts.

Our expenses could increase beyond expectations for a variety of reasons, including if we are required by the U.S. Food and Drug Administration, or FDA, the European Medicines Agency, or EMA, or other regulatory authorities to perform clinical and other studies including post-approval commitments in addition to those that we currently anticipate, or if there are any delays in establishing appropriate manufacturing arrangements to support our clinical studies, the development of any of our product candidates or commercialization. Our prior losses, combined with expected future losses, have had and will continue to have an adverse effect on our shareholders' equity and working capital.

We do not generate any revenue from product sales and may never become profitable.

Our ability to generate revenue and achieve profitability depends on our ability, alone or with collaborators, to successfully complete the development of, and obtain the regulatory approvals necessary to commercialize, our product candidates. Successful commercialization will require achievement of many key milestones, including demonstrating safety and efficacy in clinical studies, obtaining regulatory, including marketing, approval for these product candidates, manufacturing, marketing and selling those products for which we, or any of our existing or future collaborators, may obtain regulatory approval, satisfying any post-marketing requirements and obtaining reimbursement for our products from private insurance or government payers. Because of the uncertainties and risks associated with these activities, we are unable to accurately and precisely predict the timing and amount of revenues, the extent of any further losses or if or when we might achieve profitability. We and our existing or future collaborators may never succeed in these activities and, even if we do, we may never generate revenues that are large enough for us to achieve profitability. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Additionally, our expenses could increase if we are required by the FDA, EMA or other regulatory authorities to perform clinical studies in addition to those currently expected, or if there are any delays in completing our clinical studies or the development of any of our product candidates.

If any of our product candidates fail in clinical studies or do not gain regulatory approval, or if any of our future products, if any, once approved, fail to achieve market acceptance or adequate market share, we may never become profitable. If we are unable to generate sufficient revenue to become profitable and remain so, our financial condition and operating results will be negatively impacted, and the market price of our common shares might be adversely impacted.

We will need to raise additional funding, which may not be available on acceptable terms, if at all. Failure to obtain capital when needed may force us to delay, limit or terminate our product discovery and development programs or commercialization efforts or other operations.

Since our inception, we have dedicated most of our resources to the discovery and development of our pre-clinical and clinical product candidates. We expect to continue to spend substantial amounts of resources to continue the pre-clinical and clinical development of our current and future programs. If we are able to gain marketing approval for product candidates that we develop, we will require significant additional amounts of capital in order to launch and commercialize such product candidates to the extent that such launch and commercialization are not the responsibility of a collaborator. In addition, other unanticipated costs may arise in the course of our development efforts. Because the design and outcome of our planned and anticipated clinical studies is highly uncertain, we cannot reasonably estimate the actual amounts necessary to successfully complete the development and commercialization of any product candidate we develop.

Our future capital requirements depend on many factors, including but not limited to:

- the scope, progress, results and costs of researching and developing our current product candidates, as well as additional product candidates we may develop and pursue in the future;
- the timing of, and the costs involved in, obtaining marketing approvals for our product candidates and any additional product candidates we may develop and pursue in the future;
- the number of future product candidates that we may pursue and their development requirements;
- if approved, the costs of commercialization activities for any product candidate that receives regulatory approval to the extent such costs are not the responsibility of an existing or future collaborator, including the costs and timing of establishing product sales, marketing, distribution and manufacturing capabilities;
- subject to the receipt of regulatory approval, revenue, if any, received from commercial sales of our product candidates and any additional product candidates we may develop and pursue in the future;
- whether our existing collaborations generate substantial milestone payments and, ultimately, royalties on future approved products for us;
- our ability to maintain existing collaborations and to establish new collaborations, licensing or other arrangements and the financial terms of such arrangements;
- the costs associated with any transactions to acquire or in-license other product candidates and technologies;
- our headcount growth and associated costs as we expand our research and development efforts and initiate pre-commercial and commercial activities;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patents, including litigation costs and the outcome of such litigation; and

- the ongoing costs of operating as a public company.

Based on our research and development plans and our timing expectations related to the progress of our programs, we expect that our existing cash and cash equivalents and marketable securities as of the date of this report, will enable us to fund our operating expenses and capital expenditure requirements for at least the next 12 months.

Our operating plan may change as a result of many factors currently unknown to us, and we may need to seek additional funds sooner than planned. Raising funds in the future may present additional challenges and future financing may not be available in sufficient amounts or on terms acceptable to us, if at all. If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, we may have to significantly delay, reduce or terminate our product development programs or plans for commercialization.

We may allocate our limited resources to pursue a particular product candidate or indication and fail to capitalize on other product candidates or indications that may be more profitable or for which there is a greater likelihood of success.

Because we have limited financial and management resources, we focus on a limited number of research programs and product candidates. As a result, we may forgo or delay pursuit of opportunities with other product candidates or for our current product candidates in other indications that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial drugs or profitable market opportunities. Our spend on current and future research and development programs and product candidates for specific indications may not yield any commercially viable drugs. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration, licensing or other arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights.

Raising additional capital may cause dilution to our existing shareholders, restrict our operations or require us to relinquish rights to our technologies or product candidates.

We expect our expenses to increase in connection with our planned operations. Unless and until we can generate a substantial amount of revenue from any approved product candidates, we expect to finance our future cash needs through public or private equity offerings, debt financings, royalty-based financing, collaborations, licensing arrangements or other sources, or any combination of the foregoing. In addition, we may seek additional capital due to favorable market conditions or strategic considerations, even if we believe that we have sufficient funds for our current or future operating plans.

The terms of any financing arrangements we enter into may adversely affect the holdings or the rights of our shareholders and the issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of our common shares to decline. The sale of additional equity or convertible securities also would dilute all of our shareholders.

Historically, we have also financed our operations through the incurrence of debt. Any future incurrence of indebtedness would result in increased fixed payment obligations and, potentially, the imposition of restrictive covenants. Such covenants could include limitations on our ability to incur additional debt, limitations on our ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business.

We could also be required to seek funds through collaborations or marketing, distribution or licensing arrangements, or royalty-based financings with third parties, and we may have to relinquish valuable rights to our technologies, future revenue streams or product candidates, or grant licenses on terms that may not be favorable to us. If we are unable to raise additional capital when needed, we may be required to delay, reduce or terminate our product discovery and development programs, commercialization efforts, or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves. In addition, any additional fundraising efforts may divert our management from their day-to-day activities, which may adversely affect our ability to develop and commercialize our product candidates.

We are subject to risks associated with currency fluctuations which could impact our results of operations.

A portion of our cash and cash equivalents and marketable securities are denominated in Canadian dollars, and we incur significant expenses in Canadian dollars in connection with our operations in Canada. We do not currently engage in foreign currency hedging arrangements for our Canadian dollar expenditures, and, consequently, foreign currency fluctuations, including as a result of trade relations between Canada and the United States, may adversely affect our earnings; however, in the future, we may engage in exchange rate hedging activities in an effort to mitigate the impact of exchange rate fluctuations. Any hedging technique we implement may fail to be effective. If our hedging activities are not effective, changes in currency exchange rates may have a more significant impact on the market price of our common shares.

Risks Related to Our Business and Industry

We and our collaborators face substantial competition in the markets for our product candidates, which may result in others discovering, developing or commercializing products before us or doing so more successfully than we, or our collaborators, do.

The biotechnology and pharmaceutical industries are characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary products. We face potential competition in drug discovery and product development from many different approaches and sources, including major pharmaceutical, specialty pharmaceutical and biotechnology companies, academic institutions, governmental agencies, as well as public and private research institutions. Any product candidates that we, or our collaborators, successfully develop and commercialize will compete with existing products and any new products that may become available in the future.

The key competitive factors affecting the success of all of our product candidates, if approved, are likely to be their efficacy, safety and/or tolerability, convenience and ease of administration, price, the potential advantages of alternative products, the level of generic competition, and the availability of coverage and adequate reimbursement from government and other third-party payers.

Many of the companies against which we are competing or against which we may compete in the future have significantly greater financial resources and expertise in research and development, manufacturing, pre-clinical testing, conducting clinical studies, obtaining regulatory approvals and marketing approved products than we, or our collaborators, do. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaboration arrangements with large and established companies.

Our commercial opportunities could be reduced or eliminated if our competitors develop and commercialize products or therapies that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any products that we may develop. Our competitors also may obtain FDA, EMA or other foreign regulatory approval for their products more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market. In addition, our ability to compete may be affected by decisions made by insurers or other third-party payers or public health systems to secure favorable coverage and reimbursement as well as the commercial success of our product candidates.

If one or more of our proprietary or partnered products were approved for the treatment of epilepsy, we anticipate that they could potentially compete with other anti-seizure medications, or ASMs, or one another. If one or more of our proprietary products were approved for the treatment of major depressive disorder, or MDD, we anticipate that they could potentially compete with other anti-depressant medications, or ADs. In addition, we plan to develop one or more proprietary products for the treatment of bipolar disorder, or BPD, and if any such products were approved for treatment of BPD, we anticipate that they could potentially compete with other anticonvulsant and antipsychotic medications.

We have no marketed proprietary products and are advancing clinical development through Phase 3 clinical studies for our azetukalner program in epilepsy, major depressive disorder, and bipolar depression. These studies may not result in regulatory approval or successful commercialization of our product candidates.

As a company, we have no previous experience in completing a Phase 3 clinical study and related regulatory requirements including a New Drug Application, or NDA, or equivalent submission, or the commercialization of products. We have not yet demonstrated our ability to independently and repeatedly conduct clinical development after Phase 2, obtain regulatory approval, manufacture drug substance or drug product on a registrational and commercial scale or arrange for a third-party to do so on our behalf, and commercialize therapeutic products. We will need to develop such abilities if we are to execute on our business strategy to develop and independently commercialize product candidates.

While we are advancing our Phase 3 clinical studies in azetukalner, significant risks remain. There can be no assurance that these or any future clinical studies will be successful, that we will be able to obtain regulatory approval, or that we will be able to manufacture or independently commercialize any product candidates. We may encounter delays or difficulties in advancing our product candidates through late-stage development, obtaining regulatory approval, or achieving commercial success, which could adversely affect our business prospects.

To execute on our business plan for the development of independent programs, we will need to successfully:

- reach agreement with multiple regulatory agencies on clinical and pre-clinical studies required for registration;
- execute our clinical development and manufacturing plans for later-stage product candidates;
- obtain required regulatory approvals in each jurisdiction in which we will seek to commercialize products;
- build and maintain appropriate pre-commercialization capabilities as well as commercial sales, distribution and marketing capabilities;
- build and implement effective market access strategy and gain market acceptance for our future products, if any; and
- manage our spending as costs and expenses increase due to clinical studies, regulatory approvals and commercialization activities.

If we are unsuccessful in accomplishing these objectives, we will not be able to develop and commercialize any future product candidates independently and could fail to realize the potential advantages of doing so.

If we are not successful in discovering, developing and commercializing additional product candidates, our ability to expand our business and achieve our strategic objectives may be impaired.

We have built a product development pipeline by identifying product candidates either from our internal research efforts or through acquiring or in-licensing other product candidates or technologies. Both our internal discovery efforts and our assessment of potential acquisition or in-licensing opportunities require substantial technical, financial and human resources, regardless of whether we identify any viable product candidates.

If we are unable to identify additional product candidates suitable for clinical development and commercialization either from our internal research efforts or through acquiring or in-licensing other product candidates or technologies, we may not be able to obtain product revenue in future periods, which likely would result in significant harm to our financial position and adversely impact the market price of our common shares.

If we fail to attract and retain our executive officers and key personnel, we may be unable to successfully develop our product candidates, perform our obligations under our collaboration agreements, conduct our clinical studies and commercialize our product candidates.

Our success depends in part on our continued ability to attract, retain and motivate highly qualified management, clinical and scientific personnel. Our industry has experienced a high rate of turnover of management personnel in recent years. Replacing executive officers or other key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to develop, gain regulatory approval of and commercialize products successfully.

We are highly dependent upon our executive officers, including Mr. Ian Mortimer, our President and Chief Executive Officer. The loss of services of one or more of our executive officers could materially delay or even prevent the successful development of our product candidates.

In addition, we will need to hire additional personnel as we expand our clinical development activities and develop commercial capabilities, including a sales infrastructure to support our independent commercialization efforts. We may not be able to attract and retain personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for individuals with similar skill sets. The inability to recruit or loss of the services of any executive or key employee may impede the progress of our research, development and commercialization objectives.

Our employees, collaborators and other personnel may engage in misconduct or other improper activities, including non-compliance with legal and regulatory standards and requirements, which could cause significant liability for us and harm our reputation.

We are exposed to the risk of fraud or other misconduct by our employees, collaborators, vendors, investigational site staff, consultants, commercial partners and other personnel. Misconduct by those parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to us that violates:

- the regulations of the FDA, EMA and other foreign regulators, including those laws requiring the reporting of true, complete and accurate information to such authorities;
- manufacturing standards;
- insider trading laws;
- data privacy, data protection and security;
- federal and state healthcare fraud and abuse laws and regulations in the U.S. and abroad; and
- laws that require the reporting of financial information or data accurately.

In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. Additionally, we are subject to applicable foreign, federal and state data privacy and security laws. For additional information, see "Risk Factors — We are subject to evolving global laws and regulations relating to privacy, data protection and information security, which may require us to incur substantial compliance costs, and any failure or perceived failure by us to comply with such laws and regulations may harm our business and operations."

Various laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Any misconduct could also involve the improper use or misrepresentation of information obtained in the course of clinical studies or creating fraudulent data in our pre-clinical studies or clinical studies, which could result in regulatory sanctions and cause serious harm to our reputation. We have adopted a code of conduct applicable to all of our employees, officers, directors, agents and representatives, including consultants, but it is not always possible to identify and deter misconduct, and the precautions we take to detect and prevent misconduct may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or claims, demands, or lawsuits stemming from an actual or alleged failure to comply with these laws and regulations. Additionally, we are subject to the risk that a person or government could allege such fraud or other misconduct, even if none occurred. If any such actions are instituted against us, and we are not successful in defending ourselves, achieving a favorable settlement or otherwise asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, disgorgement, integrity oversight and reporting obligations, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations. Additionally, defending against any such actions can be costly, time-consuming and may require significant financial and personnel resources. Therefore, even if we are successful in defending against any such actions that may be brought against us, our business may be impaired.

We may encounter difficulties in managing our growth, including headcount, and expanding our operations successfully.

Our business strategy involves continued development and, where development is successful, commercialization of select product candidates. In order to execute on this strategy, we will need to build out a regulatory, sales, manufacturing, supply chain and marketing infrastructure and expand our development capabilities or contract with third parties to provide these capabilities and infrastructure for us. To achieve this, we will need to identify, hire and integrate personnel, compensate our employees on adequate terms in an increasingly competitive, inflationary market and continue to implement and improve our managerial, operational and financial systems. As our operations expand, we expect that we will need to manage additional relationships with various strategic collaborators, suppliers and other third parties.

Future growth will impose significant added responsibilities on members of management including the need to identify, recruit, maintain, motivate and integrate additional employees. Also, our management may need to divert a disproportionate amount of its attention away from our day-to-day activities and devote a substantial amount of time to managing these growth activities. We may not be able to effectively manage the expansion of our operations, which may result in weaknesses in our business, give rise to operational errors, loss of business opportunities, loss of employees and reduced productivity amongst remaining employees. Our expected growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of existing and additional product candidates. If we are unable to effectively manage our growth, our expenses may increase more than expected, our ability to generate and grow revenue could be reduced, and we may not be able to implement our business strategy. Our future financial performance and our ability to commercialize product candidates and compete effectively will depend, in part, on our ability to effectively manage any future growth.

We are subject to evolving global laws and regulations relating to privacy, data protection and information security, which may require us to incur substantial compliance costs, and any failure or perceived failure by us to comply with such laws and regulations may harm our business and operations.

In the ordinary course of business, we process personal data and other sensitive information, including our proprietary and confidential business data, trade secrets, intellectual property, data about study participants collected in connection with clinical studies, and other sensitive data. Our data processing activities subject us to numerous data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contracts, and other obligations that govern the processing of personal data by us and on our behalf.

In the U.S., federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, and consumer protection laws. For example, the U.S. federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, imposes specific requirements relating to the privacy, security, and transmission of individually identifiable health information that apply to most U.S. healthcare providers with which we interact, such as our U.S. clinical study sites. At the state level, many jurisdictions in which we are operating also have laws and regulations relating to data privacy, cybersecurity and protection of personal information, including the California Consumer Privacy Act, or CCPA. CCPA and similar state comprehensive consumer privacy laws create consumer rights protection and impose obligations on businesses on which they apply, including requirements to conduct data processing risk assessments, to enter data processing agreements with vendors and other third-parties with whom a business shares personal information, and to make detailed disclosures to residents of those states about the business' data collection, use and sharing practices. Many of these state laws also allow for statutory fines for noncompliance. In addition, several states have enacted health-focused consumer privacy laws, such as Washington state's My Health, My Data Act, which impose obligations related to the collection and sharing of certain health-related information that is not subject to HIPAA and that does not fall within certain other exceptions in the law. Although these state consumer data and consumer health data privacy laws generally exempt some data processed in the context of clinical studies, to the extent they are applicable in our business and operations, these laws may increase compliance costs and potential liability with respect to other personal information we maintain about residents of these states.

Additional data privacy and security laws have been proposed and enacted at the federal, state, and local levels in recent years, which could further complicate compliance efforts. For example, in June 2024, the Protecting Americans' Data from Foreign Adversaries Act of 2024 took effect. This law prohibits data brokers from making available certain personally identifiable sensitive data of U.S. individuals to "foreign adversary" countries, such as the People's Republic of China, or the PRC, and entities controlled by such countries. Additionally, in January 2025, the U.S. Department of Justice published a final rule implementing President Biden's Executive Order 14117, "Preventing Access to Americans' Bulk Sensitive Personal Data and United States Government-Related Data by Countries of Concern," which became effective in April 2025. This final rule prohibits certain data brokerage transactions involving certain bulk sensitive personal information, including human genomic data and biospecimens from which such data can be derived, with restricted persons and jurisdictions, such as the PRC. The final rule also places restrictions on certain vendor, employment and investment agreements with such jurisdictions. These restrictions may affect our ability to engage in collaborations or license agreements with entities in restricted countries or with a nexus to such countries going forward.

Outside the U.S., the European Union's General Data Protection Regulation, or EU GDPR, and the United Kingdom's GDPR, or UK GDPR, impose strict requirements for processing the personal data of individuals. For example, under the EU GDPR, government regulators may impose temporary or definitive bans on data processing, as well as fines of up to 20 million euros or 4% of annual global revenue, whichever is greater. Further, individuals may initiate litigation related to our processing of their personal data. Certain foreign jurisdictions have enacted data localization laws and cross-border personal data transfer laws, which could make it more difficult to transfer information across jurisdictions, such as transferring or receiving personal data that originates in the European Union, or EU. Additional jurisdictions have enacted and continue to enact and modify their data privacy laws, which increases the complexity of the data privacy landscape.

Although we endeavor to comply with all applicable data privacy and security obligations, these obligations are quickly changing in an increasingly stringent fashion, creating some uncertainty as to how to comply, and potentially requiring us to modify our policies and practices, which may be costly and may divert the attention of management and technical personnel. Further, we may at times fail, or be perceived to have failed, to have complied and could face significant consequences. These consequences may include, but are not limited to, government enforcement actions, investigations and other proceedings; additional reporting requirements and/or oversight; bans on processing personal data; orders to destroy or not use personal data; and imprisonment of company officials. Any of these events could have a material adverse effect on our reputation, business, or financial condition, including but not limited to: interruptions or stoppages in our business operations, including our clinical studies; inability to process personal data or to operate in certain jurisdictions; limited ability to develop or commercialize our products; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or revision or restructuring of our operations.

Our business and operations could suffer in the event of an actual or perceived information security incident such as a cybersecurity breach, system failure, or other compromise of our systems and/or information, including information held by a third-party contractor or vendor.

We rely on both internal information technology systems and networks, and those of third-party vendors and contractors, to acquire, transmit, store and otherwise process information in connection with our business activities. Our ability to effectively manage our business depends on the security, reliability and adequacy of our and our third-party contractors' and vendors' technology systems. Any incident, whether hostile or inadvertent, that adversely impacts the confidentiality, integrity or availability of our systems and/or data, including phishing, business email compromise, social engineering, ransomware or other malware, or any security breach, security incident or other destruction, loss, or unauthorized use or other processing of data maintained or otherwise processed by us or on our behalf could result in a loss of intellectual property or misappropriation of trade secrets, disruptions to our business and operations, subject us to increased costs and require us to expend time and resources to address the matter, may subject us to claims, demands, and proceedings by private parties, regulatory investigations and other proceedings, and fines, penalties, and other liability and have a material adverse effect on our business. In addition, the loss, alteration or other damage to or other unavailability of pre-clinical data or clinical study data from completed or ongoing clinical studies for our product candidates could result in delays in our development and regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Any cyberattack, security breach or incident, or other destruction, loss or unauthorized processing of data maintained or otherwise processed by us or on our behalf, or the perception any such matter has occurred, could result in actual or alleged violations of applicable U.S. and international privacy, data protection, information security and other laws and regulations, harm our reputation and subject us to litigation and governmental investigations and proceedings by federal, state and local regulatory entities in the U.S. and by international regulatory entities, resulting in exposure to material civil and/or criminal proceedings and liability. In addition, we may incur significant additional expense to implement further measures relating to privacy, data protection and information security, whether in response to an actual or perceived security breach or incident or otherwise.

To date, we have not experienced any material impact to our business, financial position or operations resulting from cyberattacks or other information security incidents; however, because of frequently changing attack techniques, along with the increased volume and sophistication of such attacks, our business, financial position or operations could be adversely impacted in the future. Moreover, the increasingly distributed nature of computing, including prevalent use of mobile devices to access confidential information and widespread use of cloud-based applications hosted in remote data centers, increases the risk of security breaches and incidents. These risks may be heightened due to the increasing number of our and our third-party vendors' and contractors' personnel working remotely. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate information security vulnerabilities, threats and incidents. While we have implemented layered security measures, our computer systems and the external systems and services used by our third-party contract manufacturers, or CMOs, and contract research organizations, or CROs, and their vendors and contractors remain potentially vulnerable to these events and there can be no assurance that we will be successful in preventing cyberattacks or successfully mitigating their effects. Our liability insurance may not be sufficient in type or amount to cover us against claims related to security breaches, cyberattacks and other related breaches.

A variety of risks associated with international operations could materially harm our business.

We must dedicate additional resources to comply with numerous laws and regulations in each jurisdiction in which we operate and plan to operate outside the U.S., including those countries outside the U.S. in which we are conducting clinical studies. As we engage in significant cross-border and international activities, we will be subject to risks related to international operations, including:

- different regulatory requirements for conducting clinical studies, registering and maintaining approval of, manufacturing and advertising drugs in foreign countries;
- reduced protection for intellectual property rights in certain countries;

- changes in tariffs, trade barriers and regulatory requirements, including tariffs that have been imposed on certain goods by the current presidential administration and reciprocal tariffs imposed by Canada and other countries in which we do business, as well as potential tariffs on pharmaceutical products and components manufactured outside the United States that the current presidential administration has contemplated;
- economic weakness, including inflation, political instability or open conflict in particular foreign economies and markets;
- differing and multiple payer reimbursement regimes, government payers or patient self-pay systems;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- foreign currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations of doing business in another country;
- workforce uncertainty in countries where labor unrest is more common than in North America;
- potential or actual violations of domestic and international anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, or of U.S. and international import, export and re-export control and sanctions laws and regulations, the likelihood of which may increase with an increase of operations in foreign jurisdictions, directly or indirectly through third parties (whose corrupt or other illegal conduct may subject us to liability), which may involve interactions with government agencies or government-affiliated hospitals, universities and other organizations, such as conducting clinical studies, selling our products, and obtaining necessary permits, licenses, patent registrations, and other regulatory approvals;
- tighter restrictions on privacy and data protection, and more burdensome obligations associated with the collection, use and retention of data, including clinical data and genetic material, may apply in jurisdictions outside of North America;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad;
- business interruptions resulting from geopolitical actions, including war, civil and political unrest and terrorism, or natural disasters including earthquakes, typhoons, floods and fires;
- supply and other disruptions resulting from the impact of public health pandemics or epidemics on our strategic partners, third-party manufacturers, suppliers and other third parties upon which we rely; and
- business interruptions resulting from increased government scrutiny on the use of certain foreign biotechnology service providers due to national security concerns, including the potential for legislation that restricts or prohibits the use of such third-party service providers.

If we are unable to successfully manage these risks associated with cross-border and international activities, our business could be materially harmed.

U.S. holders of our common shares may suffer adverse tax consequences if we are characterized as a passive foreign investment company.

U.S. investors should be aware that based on our gross income and gross assets, we were a passive foreign investment company, or PFIC, for the taxable year ended December 31, 2025 and we may be a PFIC in 2026.

Generally, for any taxable year in which 75% or more of our gross income is passive income, or at least 50% of the quarterly average percentage of our assets (as determined under applicable Treasury Regulations) are held for the production of, or produce, passive income, we would be characterized as a PFIC, for U.S. federal income tax purposes. For PFIC testing purposes, a range of factors can affect the determination including the market price of our common shares and how we spend or otherwise hold our cash. Thus, our status as a PFIC is a fact-intensive determination made on an annual basis and the applicable law is subject to varying interpretation. In addition, a company's PFIC status can be made only after the end of each taxable year. Accordingly, we cannot provide any assurance regarding our PFIC status for the current taxable year or future taxable years.

If we are a PFIC for any year in which a U.S. investor hold our shares, such U.S. holders of our common shares may suffer adverse tax consequences including in years after we cease to be classified as a PFIC. Gains realized by such U.S. holders on the sale of our common shares would be taxed as ordinary income, rather than as capital gain, and the preferential tax rate applicable to dividends received on our common shares would be lost. Interest charges would also be added to taxes on gains and dividends realized by all U.S. holders. U.S. holders should consult their own tax advisors with respect to their particular circumstances.

A U.S. holder may avoid these adverse tax consequences by timely making a qualified electing fund election. For each year that we would meet the PFIC gross income or asset test, an electing U.S. holder would be required to include in gross income its pro rata share of our net ordinary income and net capital gains, if any. A U.S. holder may make a qualified electing fund election only if we commit to provide U.S. holders with their pro rata share of our net ordinary income and net capital gains. We will provide, upon request, our U.S. holders with the information that is necessary in order for them to make a qualified electing fund election and to report their pro rata shares of ordinary earnings and net capital gains for each year we believe we were a PFIC. U.S. holders should consult their own tax advisors with respect to making this election and the related reporting requirements.

A U.S. holder may also mitigate the adverse tax consequences by timely making a mark-to-market election. Generally, for each year that we meet the PFIC gross income or asset test, an electing U.S. holder would include in gross income the increase in the value of its common shares during each of its taxable years and deduct from gross income the decrease in the value of such shares during each of its taxable years. A mark-to-market election may be made and maintained only if our common shares are regularly traded on a qualified exchange, including the Nasdaq Global Market, or Nasdaq. Whether our common shares are regularly traded on a qualified exchange is an annual determination based on facts that, in part, are beyond our control. Accordingly, a U.S. holder might not be eligible to make a mark-to-market election to mitigate the adverse tax consequences if we are characterized as a PFIC. U.S. holders should consult their own tax advisors with respect to the possibility of making this election.

In addition, if we are or become a PFIC (or our PFIC status is uncertain), it may deter certain U.S. investors from purchasing our common shares, which could have an adverse impact on the market price of our common shares.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

We have significant Canadian federal net operating loss carryforwards which are limited in life, Canadian federal investment tax credit carryforwards and provincial investment tax credit carryforwards which could expire unused and be unavailable to offset future income tax liabilities. The rules dealing with Canadian and U.S. federal, provincial, state, and local income taxation are constantly under review by persons involved in the legislative process and by the Canada Revenue Agency, Internal Revenue Service and the U.S. Treasury Department. Changes to tax laws, or changes in interpretations of existing laws (which changes may have retroactive application), including with respect to net operating losses and tax credits, could adversely affect us or holders of our common shares. In recent years, many such changes have been made and changes are likely to continue to occur in the future. Future changes in tax laws could have a material adverse effect on our business, cash flow, financial condition or results of operations.

We may become subject to income tax in jurisdictions in which we are organized or operate, which would reduce our future earnings.

There is a risk that we may become subject to income tax in jurisdictions outside of Canada and the U.S., if under the laws of any such jurisdiction, we are considered to be carrying on a trade or business there or earn income that is considered to be sourced there and we do not qualify for an exemption. In jurisdictions where we do not believe we are subject to tax, we can provide no certainty that tax authorities in those jurisdictions will not subject one or more tax years to examination. Tax examinations are often complex as tax authorities may disagree with the treatment of items reported by us, the result of which could have a material adverse effect on our operating results and financial condition.

Acquisitions or other strategic transactions could disrupt our business, cause dilution to our shareholders and otherwise harm our business.

We actively evaluate various strategic transactions on an ongoing basis, including the acquisition of other businesses, products or technologies as well as pursuing strategic alliances, licensing transactions or investments in complementary businesses. Any of these transactions could be material to our financial condition and operating results and expose us to many risks, including:

- disruption in our relationships with collaborators or suppliers as a result of such a transaction;
- unanticipated liabilities related to acquired companies;
- difficulties integrating acquired personnel, technologies and operations into our existing business;
- retention of key employees;
- diversion of management time and focus from operating our business to pursuing strategic transactions and managing any such strategic alliances, joint ventures or acquisition integration challenges;
- dilution to our shareholders if we issue equity in connection with such transactions;
- increases in our expenses and reductions in our cash available for operations and other uses; and

- possible write-offs or impairment charges relating to acquired businesses.

Foreign acquisitions involve unique risks in addition to those mentioned above, including those related to integration of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries.

Also, the anticipated benefit of any strategic alliance or acquisition may not materialize. Future acquisitions or dispositions could result in potentially dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities or amortization expenses or write-offs of goodwill, any of which could harm our financial condition. We cannot predict the number, timing or size of future acquisitions, or the effect that any such transactions might have on our operating results.

Our current and future operations in the U.S. and elsewhere will be subject, directly or indirectly, to applicable federal and state fraud and abuse, government pricing and transparency, health information privacy and security, and other healthcare laws and regulations, non-compliance with which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm, administrative burdens, and diminished profits and future earnings.

Healthcare providers and third-party payers in the U.S. and national health systems in other jurisdictions play a primary role in the recommendation and prescription of any product candidates for which we obtain marketing approval. Our arrangements with healthcare providers, third-party payers, patients and other parties within the healthcare delivery system may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell, and distribute any products for which we obtain marketing approval. Restrictions under applicable healthcare and data privacy laws and regulations include the following, some of which will apply only if and when we have a marketed product:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made under federal and state healthcare programs such as Medicare and Medicaid;
- federal civil and criminal false claims laws, including the federal False Claims Act, which can be enforced through civil whistleblower, or qui tam actions, as well as civil monetary penalty laws can impose criminal and civil penalties, assessment, and exclusion from participation for various forms of fraud and abuse involving the federal healthcare programs, such as Medicare and Medicaid;
- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, as amended, which imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program and also establishes requirements related to the privacy, security, and transmission of individually identifiable health information which apply to many healthcare providers, physicians, and third-party payers with whom we interact;
- the FDCA, which, among other things, strictly regulates drug product and medical device marketing, prohibits manufacturers from marketing such products for off-label use and regulates the distribution of samples;
- federal laws that require pharmaceutical manufacturers to report certain calculated product prices to the government or provide certain discounts or rebates to government authorities or private entities, often as a condition of reimbursement under governmental healthcare programs;
- the so-called federal "sunshine law" or Open Payments which requires manufacturers of drugs, devices, biologics, and medical supplies to report to the Centers for Medicare & Medicaid Services information related to payments and other transfers of value to teaching hospitals, physicians, and other healthcare practitioners, as well as ownership and investment interests held by physicians and their immediate family members;
- federal and state consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm consumers; and
- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, which may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payers, including private insurers; state and foreign laws that limit financial interactions between manufacturers and healthcare providers; require manufacturers to adopt certain compliance standards; require disclosure to the government and public of financial interactions; require disclosure of marketing expenditures or pricing information, regulate drug pricing and/or require the registration of pharmaceutical sales representatives; and state and foreign laws governing the collection, export, privacy, use, protection and security of biological materials and health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

Efforts to ensure that our activities comply with applicable healthcare laws and regulations will involve substantial costs and, if and when one of our product candidates is approved, our compliance efforts will need to expand and evolve to address newly applicable laws. Given the breadth of the laws and regulations, limited guidance for certain laws and regulations and evolving government interpretations of the laws and regulations, governmental authorities may possibly conclude that our business practices may not comply with such laws. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, exclusion from government funded healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations. Further, defending against any such actions can be costly, time-consuming and may require significant personnel resources. Therefore, even if we are successful in defending against any such actions that may be brought against us, our business may be impaired.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

Our research and development activities involve the controlled use of potentially harmful biological materials as well as hazardous materials, chemicals, and various radioactive compounds typically employed in molecular and cellular biology. For example, we routinely use cells in culture and we employ small amounts of radioisotopes. We cannot completely eliminate the risk of accidental contamination or injury from the use, storage, handling, or disposal of these materials through our maintenance of up-to-date licensing and training programs. In the event of contamination or injury, we could be held liable for damages that result, and any liability could exceed our resources. We currently carry insurance covering certain claims arising from our use of these materials. However, if we are unable to maintain our insurance coverage at a reasonable cost and with adequate coverage, our insurance may not cover any liability that may arise. We are subject to Canadian federal, provincial, and local laws and regulations and may be subject to U.S. and/or foreign, laws and regulations governing the use, storage, handling, and disposal of these materials and specified waste products. Complying with regulations regarding the use of these materials could be costly, and if we fail to comply with these regulations, it could have a material adverse effect on our operations and profitability.

We or the third parties upon whom we depend may be adversely affected by earthquakes, climate change or other natural disasters and our business continuity and disaster recovery plans may not adequately protect us from serious disaster.

Our headquarters are located in Burnaby, British Columbia, Canada. We are vulnerable to natural disasters such as earthquakes that could disrupt our operations. If a natural disaster, power outage, fire or other event occurred that prevented us from using all or a significant portion of our headquarters, that damaged critical infrastructure, such as the manufacturing facilities of our CMOs upon whom we rely, or that otherwise disrupted operations, it may be difficult or, in certain cases, impossible for us to continue our business for a substantial period of time. Such events may result in damage or loss of our products and product candidates during their manufacture and shipment, cause delays in clinical development due to study site disasters or result in losses of critical data, any of which may adversely impact our operations. Although we carry insurance for earthquakes and other natural disasters, we may not carry sufficient business interruption insurance to compensate us for all losses that may occur. The disaster recovery and business continuity plans that we have in place may not be adequate in the event of a serious disaster or similar event. We may incur substantial expenses as a result of a natural disaster or earthquake, which could have a material adverse effect on our business. In addition, we may lose samples or other valuable data. The occurrence of any of the foregoing could have a material adverse effect on our business.

Risks Related to the Discovery, Development and Commercialization of Our Product Candidates

Our business substantially depends upon the successful development of azetukalner. If we are unable to obtain regulatory approval for, and successfully commercialize, azetukalner, our business may be materially harmed.

We currently have no products approved for commercial sale and are investing significant efforts and financial resources in the development of our clinical-stage product candidate, azetukalner for the treatment of epilepsy, MDD, BPD and potentially other neurological disorders. While we are advancing our Phase 3 clinical studies in azetukalner, there can be no assurance that these or any future clinical studies will be successful, that we will be able to obtain regulatory approval, or that we will be able to manufacture or independently commercialize any product candidates. Our future business success depends on the continued development and ultimate regulatory approval of azetukalner. The future regulatory and commercial success of azetukalner is subject to a number of risks, including:

- successful patient enrollment in clinical studies and ultimate completion of clinical studies;
- safety and efficacy data from our clinical programs that support acceptable risk-benefit profiles of azetukalner in the intended patient populations;
- receipt and maintenance of marketing approvals from applicable regulatory authorities;

- completing any post-marketing studies required by applicable regulatory authorities;
- obtaining and maintaining patent and trade secret protection and regulatory exclusivity for azetukalner;
- making arrangements with third-party manufacturers for both clinical and commercial supplies of azetukalner;
- establishing sales, marketing and distribution capabilities and commercial launch of azetukalner, if and when approved, whether alone or in collaboration with others;
- successful commercial launch of azetukalner, if and when approved;
- acceptance of azetukalner, if and when approved, by patients, the medical community, third-party payers, national health systems, and health technology authorities where applicable to ensure effective market access and adoption by healthcare providers and patients;
- obtaining and maintaining acceptable pricing, third-party insurance coverage and adequate reimbursement;
- maintaining a continued acceptable safety and durable efficacy profile of azetukalner following approval;
- effectively competing with other therapies;
- enforcing and defending intellectual property rights and claims; and
- raising sufficient funds to support regulatory approval and commercialization activities.

Many of these risks are beyond our control, including the risks related to clinical development, the regulatory submission and approval process, potential threats to our intellectual property rights and the manufacturing, marketing and sales efforts of any future collaborator. If we or any collaborator are unable to develop, receive regulatory approval for, or successfully commercialize azetukalner for our initial or potential additional indications, or if we experience delays as a result of any of these risks or otherwise, our business could be materially harmed.

In addition, of the large number of drugs in development in the pharmaceutical industry, only a small percentage result in the submission of an NDA to the FDA or the equivalent foreign regulatory authorities and even fewer are approved for commercialization. Furthermore, even if we do receive regulatory approval for azetukalner for any indication, any such approval may be subject to limitations on the indications or uses or patient populations for which we may market azetukalner. Accordingly, even if we are able to obtain the requisite financing to continue to fund our development programs, we cannot ensure that we will successfully develop or commercialize azetukalner for any indication.

Our approach to drug discovery is unproven, and we do not know whether we will be able to develop any products of commercial value.

Our approach to drug discovery may not reproducibly or cost-effectively result in the discovery of product candidates and development of commercially viable products that safely and effectively treat human disease.

Our drug discovery efforts may initially show promise in identifying additional product candidates yet fail to yield viable product candidates for clinical development or commercialization. Such failure may occur for many reasons, including that any product candidate may, on further study, be shown to have serious or unexpected side effects or other characteristics that indicate it is unlikely to be safe or otherwise does not meet applicable regulatory criteria and/or not be capable of being produced in commercial quantities at an acceptable cost, or at all.

If our discovery activities fail to identify novel targets for drug discovery, or such targets prove to be unsuitable for treating human disease, or if we are unable to develop product candidates with specificity and selectivity for such targets, we will fail to develop viable products. If we fail to develop and commercialize viable products, we will not achieve commercial success.

Results of pre-clinical studies and/or earlier clinical studies may not be predictive of the results of later-stage clinical studies and the results of our clinical studies may not satisfy regulatory requirements and we may experience delays or unexpected difficulties in obtaining regulatory approval.

The results of pre-clinical studies, either generated by us, by our CROs or by other third parties from which we have in-licensed or acquired a product candidate, may not be predictive of results in clinical testing. Moreover, pre-clinical results can often be difficult to compare across different studies for a variety of reasons, including differences in experimental protocols and techniques, personnel, equipment and other factors, which may make the pre-clinical results less reliable and predictive of clinical study results. In addition, published clinical data or case reports from third parties or early clinical study data of our product candidates may not be predictive of the results of later-stage clinical studies. Interpretation of results from early, usually smaller, studies that suggest a clinically meaningful response in some patients, requires caution. Results from later stages of clinical studies enrolling more patients may fail to show acceptable safety and efficacy results according to applicable regulatory requirements or otherwise fail to be consistent with the results of earlier studies of the same product candidate. Later clinical study results may not replicate earlier clinical studies for a variety of reasons, including differences in study design, different study endpoints (or lack of study endpoints in exploratory studies), patient population, number of patients, patient selection criteria, study duration, drug dosage and formulation and lack of statistical power in the earlier studies. These uncertainties are enhanced where the diseases or disorders under study lack established clinical endpoints, validated measures of efficacy, as is often the case with disorders for which no drugs have been developed previously and where the product candidates target novel mechanisms. The absence of well-defined regulatory pathways and recognized efficacy benchmarks can make clinical development, regulatory approval, and commercialization more challenging and unpredictable.

Further, our product candidates may not be approved even if they achieve their primary endpoints in our Phase 3 clinical studies. The FDA, EMA or other foreign regulatory authorities may disagree with our study design and our interpretation of data from pre-clinical studies and clinical studies or require additional data. In addition, any of these regulatory authorities may change its requirements or recommendations for the approval of a product candidate at any time in the future, even after reviewing and providing comments or advice on a protocol for a pivotal clinical study that, if successful, would potentially form the basis for an application for approval by the FDA, EMA or another foreign regulatory authority. For example, the FDA may refuse to accept our planned NDA for substantive review or may conclude after review of our data that our application is insufficient to obtain regulatory approval. If the FDA does not approve our planned NDA, it may require that we conduct additional clinical, nonclinical or manufacturing studies before it will reconsider our application. Depending on the extent of these or any other studies required by the FDA or another regulatory authority, approval of an NDA or equivalent filing may be significantly delayed or we may be unable to obtain approval of an NDA or equivalent filing because such studies may require us to expend more resources than we have available. Furthermore, applicable regulatory authorities may also approve our product candidates for a narrower indication or population than we request or may grant approval contingent on the performance of costly post-marketing commitments.

Interim, initial, "topline" and preliminary data from our clinical studies that we announce or publish from time to time may change as more patient data become available, and are subject to audit and verification procedures that could result in material changes in the final data.

From time to time, we may publicly disclose preliminary or topline data from our pre-clinical studies and clinical studies, which are based on preliminary analyses of then-available data, and the results and related findings and conclusions are subject to change following a more comprehensive review of the complete data set for the relevant pre-clinical or clinical study . We also make assumptions, estimations, calculations and conclusions as part of our analyses of data, and we may not have received or have access to all data, and we may not have had the opportunity to fully and carefully evaluate all data. As a result, the topline or preliminary results that we report may differ from future results of the same studies, or different conclusions or considerations may qualify the initial findings, once additional data have been received and fully evaluated. Topline data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published or disclosed. As a result, topline data should be interpreted with caution until the final, comprehensive data are available.

Further, others, including regulatory agencies, may not accept or agree with our assumptions, estimates, calculations, conclusions or analyses or may interpret or weigh the importance of data differently, which could impact the perceived value of the particular program, the approvability or commercial potential of the particular product candidate or product and could have a material adverse effect on our business prospects. In addition, the information we choose to publicly disclose regarding a particular study is based on what is typically extensive complex body of information, and others may not agree with our determination of what constitutes material or otherwise appropriate information for disclosure. If the interim, topline or preliminary data that we report differ from actual results, or if others, including regulatory authorities, disagree with the conclusions reached, our ability to obtain approval for, and commercialize, our product candidates may be adversely affected, which could negatively impact our business, results of operations, prospects or financial condition. Further, disclosure of interim, topline or preliminary data by us or by our competitors could result in volatility in the price of our common shares.

Clinical studies may fail to demonstrate adequately the safety and efficacy of our, or our collaborators', product candidates at any stage of clinical development. Terminating the development of any of our, or our collaborators', product candidates could materially harm our business and the market price of our common shares.

Our and our collaborators' clinical product candidates, which include azetukalner and NBI-921355 (being developed by our collaborator Neurocrine Biosciences), along with product candidates we expect to enter clinical development, which include our pre-clinical compounds, are in varying stages of development and will require substantial clinical development, testing and regulatory approval prior to commercialization.

Before obtaining regulatory approvals for the commercial sale of our product candidates, we, or our collaborators, must demonstrate through lengthy, complex and expensive pre-clinical testing and clinical studies that each product candidate is both safe and effective for use in each target indication. Failure can occur at any time during the clinical study process. Clinical studies often fail to demonstrate safety and efficacy of the product candidate studied for the target indication. Most product candidates that commence clinical studies are never approved as products. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical studies due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier studies. In addition to the safety and efficacy studies of any product candidate, clinical study failures may result from a multitude of factors including flaws in study design, dose selection, statistical analysis plan, placebo effect, patient enrollment criteria, patient compliance and study execution. Data obtained from studies are susceptible to varying interpretations, and regulators may not interpret our data as favorably as we do, which may delay, limit or prevent regulatory approval. Failure of a clinical study due to any of these reasons could materially harm our business and the market price of our common shares.

In the case of some of our and our collaborators' product candidates, we and our collaborators are seeking to develop treatments for certain diseases or disorders for which there is relatively limited clinical experience, and clinical studies may use novel endpoints and measurement methodologies or subjective patient feedback, which adds a layer of complexity to these clinical studies and may delay regulatory approval. Negative or inconclusive results from our, or our collaborators', clinical studies could lead to a decision or requirement to conduct additional pre-clinical testing or clinical studies or result in a decision to terminate the continued development of a product candidate. For example, we expect to report topline data from our Phase 3 X-TOLE2 FOS trial in epilepsy in the first half of March 2026. In addition, our Phase 3 X-NOVA2 and X-NOVA3 studies in MDD and our Phase 3 X-CEED study in BPD are ongoing and continue to recruit patients. There can be no assurance that our ongoing azetukalner Phase 3 clinical studies or any other future Phase 3 clinical studies will demonstrate adequate efficacy and safety results and that we will be able to obtain regulatory approval of azetukalner. Any of the foregoing outcomes would materially and adversely impact our business, product candidate pipeline and future prospects.

If our, or our collaborators', product candidates are not shown to be both safe and effective in clinical studies, such product candidates will be unable to obtain regulatory approval or be successfully commercialized. In addition, our, or our collaborators', failure to demonstrate positive results in clinical studies in any indication for which we, or our collaborators, are developing clinical product candidates could adversely affect development efforts in other indications. In such case, we would need to develop other compounds and conduct associated pre-clinical testing and clinical studies, as well as potentially seek additional financing, all of which would have a material adverse effect on our business, growth prospects, operating results, financial condition and results of operations.

We, or our collaborators, may find it difficult to enroll patients in our clinical studies which could delay or prevent the successful completion of clinical studies of our product candidates.

We, or our collaborators, may not be able to identify, recruit and enroll a sufficient number of patients, or those with required or desired characteristics to achieve diversity in a study, to complete clinical studies in a timely manner, or at all. Patient enrollment for clinical studies is affected by factors including:

- severity of the disease or disorder under investigation;
- design of the study protocol;
- size of the patient population and geographic dispersion;
- identification of patients;
- eligibility criteria for the study in question;
- perceived risks and benefits of the product candidate under study;
- our ability to recruit clinical study investigators with the appropriate competencies, staff and experience;
- proximity and availability of clinical study sites for prospective patients;

- availability of competing therapies and clinical studies;
- efforts to facilitate timely enrollment in clinical studies; and
- patient referral practices of physicians.

Our and our collaborators' clinical studies will compete with other clinical studies for product candidates that are in the same therapeutic areas as our product candidates, and this competition will reduce the number and types of patients available to us, because some patients who might have opted to enroll in our studies may instead opt to enroll in a study being conducted by one of our competitors. Since the number of qualified clinical investigators is limited, we expect to conduct some of our clinical studies at the same clinical study sites that some of our competitors use, which will reduce the number of patients who are available for our clinical studies at such clinical study sites.

Our and our collaborators' inability to enroll a sufficient number of patients for our clinical studies would result in significant delays or might require us to abandon one or more clinical studies altogether. Delays in patient enrollment may result in increased costs, affect the timing or outcome of the planned clinical studies, affect product candidate development and approval process and jeopardize our ability to seek and obtain the regulatory approval required to commence product sales and generate revenue, any of which could cause the value of our company to decline and limit our ability to obtain additional financing if needed.

Our success also depends on the collective performance, contributions, and expertise of the personnel who manage our clinical study sites. There is significant competition for qualified personnel, particularly those with higher educational degrees, in the biopharmaceutical and related services industries. Increased personnel turnover and labor shortages facing the biopharmaceutical services industry could have a negative impact on the third parties we rely on to execute our clinical studies. While we seek to choose study sites with adequate staffing support, we cannot be certain that personnel turnover or the broader labor market dynamics in this industry will not negatively impact our study sites. If our clinical study sites are negatively impacted by these factors, our ability to enroll our clinical studies in a timely fashion may be hindered and might negatively affect our business, development timelines, and financial condition.

We, or our collaborators, may incur unexpected costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our, or our collaborators', product candidates.

To obtain the requisite regulatory approvals to commercialize any of our product candidates, we, or our collaborators, must demonstrate through extensive pre-clinical and clinical studies that our, or our collaborators', product candidates are safe and effective in humans. We, or our collaborators, may experience delays in completing our, or our collaborators', pre-clinical or clinical studies, and initiating or completing additional pre-clinical or clinical studies, including as a result of regulators not allowing or delay in allowing clinical studies to proceed under an IND, or not approving or delaying approval for any clinical study application or similar approval we need to initiate a clinical study. We, or our collaborators, may also experience numerous unforeseen events during our clinical studies that could delay or prevent our, or our collaborators', ability to complete development for a product candidate, or receive marketing approval or commercialize the product candidates we, or our collaborators, develop, including:

- delay or failure in obtaining the necessary approvals from regulators or institutional review boards, or IRBs, in order to commence a clinical study at a prospective study site, or their suspension or termination of a clinical study once commenced;
- inability to reach agreement with prospective CROs and clinical study sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and study sites, or the breach of such agreements;
- we may experience challenges or delays in recruiting principal investigators or study sites to lead our clinical studies;
- side effects or adverse events in study participants presenting an unacceptable safety risk;
- failure of third-party contractors, such as CROs, or investigators to comply with regulatory requirements, including good clinical practices, or GCPs;
- difficulty in having patients complete a study, adhere to the study protocol, or return for post-treatment follow-up;
- the number of subjects or patients required for clinical studies of our product candidates may be larger than we anticipate, enrollment in these clinical studies may be insufficient or slower than we anticipate, and the number of clinical studies being conducted at any given time may be high and result in fewer available patients for any given clinical study, or patients may drop out of these clinical studies at a higher rate than we anticipate;
- clinical sites deviating from study protocol or dropping out of a study;

- we may have to amend clinical study protocols submitted to regulatory authorities or conduct additional studies to reflect changes in regulatory requirements or guidance, which it may be required to resubmit to an IRB and regulatory authorities for re-examination;
- challenges or delays with accessing certain species of animals to complete our pre-clinical studies;
- problems with investigational medicinal product storage, stability and distribution;
- our inability to manufacture, or obtain from third parties, adequate supply of drug substance or drug product sufficient to complete our pre-clinical and clinical studies, including supply chain issues resulting from any events affecting raw material supply or manufacturing capabilities abroad;
- a requirement to undertake and complete additional pre-clinical studies to generate data required to initiate clinical development or to support the continued clinical development of a product candidate or submission of an NDA or equivalent;
- unforeseen disruptions, caused by man-made or natural disasters, public health pandemics or epidemics, civil unrest or military conflict, or other business interruptions;
- governmental or regulatory delays; and
- changes to the policies, regulations and guidelines of the FDA, EMA or other foreign regulators regarding development, approval, and marketing of biopharmaceutical products, including but not limited to, in the U.S., as a result of policies implemented by the current presidential administration that may, for example, render our clinical data insufficient for approval or restrict us from marketing our product candidates in the manner in which we anticipate.

These risks and uncertainties could impact any of our, or our collaborators', clinical programs and any of the clinical, regulatory or operational events described above could change our, or our collaborators', planned clinical and regulatory activities. Challenges in enrolling and retaining patients in our clinical studies, including in our azetukalner Phase 3 clinical studies, whether as a result of pandemics, geopolitical events, or for any other reasons, may further delay the studies or cause them to be discontinued.

The results of any Phase 3 or other pivotal clinical studies may not be adequate to support marketing approval. These clinical studies are lengthy and usually involve many hundreds to thousands of patients, which can be complicated by the difficulty of identifying eligible patients. Even if patients are successfully identified, they may fail to meet screening criteria, including baseline seizure burden for epilepsy clinical studies, and, as a result, may not be enrolled. Difficulties in identifying, screening and/or enrolling patients in our studies may extend the time needed to complete our clinical studies or require the initiation of additional sites to achieve target enrollment numbers to complete our clinical studies. These may increase the cost of our operations and/or delay the timing of our regulatory approval. In addition, if the FDA, EMA or another foreign regulator disagrees with our, or our collaborators', choice of the key testing criterion, or primary endpoint, or if the results for the primary endpoint are not sufficiently robust or statistically significant or clinically meaningful relative to the control group of patients not receiving the experimental therapy, or our statistical analysis is inconclusive, such regulator may refuse to approve our product candidate in the region in which it has jurisdiction. The FDA, EMA or other foreign regulators also may require additional clinical studies as a condition for approving any of these product candidates.

We, or our collaborators, could also encounter delays if a clinical study is suspended or terminated by us, by our collaborators, by the IRBs of the institutions in which such study is being conducted, by any Data Safety Monitoring Board for such study, or by the FDA, EMA or other foreign regulatory authorities. Such suspensions or terminations may arise from a variety of factors, including failure to conduct the clinical study in accordance with regulatory requirements or our clinical protocols, regulatory inspections, imposition of a clinical hold, manufacturing problems, unforeseen safety issues or adverse side effects, lack of demonstrated benefit, changes in governmental regulations or administrative actions or insufficient funding to continue the clinical study. In addition, delays can occur due to safety concerns arising from studies or other clinical data regarding another company's product candidate in the same compound class as one of ours.

Additionally, changes in applicable regulatory requirements and guidance may occur and we may need to amend clinical study protocols to reflect these changes or to include additional objectives that could yield important scientific information critical to our overall development strategy. The protocol amendment process often requires review and approval by several review bodies, including regulatory agencies and scientific, regulatory and ethics boards and IRBs which may affect timely completion of a clinical study. Further, there is no guarantee that these protocol amendments will be accepted by the review bodies in the form submitted, or at all, which may impact costs, timing or successful completion of a clinical study.

If we, or our collaborators, experience delays in the completion of, or termination of, any clinical study of one of our product candidates, the commercial prospects of the product candidate may be harmed, the period during which we may have the exclusive right to commercialize our products under patent protection could be shortened, and our, or our collaborators', ability to commence product sales and generate product revenue from the product will be delayed. In addition, any delays in completing our clinical studies will increase our costs and slow down our product candidate development and approval process and may ultimately lead to the termination of a clinical study and development of a product candidate. Any of these occurrences may harm our business, financial condition and prospects significantly. In addition, many of the factors that cause or lead to a delay in the commencement or completion of clinical studies may also ultimately lead to the denial of regulatory approval of our, or our collaborators', product candidates.

Our product candidates may cause undesirable side effects or have other properties that could delay or prevent their regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following regulatory approval, if obtained.

Undesirable side effects caused by any of our product candidates could cause us or regulatory authorities to interrupt, delay or halt clinical studies and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA, EMA or comparable foreign regulatory authorities.

Results of our clinical studies could reveal a high and unacceptable severity and prevalence of side effects or unexpected characteristics. For example, while adverse events in our X-TOLE and X-NOVA clinical studies were generally mild or moderate in severity, there can be no guarantee that we will observe a similar tolerability profile of azetukalner in our ongoing Phase 3 clinical studies or in other future clinical studies. Many compounds that initially showed promise in clinical or earlier-stage testing are later found to cause undesirable or unexpected side effects that prevented further development of the compound.

If unacceptable side effects arise in the development of our product candidates, we, the FDA, EMA or comparable foreign regulatory authorities, the IRBs, or independent ethics committees at the institutions in which our studies are conducted, could suspend, limit or terminate our clinical studies, or the independent safety monitoring committee could recommend that we suspend, limit or terminate our studies, or the FDA, EMA or comparable foreign regulatory authorities could order us to cease clinical studies or deny approval of our product candidates for any or all targeted indications. Treatment-emergent side effects that are deemed to be drug-related could delay recruitment of clinical study subjects or cause subjects that enroll in our clinical studies to discontinue participation in our clinical studies. In addition, these side effects may not be appropriately recognized or managed by the treating medical staff. We may need to train medical personnel using our product candidates to understand the side effect profiles for our clinical studies and upon any commercialization of any of our product candidates. Inadequate training in recognizing or managing the potential side effects of our product candidates could result in harm to patients that are administered our product candidates. Any of these occurrences may adversely affect our business, financial condition and prospects significantly.

Moreover, clinical studies of our product candidates are conducted in carefully defined sets of patients who have agreed to enter into clinical studies. Consequently, it is possible that our clinical studies may indicate an apparent positive effect of a product candidate that is greater than the actual positive effect, if any, or alternatively fail to identify undesirable side effects.

Changes in methods of product candidate manufacturing or formulation may result in additional costs or delay.

As product candidates are developed through pre-clinical to late-stage clinical studies towards approval and commercialization, it is common that various aspects of the development program, such as manufacturing methods and formulations, are altered along the way in an effort to optimize products, processes and results and/or to target different populations. Such changes may also result in inventions that result in additional patent protection. Any of these changes could cause our product candidates to perform differently and not provide the same drug exposure profile in children and/or cause side effects different to those observed with the same formulation in adults or with other formulations. Unexpected changes in the performance of a new formulation may affect the results of planned clinical studies or other future clinical studies conducted with the altered materials. This could delay completion of clinical studies, require the conduct of additional bridging clinical studies or the repetition of one or more clinical studies, increase clinical study costs and/or delay or jeopardize approval of our product candidates and/or jeopardize our, or our collaborators', ability to commence product sales and generate revenue.

The regulatory approval processes of the FDA, EMA and regulators in other foreign jurisdictions are lengthy, time-consuming and inherently unpredictable. If we, or our collaborators, are unable to obtain regulatory approval for our product candidates in a timely manner, or at all, our business may be substantially harmed.

The regulatory approval process is expensive, and the time required to obtain approval from the FDA, EMA or other foreign regulatory authorities in other jurisdictions to sell any product is uncertain and may take years. Whether regulatory approval will be granted is unpredictable and depends upon numerous factors, including the substantial discretion of the regulatory authorities. Approval policies, regulations, or the type and amount of pre-clinical and clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. Moreover, pre-clinical and clinical data are often susceptible to varying interpretations and analyses, and even if the pre-clinical studies show promising results and clinical studies are successfully completed, we cannot guarantee that the FDA, EMA or other foreign regulatory authorities in other jurisdictions will interpret the results as we do, and more clinical studies, manufacturing-related studies or non-clinical studies could be required before we submit our product candidates for approval. Many companies that have believed their product candidates performed satisfactorily in pre-clinical and clinical studies have nonetheless failed to obtain marketing approval of their products. To the extent that the results of our studies are not satisfactory to the FDA, EMA or other foreign regulatory authorities in other jurisdictions for support of a marketing application, approval of our product candidates may be significantly delayed, or we may be required to expend significant additional resources, which may not be available to us, to conduct additional studies in support of potential approval of our product candidates. It is also possible that none of our existing product candidates or any of our future product candidates will ever obtain regulatory approval, even if we expend substantial time and resources seeking such approval.

Our product candidates could fail to receive regulatory approval for many reasons, including the following:

- the FDA, EMA or other foreign regulatory authorities may disagree with the design or implementation of our, or our collaborators', clinical studies;
- we, or our collaborators, may be unable to demonstrate to the satisfaction of the FDA, EMA or other foreign regulatory authorities that a product candidate is safe and effective for its proposed indication;
- the results of clinical studies may not meet the level of statistical significance required by the FDA, EMA or other foreign regulatory authorities for approval;
- we, or our collaborators, may be unable to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- the FDA, EMA or other foreign regulatory authorities may disagree with our, or our collaborators', interpretation of data from pre-clinical studies or clinical studies;
- the data collected from clinical studies of our product candidates may not be sufficient to support the submission of an NDA, or other submission or to obtain regulatory approval in the U.S. or elsewhere;
- the FDA, EMA or other foreign regulatory authorities may fail to approve the manufacturing processes, controls or facilities of third-party manufacturers with which we, or our collaborators, contract for clinical and commercial supplies;
- the pre-approval inspections of Xenon, manufacturing, clinical sites, pre-clinical or clinical service providers, conducted by regulatory authorities may identify errors or omissions that may result in the product candidate not being approved; and
- the approval policies or regulations of the FDA, EMA or other foreign regulatory authorities may significantly change in a manner rendering our, or our collaborators', clinical data insufficient for approval.

Even if we, or our collaborators, obtain approval for a particular product, regulatory authorities may grant approval contingent on the performance of costly post-approval commitments including clinical studies, or may approve a product with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product.

In addition, the FDA's, EMA's or other foreign regulatory authorities' policies with respect to clinical studies may change and additional government regulations may be enacted. For instance, the regulatory landscape related to clinical studies in the EU recently evolved. The EU Clinical Trials Regulation, or CTR, which was adopted in April 2014 and repealed the EU Clinical Trials Directive, became applicable on January 31, 2022. The implementation of the CTR also includes the implementation of the Clinical Trials Information System, or CTIS, a new clinical study portal and database that will be maintained by the EMA in collaboration with the European Commission and the EU Member States. The objectives of the CTR include consistent rules for conducting studies throughout the EU, consistent data standards and adverse events listing, and consistent information on the authorization status. Information on the conduct and results of each clinical study carried out in the EU will be made publicly available. The CTR authorizes EU Member States to regulate certain aspects of clinical studies at the national level. To the extent an EU Member State where we plan to conduct any of our clinical studies is slow to adopt CTIS or implements other regulatory changes at the national level, or technical issues are encountered with the CTIS system and/or process, our clinical study may be delayed in such EU Member State, and our costs may be increased. The main legislation that applies to clinical studies in the United Kingdom, or UK, is the UK Medicines for Human Use (Clinical Trials) Regulations 2004, which transposes the EU Clinical Trials Directive into domestic law. The UK has implemented the Integrated Research Application System, which allows a single application to be reviewed by both the Medicines and Healthcare products Regulatory Agency and a research ethics committee at the same time. Requirements and obligations that relate to the conduct of clinical studies in the UK remain largely aligned with the EU position. A statutory instrument to amend the Medicines for Human Use (Clinical Trials) Regulations 2004 was laid before parliament on December 12, 2024. The new regulations will take full effect on April 10, 2026 after a 12-month implementation period to address the research sector's need for a more efficient, streamlined and adaptable regulatory framework for clinical studies. Complying with changes in regulatory requirements in different jurisdictions can result in additional costs, delay our clinical development plans, or expose us to greater liability if we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies governing clinical studies, our development plans, including our azetukalner Phase 3 clinical studies, may be impacted.

Additionally, because there may be approved treatments for some of the diseases or disorders for which we may seek approval, in order to receive regulatory approval, we may need to demonstrate in clinical studies that the product candidates we develop to treat those diseases or disorders are not only safe and effective, but may need to be compared to existing methods of treatment within healthcare systems, which may make it more difficult for our product candidates to receive regulatory approval or adequate reimbursement. Demonstrating superiority or added value over existing therapies is often a critical factor for both regulators and payers, and failure to do so may limit market access and adoption within healthcare systems.

Even if we obtain and maintain approval for our product candidates from one jurisdiction, we may never obtain approval for our product candidates in other jurisdictions, which would limit our market opportunities and adversely affect our business.

Sales of our approved products, if any, will be subject to the regulatory requirements governing marketing approval in the countries in which we obtain regulatory approval, and we plan to seek, ourselves or with collaborators, regulatory approval to commercialize our product candidates in North America, the EU and in additional foreign countries. Clinical studies conducted in one country may not be accepted by regulatory authorities in other countries and regulatory approval in one country does not ensure approval in any other country, while a failure or delay in obtaining regulatory approval in one country may have a negative effect on the regulatory approval process in others. For example, approval in the U.S. by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions, and approval by one foreign regulatory authority does not ensure approval by the FDA, EMA or regulatory authorities in other countries. Approval procedures vary among jurisdictions and can be lengthy and expensive, and involve requirements and administrative review periods different from, and potentially greater than, those in the U.S., including additional pre-clinical studies or clinical studies. Even if our product candidates are approved, regulatory approval for any product may be withdrawn by the regulatory authorities in a particular jurisdiction. We do not have experience in obtaining regulatory approval in international markets. If we, or our collaborators, fail to comply with regulatory requirements or to obtain and maintain required approvals, our target market will be reduced and our ability to realize the full market potential of our product candidates will be harmed.

If product liability lawsuits are brought against us, we may incur substantial liabilities in excess of our limited product liability insurance coverage and may be required to limit commercialization of our current and any future products.

We face an inherent risk of product liability as a result of the clinical testing of our product candidates, and we will face an even greater risk if we commercialize any product candidates. For example, we may be sued if any of our product candidates, including any that are developed in combination with other therapies, allegedly causes injury or is found to be otherwise unsuitable during product testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability and a breach of warranties. Claims could also be asserted under state or provincial consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our product candidates. Even successful defense would require significant financial and management resources. There is also risk that third parties we have agreed to indemnify could incur liability. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our product candidates or any resulting products;
- injury to our reputation;
- withdrawal of clinical study participants;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to study participants or patients;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue;
- the inability to commercialize our product candidates; and
- a decline in the market price of our common shares.

We currently carry product liability insurance with amounts of coverage that we believe are appropriate relative to our current clinical programs; however, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses due to liability. If and when we obtain marketing approval for product candidates, we intend to expand our insurance coverage to include the sale of commercial products; however, we may then be unable to obtain product liability insurance on commercially reasonable terms or in adequate amounts. On occasion, large judgments have been awarded in class action lawsuits based on drugs or medical treatments that had unanticipated adverse effects. A successful product liability claim or series of claims brought against us could cause the market price of our common shares to decline and, if judgments exceed our insurance coverage, could adversely affect our future results of operations and business.

Patients with certain of the diseases, or disorders, targeted by our product candidates are often already in severe and advanced stages of disease and have both known and unknown significant pre-existing and potentially life-threatening conditions. During the course of treatment, patients have in the past and may in the future suffer adverse events, including death, for reasons that may be related to our product candidates. Such events could subject us to costly litigation, require us to pay substantial amounts of money to injured patients, delay, negatively impact or end our opportunity to receive or maintain regulatory approval to market those product candidates, or require us to suspend or abandon our commercialization efforts. Even in a circumstance in which we do not believe that an adverse event is related to our products, the investigation into the circumstance may be time-consuming or inconclusive. These investigations may interrupt our sales efforts, delay our regulatory approval process in other countries, or impact and limit the type of regulatory approvals our product candidates receive or maintain. As a result of these factors, a product liability claim, even if successfully defended, could have a material adverse effect on our business, financial condition or results of operations.

Even if regulatory agencies grant marketing approvals to azetukalner or any other of our product candidates, we may not be successful in commercializing any of our future products.

Successful commercialization of any our current or future product candidates, if approved, could be materially adversely impacted by a number of foreseen and unforeseen factors, including:

- any delays in our ability to produce sufficient quantities of or our current or future product candidates, at an acceptable cost or quality, including such delays arising out of quality assurance concerns or changes in regulatory guidance, or those caused by our reliance on our third-party manufacturers;
- our inability to recruit, train and retain adequate numbers of effective sales, marketing, access, and payer and patient support personnel;

- the inability of sales personnel to obtain access to prescribers and accounts;
- an inadequate number of prescribers or accounts prescribing any of our future products;
- our inability to provide acceptable evidence of safety and efficacy;
- the prevalence and severity of side effects associated with any of our future products;
- our inability to compete with current or future competitor products;
- the convenience and ease of administration of our future products relative to alternative therapies, if any;
- our inability or delay in gaining or maintaining reimbursement and broad patient access at a price that reflects the value of our future products;
- our inability to address product labeling or product insert requirements, including any changes mandated by regulatory authorities after initial approval;
- limitations on the content or form of the consumer and/or prescriber-facing marketing materials that we may use;
- our inability to equip customer-facing personnel with effective materials, including medical and sales literature to help them educate physicians and other healthcare professionals regarding applicable diseases relevant to our future products;
- publications of scientific literature, consensus papers and treatment guidelines unfavorable to the administration of our products and product candidates and/or the positioning of the class of drugs to which each of our products and product candidates belongs; and
- our inability to develop or obtain and sustain sufficient operational functions and infrastructure to support our commercial activities.

The incidence and prevalence for target populations of azetukalner and our other product candidates has not been established with precision. If the market opportunities for our product candidates are smaller than we estimate, or if any approval that we obtain is based on a narrower definition of our targeted patient population, our revenue may be materially adversely affected.

The precise incidence and prevalence for all the conditions we aim to address with our programs are not known with specificity. Our projections of both the number of people who have these diseases, as well as the subset of people with these diseases who have the potential to benefit from treatment with our product candidates, if approved, are based largely on our extrapolation from available population studies and estimates. These estimates have been derived from a variety of sources, including scientific literature, surveys of clinics, patient foundations, pharmacy claims analyses, large national surveillance databases or market research, and may prove to be incorrect. Further, new trials and therapeutic options may lead to changes in the estimated incidence or prevalence of these diseases, or relevant subpopulations thereof. As a result, the number of patients who may benefit from our product candidates, if approved, may be lower than expected.

If we are unable to establish our own sales, marketing and distribution capabilities or enter into agreements for these purposes, we may not be successful in independently commercializing any future products.

We do not have a sales or marketing infrastructure and, as a company, have no sales, marketing or distribution experience. Our strategy involves building our own commercial infrastructure to selectively commercialize future products in certain commercial markets which will be expensive and time consuming. For certain products, including azetukalner, and/or specific commercial markets, we evaluate commercial partners from time to time. In some cases, we may seek to retain the right to participate in the future development and commercialization of such products if we believe such involvement would advance our business. We cannot be certain that we will be successful in consummating any such commercial partnerships or, if consummated, whether such partnerships will be successful.

To develop internal sales, distribution and marketing capabilities in the U.S., we will have to invest significant amounts of financial and management resources, some of which will need to be committed prior to any confirmation that any of our product candidates will be approved. We have no prior experience as a company in the marketing, sale and distribution of biopharmaceutical products and there are significant risks involved in building and managing a commercial organization. For any future products for which we decide to perform sales, marketing and distribution functions ourselves, we could face a number of additional risks, including:

- the maintenance of existing or the establishment of new supply arrangements with third-party logistics providers and secondary packagers;

- the maintenance of existing or the establishment of new scaled production arrangements with third-party manufacturers to obtain finished products that are appropriately packaged for sale;
- a continued acceptable safety profile following any marketing approval;
- our ability to recruit and retain adequate numbers of qualified sales and marketing personnel or develop alternative sales channels;
- the ability of our products to secure acceptance from physicians, healthcare providers, patients, third-party payers and the medical community including identifying an adequate number of physicians and patients;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines;
- unforeseen costs and expenses associated with creating and maintaining an independent sales and marketing organization; and
- our ability to compete with other therapies.

Where and when appropriate, we may elect to utilize contract sales forces, distribution partners or collaborators that have sales, marketing and distribution capabilities to assist in the commercialization of or to independently commercialize our product candidates. If we enter into arrangements with third parties to perform sales, marketing and distribution services for a product, the resulting revenue or the profitability from this revenue to us is likely to be lower than if we had sold, marketed and distributed that product ourselves. In addition, we may not be successful in entering into arrangements with third parties to sell, market, and distribute our product candidates or may be unable to do so on terms that are favorable to us. We likely will have little control over such third parties, and any of these third parties may fail to devote the necessary resources and attention to sell, market, and distribute our current or any future products effectively.

Even if we receive regulatory approval to commercialize any of our product candidates, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense and delays.

Any of our product candidates for which we, or any existing or future collaborators, obtain regulatory approval, as well as the manufacturing processes, post-approval studies, labeling, advertising and promotional activities for such product, among other things, will be subject to ongoing requirements of and review by the FDA and other regulatory authorities. These requirements include submissions of safety and other post-marketing information and reports, registration and listing requirements, requirements relating to manufacturing, quality control, quality assurance and corresponding maintenance of records and documents, requirements regarding the distribution of samples to physicians and recordkeeping. We and our contract manufacturers will also be subject to user fees and periodic inspection by the FDA and other regulatory authorities to monitor compliance with these requirements and the terms of any product approval we may obtain. In addition, our product candidates may receive schedule classifications under the Controlled Substances Act of 1970 (or scheduling classifications under similar legislation outside of the U.S.) which will result in additional complexity and may result in delays and restrictions with respect to manufacturing, supply chain, licensing, import/export and distribution.

Even if a product is approved, the FDA or another applicable regulatory authority, as the case may be, may limit the indications for which the product may be marketed, require extensive precautions and warnings on the product labeling or require expensive and time-consuming post-approval commitments including clinical studies or onerous risk management activities, including Risk Evaluation and Mitigation Strategies, or REMS, in the U.S. as conditions of approval to help ensure that the benefits of the drug outweigh the potential risks. REMS can include medication guides, communication plans for healthcare professionals, and elements to assure safe use, or ETASU. ETASU can include, but are not limited to, special training or certification for prescribing or dispensing, dispensing only under certain circumstances, special monitoring, and the use of patient registries. The requirement for a REMS can materially affect the potential market and profitability of the drug.

For any approved product, we, or our collaborators, will need to ensure continued compliance with extensive regulations and requirements regarding the manufacturing processes, labeling, packaging, serialization, distribution, adverse event reporting, storage, advertising, promotion and recordkeeping for the product. These requirements include submissions of safety and other post-approval information and reports, as well as continued compliance with current good manufacturing practices, or cGMP, good distribution practices, or GDP, and current good clinical practices, or cGCP, for any clinical studies that we, or our collaborators, are required to conduct post-approval.

Post-approval discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or other problems with our product or with third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, amongst other things, restrictions on the labeling or marketing, withdrawals, consent decrees, clinical holds, post-approval requirements or restrictions, recalls, fines, warning letters, injunctions, penalties, exclusions from federal healthcare programs, seizures and/or detentions, among other consequences and adverse actions. Occurrence of any of the foregoing could have a material and adverse effect on our business and results of operations.

If any of our product candidates are approved, we must comply with requirements concerning the advertising and promotion of our products, which are subject to a variety of legal and regulatory restrictions and may be promoted only for the approved indications in accordance with the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label use may be subject to significant liability. However, physicians may, in their independent medical judgment, prescribe legally available products for off-label uses. The FDA does not regulate the behavior of physicians in their choice of treatments but the FDA and other foreign regulators do restrict manufacturers' communications on the subject of off-label use of their products. The EU and other foreign jurisdictions also prohibit direct-to-consumer advertising for prescription-only medicines. Even if any of our product candidates receive regulatory approval, our sales and marketing efforts may not be successful or may be limited by future governmental policies or initiatives. For example, the FDA stated in September 2025 that it intends to more aggressively enforce requirements for direct-to-consumer drug advertising and sent warning or untitled letters to a significant number of pharmaceutical companies alleging deceptive prescription drug advertising, which represents a dramatic increase in FDA actions compared to prior years. The current administration’s focus on pharmaceutical advertising heightens the risk that we may, in the future, receive a warning letter or be subject to enforcement action related to our advertising and marketing practices, which could adversely affect our business.

To the extent we develop and commercialize product candidates that contain or are considered controlled substances, any failure by us or our CROs, CMOs and other contractors to comply with controlled substance laws and regulations, may adversely affect the results of our business operations and our financial condition.

We may in the future develop product candidates that are considered controlled substances in multiple jurisdictions, such as the U.S., Canada, and the EU, which will expose us to additional controlled substance regulatory requirements in each applicable jurisdiction where we engage in regulated activities, including storage, manufacture, research, clinical studies, import, and export, among other activities. For example, obtaining and maintaining the necessary registrations may result in delay of the importation, manufacturing or distribution of our controlled substance product candidates and may extend our anticipated timelines for clinical studies we run.

Controlled substances or scheduled substances are regulated by the DEA under the CSA. The DEA regulates compounds as Schedule I, II, III, IV or V substances. Pharmaceutical products approved for use in the U.S. may be listed as Schedule II, III, IV or V, with Schedule II substances considered to present the highest potential for abuse or dependence and Schedule V substances the lowest relative risk of abuse among such substances. Authorities outside the U.S. apply the United Nations International Drug Control Conventions to control substances or schedule substances that are liable to abuse or ill effects.

Scheduling determinations by the DEA are dependent on FDA approval of a substance or a specific formulation of a substance. This scheduling determination will be dependent on FDA approval and the FDA’s recommendation as to the appropriate schedule, which may introduce a delay into the approval and any potential rescheduling process. There can be no assurance that the DEA will make a favorable scheduling decision. Substances that are Schedule II, III, IV or V controlled substances at the federal level may also require scheduling determinations under state laws and regulations, as well as similar foreign controlled substances regulations, if applicable. If approved by the FDA, a number of post-approval activities involving controlled substances will be subject to regulation by the DEA, including DEA regulations relating to registration and inspection of facilities, manufacturing, storage, distribution and physician prescription procedures, among others. Furthermore, failure of our contractors, such as our CROs and CMOs, to maintain compliance with the CSA during development and/or commercialization, as applicable, can result in a material adverse effect on our business, financial condition and results of operations.

Individual U.S. states and countries outside of the U.S. have also established controlled substance laws and regulations. Those laws and regulations, including state-controlled substances laws that often but not necessarily mirror federal law, may separately schedule our product candidates. Complying with different controlled substances requirements across different jurisdictions can increase the cost of our operations and expose us to additional liabilities.

Even if we obtain marketing approval for our product candidates, the presence of a controlled substance in the product candidate may lead to adverse publicity or public perception regarding our current or future product candidates.

If our product candidates that are subject to controlled substances regulation are approved for commercial sale, adverse publicity or public perception of controlled substances in general or other controlled substances could negatively impact market acceptance or consumer perception of our product candidates. We may face limited adoption if clinicians or patients are unwilling to try a novel treatment that contains a controlled substance. Any adverse publicity associated with illness or other adverse effects resulting from patients' use or misuse of our or similar therapies distributed by other companies could have a material adverse impact on our business, prospects, financial condition and results of operations.

Future adverse events and research in controlled substances that are present in the product candidates could also result in greater governmental regulation, stricter labeling requirements and potential regulatory delays in the testing or approvals of our product candidates. Any increased scrutiny could delay or increase the costs of obtaining regulatory approval for our product candidates.

Any product candidates for which we obtain approval may become subject to unfavorable third-party coverage and reimbursement practices, as well as pricing regulations, which may adversely affect demand for such products as well as our ability to obtain an appropriate return from the sale of the products.

Our, or our collaborators', ability to commercialize any products successfully if and when approved for marketing will depend, in part, on the extent to which coverage and adequate reimbursement for these products and related treatments will be available from government healthcare programs, such as Medicare and Medicaid, and private third-party payers, such as private health insurers, managed care plans, and other organizations. Government authorities and private third-party payers decide which drugs they will pay for and establish reimbursement levels. A primary trend in the U.S. healthcare industry is cost containment. Government authorities and third-party payers have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. We cannot be sure that coverage and reimbursement will be available for any product that we, or our collaborators, commercialize and, if reimbursement is available, the level of reimbursement. In addition, coverage and reimbursement may impact the demand for, or the price of, any product candidate for which we or a collaborator obtains marketing approval. If coverage and reimbursement are not available or are limited, we, or our collaborators, may not be able to successfully commercialize any product candidate for which marketing approval is obtained.

There is significant uncertainty related to third-party payer coverage and reimbursement of newly approved products. Within the U.S., coverage and reimbursement varies from one third-party payer to another. One third-party payer's determination to provide coverage for a product candidate does not assure that other third-party payers will also provide coverage for the product candidate. As a result, the coverage determination process is often time-consuming and costly. Factors payers consider in determining reimbursement are based on whether the product is: (i) a covered benefit under a payer health plan; (ii) safe, effective and medically necessary; (iii) appropriate for the specific patient; (iv) cost-effective; and (v) neither experimental nor investigational. We may be required to provide scientific and clinical support for the use of our products to each third-party payer separately, with no assurance that coverage and adequate reimbursement will be obtained or applied consistently. Even if a third-party payer provides coverage and adequate reimbursement, the payer may implement controls to manage utilization (e.g., requiring specific approval in advance to cover a product when used by a specific patient).

As federal and state governments implement additional healthcare cost containment measures, including measures to lower prescription drug pricing, we cannot be sure that our products, if approved, will be covered by private or public payers, and if covered, that the reimbursement will be adequate or competitive with other marketed products. Actions by federal and state governments and health plans may put additional downward pressure on pharmaceutical pricing and healthcare costs, which could negatively impact coverage and reimbursement for our products if approved, our revenue, and our ability to compete with other marketed products and to recoup the costs of our research and development.

Additionally, net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or demanded by private payers and by any future change in laws related to imports of drugs from other countries, including where they may be sold at lower prices than in the U.S. In order to obtain and maintain acceptable reimbursement levels and access for patients at copay levels that are reasonable and customary, we may have to offer discounts or rebates from list prices or to implement other unfavorable pricing modifications. We cannot be sure that reimbursement will be available for any product candidate that we commercialize and, if reimbursement is available, the level of reimbursement.

Outside the U.S., the commercialization of therapeutics is generally subject to extensive governmental price controls and other market regulations, and we believe the increasing emphasis on cost containment initiatives in Europe, Canada and other countries has and will continue to put pressure on the pricing and usage of therapeutics such as our product candidates. These jurisdictions consistently encounter market access challenges for innovative therapies, particularly with respect to the breadth, speed, and cost of adoption. Market access decisions are principally guided by rigorous assessments of cost-effectiveness and affordability. As a result, access to new medical technologies or interventions may be denied or restricted to smaller patient populations than those covered by the approved label, based on these assessments. Additionally, concerns regarding the potential impact on healthcare budgets can cause the speed and rate of uptake for new therapies to be slower than anticipated. In many countries, particularly the countries of the EU, medical product prices are subject to varying price control, reimbursement restrictions or mandatory rebate mechanisms. These requirements are often imposed as conditions for new products to be adopted and reimbursed for use in national health systems. Such mechanisms can further limit the commercial potential of new therapies by reducing pricing flexibility and potentially delaying or restricting market access. In these countries, pricing negotiations with governmental authorities can take considerable time after a product receives marketing approval. To obtain reimbursement or pricing approval in some countries, we, or our collaborators, may be required to conduct a clinical study that compares the cost-effectiveness of our product candidate to other available therapies. In general, product prices under such systems are substantially lower than in the U.S. Other countries allow companies to fix their own prices for products but monitor and control company profits. Additional foreign price controls or other changes in pricing regulation could restrict the amount that we, or our collaborators, are able to charge for our product candidates. Accordingly, in markets outside the U.S., the reimbursement for our products may be reduced compared with the U.S. and may be insufficient to generate commercially reasonable revenue and profits.

Some of our or our collaborators' target patient populations may be in orphan or niche indications, such as SCN8A-DEE. In order for therapies that are designed to treat smaller patient populations to be commercially viable, the pricing, coverage and reimbursement for such therapies needs to be higher, on a relative basis, to account for the lack of volume. Accordingly, we or our collaborators may need to implement pricing, coverage and reimbursement strategies for any approved product that accounts for the smaller potential market size. If we or our collaborators are unable to establish or sustain coverage and adequate reimbursement for our or our collaborators' current and any future products from third-party payers or the government, the adoption of those products and sales revenue will be adversely affected, which, in turn, could adversely affect the ability to market or sell those products.

Healthcare and other reforms may increase the difficulty and cost for us to commercialize any products that we, or our collaborators, develop and affect the prices we may obtain.

The U.S. and some foreign jurisdictions are considering or have enacted a number of legislative and regulatory proposals to change the healthcare system generally and drug pricing and payment specifically, in ways that could affect our ability to sell any of our products profitably, once such products are approved for sale. Among policy makers and payers in the U.S. and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality and/or expanding access. For example, in 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, collectively, the PPACA, was enacted and includes measures that have significantly changed the way healthcare is financed by both governmental and private insurers.

In the U.S. in recent years, including under the current presidential administration, the pharmaceutical industry has been a particular focus of such reform efforts and has been significantly affected by major legislative, administrative and executive initiatives. For example, the Inflation Reduction Act (IRA) of 2022 includes a number of changes intended to address rising prescription drug prices in Medicare Parts B and D. These changes include caps on Medicare Part D out-of-pocket costs, Medicare Part B and Part D drug price inflation rebates, a new Medicare Part D manufacturer discount drug program (replacing the PPACA Medicare Part D coverage gap discount program) and a drug price negotiation program for certain high-spend Medicare Part B and D drugs. The IRA has had and will likely continue to have a significant impact on the pharmaceutical industry. More recently, an Executive Order was issued in April 2025 with multiple directives aimed at lowering drug prices, including refining the Medicare drug price negotiation program established by the IRA, accelerating competition for high-cost prescription drugs by accelerating approval of generics and biosimilars and facilitating the process for re-classifying prescription drugs as over-the-counter drugs, and increasing drug importation. In May 2025, another Executive Order was issued that directed government agencies and officials to identify most-favored nation pricing targets for prescription drugs (and looked to pharmaceutical manufacturers to make significant progress towards delivering target prices to patients), prevent foreign countries from disproportionately shifting the cost of global pharmaceutical research and development to the United States, and facilitate direct-to-consumer purchasing programs for pharmaceutical manufacturers to sell their products to patients at the most-favored-nation price. In the wake of the Executive Orders and related executive initiatives, some pharmaceutical manufacturers have announced direct-to-consumer offerings with discounted prices or reached agreements with the federal government regarding pricing for drugs, including prices for Medicaid drugs and newly launched products. A future website sponsored by the federal government that is anticipated to offer pharmaceutical direct-to-consumer channels has also been announced. Federal agencies are developing new drug pricing pilot programs, such as a Medicaid model which would authorize the federal government to negotiate Medicaid supplemental rebates with participating manufacturers on behalf of state Medicaid programs, in exchange for standardized coverage criteria for participating manufacturer drugs, and proposed Medicare Part B and Part D pilot models that, if finalized as proposed, would replace existing inflation-based Medicare rebates with rebates determined on the basis of international prices, for drugs and patients subject to the model. Changes to certain Medicare price reporting requirements for drugs beginning in 2026 will likely increase the administrative and compliance burden for manufacturers. Many of these reform initiatives would require additional legal and/or administrative action to implement and may be subject to change.

Other healthcare reform efforts or actions may affect access to healthcare coverage or the funding of health care benefits, although the full impact of such efforts or actions cannot be predicted. For example, the Congressional Budget Office has estimated that Medicaid provisions in the 2025 budget reconciliation legislation, including restrictions in eligibility and funding for Medicaid, as well as changes to the healthcare marketplace such as the elimination of certain subsidies, will increase the number of uninsured patients.

At the state level, legislatures have passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing costs disclosure and transparency measures, and in some cases designed to encourage importation from other countries and bulk purchasing. Additionally, a number of states have enacted state drug price transparency and reporting laws that increase compliance burdens and exposure for non-compliance.

Further, a number of states have enacted state drug price transparency and reporting laws that could substantially increase our compliance burdens and expose us to greater liability under such state laws if and when we have marketed products. These and other health reform measures that are implemented may have a material adverse effect on our operations.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We cannot be sure whether additional legislative changes will be enacted, or whether the FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of our product candidates, if any, may be. In addition, increased scrutiny by the U.S. Congress of the FDA's approval process may significantly delay or prevent marketing approval, as well as subject us to more stringent product labeling and post-approval testing and other requirements.

Healthcare reform efforts have been and may continue to be subject to scrutiny, legal challenge and subsequent amendment, creating further uncertainty. Other government actions could have an adverse effect upon, and could prevent, our products' commercial success. For example, the current presidential administration's announced tariff on branded or patented drugs may increase the cost of drug products that are imported from abroad or manufactured using products or materials imported from abroad. The timeline for implementation of this tariff has not yet been finalized. As another example, the Budget Control Act of 2011, as amended, resulted in the imposition of reductions in Medicare (but not Medicaid) payments to providers in 2013 and remains in effect through 2032 unless additional Congressional action is taken. Any significant spending reductions affecting Medicare, Medicaid or other publicly funded or subsidized health programs that may be implemented and/or any significant taxes or fees that may be imposed on us could have an adverse impact on our results of operations.

Additionally, the U.S. Supreme Court's June 2024 decision in *Loper Bright Enterprises v. Raimondo* overturned the longstanding *Chevron* doctrine, under which courts were required to give deference to regulatory agencies' reasonable interpretations of ambiguous federal statutes. The *Loper* decision could result in additional legal challenges to regulations and guidance issued by federal agencies, including the FDA, on which we rely. Any such legal challenges, if successful, could have a material impact on our business. Additionally, the *Loper* decision may result in increased regulatory uncertainty, inconsistent judicial interpretations, and other impacts to the agency rulemaking process, any of which could adversely impact our business and operations. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, our business could be materially harmed.

The nature and extent of future healthcare reforms cannot be predicted. There is uncertainty regarding the nature or impact of any drug pricing or broader healthcare reform implemented at the federal or state level and the extent to which such action may be subject to litigation or other challenges. Ongoing efforts to contain or reduce costs of healthcare and/or impose price controls may adversely affect the demand for our product candidates, if approved, and our ability to achieve or maintain profitability.

In the EU, similar political, economic and regulatory developments may affect our, or our collaborators', ability to profitably commercialize our current or any future products. In addition to continuing pressure on prices and cost containment measures, legislative developments at the EU or member state level may result in significant additional requirements or obstacles that may increase our operating costs. The EU is undergoing a revision of its general pharmaceutical legislation to consolidate various legal instruments and achieve key policy objectives such as improving patient access to medicines, enhancing supply chain security, promoting innovation, ensuring environmental sustainability, and addressing antimicrobial resistance. The legislative proposal was considered by the European Parliament in April 2024 for a position to be adopted. The legislative process will take considerable time to complete as the proposal will require agreement by the European Parliament and the European Council. In international markets, reimbursement and healthcare payment systems vary significantly by country, and many countries have instituted price ceilings on specific products and therapies. Our future products, if any, might not be considered medically reasonable and necessary for a specific indication or cost-effective by third-party payers. An adequate level of reimbursement might not be available for such products and third-party payers' reimbursement policies might adversely affect our, or our collaborators' ability to sell any future products profitably.

We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the U.S. or in other jurisdictions. If we, or our collaborators, are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we, or our collaborators, are not able to maintain regulatory compliance, our product candidates may lose any marketing approval that may have been obtained and we may not achieve or sustain profitability, which would adversely affect our business.

Disruptions at the FDA and other government agencies caused by staffing or funding shortages could prevent our product candidates from being developed, approved, or commercialized in a timely manner, or at all, which could negatively impact our business.

The ability of the FDA and foreign regulatory authorities to review or approve new product candidates can be affected by a variety of factors, including government budget and funding levels, statutory, regulatory, and policy changes, the FDA's or foreign regulatory authorities' ability to hire and retain key personnel and accept the payment of user fees, and other events that may otherwise affect the FDA's or foreign regulatory authorities' ability to perform routine functions. Average review times at the FDA and foreign regulatory authorities have fluctuated in recent years as a result. In addition, government funding of other government agencies that fund research and development activities is subject to the political process, which is inherently fluid and unpredictable. For example, over the last several years, the U.S. federal government has shut down several times and certain regulatory agencies, such as the FDA, have had to furlough critical FDA employees and stop critical activities. If a prolonged government shutdown occurs, preventing the FDA or other regulatory authorities from conducting their regular inspections, reviews, or other regulatory activities, it could significantly impact the ability of the FDA or other regulatory authorities to timely review and process our regulatory submissions, which could have a material adverse effect on our business.

Additionally, the current presidential administration has taken several actions that could impose significant burdens on, or otherwise materially delay, the FDA's ability to engage in routine regulatory and oversight activities. Further, the current presidential administration has substantially reduced the FDA's workforce and may make further reductions, which may lead to disruptions and delays in the FDA's review and oversight of our product candidates and impact the FDA's ability to provide timely feedback on our development programs. Although it has been reported that there have not been reductions in workforce in the review or inspection divisions, any such reductions could extend review timelines, delay or prevent pre-approval inspections, and limit opportunities for FDA feedback on pending applications. It is difficult to predict how these executive actions and executive actions that may be taken under the current presidential administration may affect the FDA's ability to exercise its regulatory authority. If these executive actions impose constraints on the FDA's ability to engage in oversight and implementation activities in the normal course, our business may be negatively impacted.

Risks Related to Our Dependence on Third Parties

Our prospects for successful development and commercialization of our partnered products and product candidates are dependent upon the research, development and marketing efforts of our collaborators.

We have no control over the resources, time and effort that our collaborators may devote to our programs and limited access to information regarding or resulting from such programs. We are dependent on our collaborators, including Neurocrine Biosciences, to fund and conduct the research and any clinical development of product candidates under our agreements with each of them, and for the successful regulatory approval, marketing and commercialization of one or more of such products or product candidates. Such success will be subject to significant uncertainty.

Our ability to recognize revenue from successful collaborations may be impaired by multiple factors including:

- a collaborator may shift its priorities and resources away from our programs due to a change in business strategies, or a merger, acquisition, sale or downsizing of its company or business unit;
- a collaborator may cease development in therapeutic areas which are the subject of our strategic alliances;
- a collaborator may change the success criteria for a particular program or product candidate thereby delaying or ceasing development of such program or candidate;
- a significant delay in initiation of certain development activities by a collaborator will also delay payment of milestones tied to such activities, thereby impacting our ability to fund our own activities;
- a collaborator could develop a product that competes, either directly or indirectly, with our current or future products, if any;
- a collaborator with commercialization obligations may not commit sufficient financial or human resources to the marketing, distribution or sale of a product;
- a collaborator with manufacturing responsibilities may encounter regulatory, resource or quality issues and be unable to meet demand requirements;
- a collaborator may exercise its rights under the agreement to terminate our collaboration;
- a dispute may arise between us and a collaborator concerning the research or development of a product candidate, commercialization of a product or payment of royalties or milestone payments, any of which could result in a delay in milestones, royalty payments or termination of a program and possibly resulting in costly litigation or arbitration which may divert management attention and resources;
- a collaborator may not adequately protect the intellectual property rights associated with a product or product candidate;
- a collaborator may use our proprietary information or intellectual property in such a way as to invite litigation from a third-party; and
- disruptions caused by man-made or natural disasters or public health pandemics or epidemics or other business interruptions.

If our collaborators do not perform in the manner we expect or fulfill their responsibilities in a timely manner, or at all, the clinical development, regulatory approval and commercialization efforts could be delayed, terminated or be commercially unsuccessful. Conflicts between us and our collaborators may arise. In the event of termination of one or more of our collaboration agreements, it may become necessary for us to assume the responsibility of any terminated product or product candidates at our own expense or seek new collaborators. In that event, we could be required to limit the size and scope of one or more of our independent programs or increase our expenditures and seek additional funding which may not be available on acceptable terms or at all, and our business could be materially and adversely affected.

We may not be successful in establishing new collaborations or maintaining our existing alliances, which could adversely affect our ability to develop product candidates and commercialize products.

In the ordinary course, we engage with other biotechnology and pharmaceutical companies to discuss potential in-licensing, out-licensing, alliances and other strategic transactions. The advancement of our product candidates and development programs and the potential commercialization of our current and future product candidates will require substantial additional cash to fund expenses. Additionally, there are certain jurisdictions where a collaborator may be able to realize the market potential of our product candidates better than us. For these or other reasons, we may decide to collaborate with additional pharmaceutical and biotechnology companies with respect to development and potential commercialization.

We face significant competition in seeking appropriate collaborators and the negotiation process is time-consuming and complex. Moreover, we may not be successful in our efforts to establish other collaborations or other alternative arrangements for any current or future product candidates because our research and development pipeline may be insufficient, our current or future product candidates may be deemed to be at too early of a stage of development for collaboration effort and/or third parties may view our product candidates as lacking the requisite potential to demonstrate safety and efficacy. Even if we are successful in our efforts to establish collaborations, the terms that we agree upon may not be favorable to us and we may not be able to maintain such collaborations if, for example, development or approval of a product candidate is delayed or sales of an approved product are disappointing.

If any of our existing collaboration agreements are terminated, or if we determine that entering into other product collaborations is in our best interest but we either fail to enter into, delay in entering into or fail to maintain such collaborations:

- the development of certain of our current or future product candidates may be terminated or delayed;
- our cash expenditures related to development or commercialization of any such product candidates would increase significantly and we may need to seek additional financing sooner than expected;
- we may be required to hire additional employees or otherwise develop expertise, such as clinical, regulatory, sales and marketing expertise, some of which we do not currently have;
- we may delay commercialization or reduce the scope of any sales or marketing activities;
- we will bear all of the risk related to the development or commercialization of any such product candidates; and
- the competitiveness of any product that is commercialized could be reduced.

Our reliance on third parties to manufacture our product candidates may increase the risk that we will not have sufficient quantities of our raw materials, APIs or drug products when needed or at an acceptable cost.

We do not own or operate manufacturing or testing facilities for the production of clinical or commercial quantities of our product candidates, and we lack the resources and the capabilities to do so. As a result, we currently rely on third parties for the manufacture and supply of the active pharmaceutical ingredients, or APIs, in our product candidates and the final drug product formulation for all of our product candidates that are being used in our clinical studies and pre-clinical studies as well as packaging, labelling and distribution of clinical study supplies. Our current strategy is to outsource all manufacturing of our product candidates to third parties.

In addition, we rely on our collaborators, either directly or through CMOs, to manufacture product candidates licensed to them or to work with CMOs to produce sufficient quantities of materials required for the manufacture of our product candidates for pre-clinical testing and clinical studies and intend to do so for the commercial manufacture of our products. If we, or our collaborators, are unable to arrange for such third-party manufacturing sources, or fail to do so on commercially reasonable terms, we, or our collaborators, may not be able to successfully produce sufficient supply of a product candidate or we, or our collaborators, may be delayed in doing so. Such failure or substantial delay could delay our clinical studies and materially harm our business. The manufacture of biopharmaceutical products is complex and requires significant expertise and capital investment, including the development of advanced manufacturing techniques and process controls. The process of manufacturing our product candidates is susceptible to product loss due to contamination, equipment failure or improper installation or operation of equipment, vendor or operator error, contamination and inconsistency in yields, variability in product characteristics and difficulties in scaling the production process. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects and other supply disruptions. If microbial, viral or other contaminations are discovered in our product candidates or in the third-party manufacturing facilities in which our product candidates are made, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. Any adverse developments affecting manufacturing operations for our product candidates, if any are approved, may result in shipment delays, inventory shortages, lot failures, product withdrawals or recalls, or other interruptions in the supply of our products. We may also have to take inventory write-offs and incur other charges and expenses for products that fail to meet specifications, undertake costly remediation efforts or seek more costly manufacturing alternatives.

Reliance on third-party manufacturers entails risks to which we would not be subject if we manufactured product candidates ourselves, including reliance on these third parties for regulatory compliance and quality control and assurance, volume production, the possibility of breach of the manufacturing agreement by the third-party because of factors beyond our control (including a failure to synthesize and manufacture our product candidates in accordance with our product specifications), the impact of industry consolidation, including business combinations involving such third parties, and the possibility of termination or nonrenewal of the agreement by the third-party at a time that is costly or damaging to us. Although we believe that there are several potential alternative manufacturers who could manufacture our product candidates, we may incur added costs and delays in identifying and qualifying any such replacement.

In addition, we typically order raw materials, APIs and drug product and services on a purchase order basis and do not enter into long-term dedicated capacity or minimum supply arrangements with any commercial manufacturer. There is no assurance that we will be able to timely secure needed supply arrangements on satisfactory terms, or at all. Our failure to secure these arrangements as needed could have a material adverse effect on our ability to complete the development of our product candidates or, to commercialize them, if approved. We may be unable to conclude agreements for commercial supply with third-party manufacturers or may be unable to do so on acceptable terms. There may be difficulties in scaling up to commercial quantities and formulation of our product candidates, and the costs of manufacturing could be prohibitive.

Further, the FDA, EMA and other foreign regulatory authorities require that our product candidates be manufactured according to cGMP and similar foreign standards. Pharmaceutical manufacturers and their subcontractors are required to register their facilities and/or products manufactured at the time of submission of the marketing application and then annually thereafter with the FDA, EMA and other foreign regulatory agencies. They are also subject to pre-approval inspections and periodic unannounced inspections by the FDA, EMA and other foreign regulatory agencies. Any subsequent discovery of problems with a product, or a manufacturing or laboratory facility used by us or our collaborators, may result in restrictions on the product or on the manufacturing or laboratory facility, including product recall, suspension of manufacturing, importation bans, product seizure or a voluntary withdrawal of the drug from the market. Any failure by our, or our collaborators', third-party manufacturers to comply with cGMP or any failure to deliver sufficient quantities of product candidates in a timely manner, could lead to a delay in, or failure to obtain, regulatory approval of any of our product candidates.

In addition to third-party manufacturers, we rely on other third parties to store, test, monitor, label, package and transport bulk drug substance and drug product. If we are unable to arrange for such third-party sources, or fail to do so on commercially reasonable terms, we may not be able to successfully supply sufficient product candidate or we may be delayed in doing so. Such failure or substantial delay could materially harm our business.

If any third-party manufacturer of our product candidates is unable to increase the scale of its production of our product candidates, and/or increase the product yield of its manufacturing, then our costs and time to manufacture the product may increase and commercialization may be delayed.

In order to produce sufficient quantities to meet the demand for clinical studies and, if approved, subsequent commercialization of our product candidates, our third-party manufacturers will be required to increase their production and optimize their manufacturing processes while maintaining the quality of the product. The transition to larger scale production could prove difficult. In addition, if our third-party manufacturers are not able to optimize their manufacturing processes to increase the product yield for our product candidates, or if they are unable to produce increased amounts of our product candidates while maintaining the quality of the product, then we may not be able to meet the requirements for registration and validation and the demands of clinical studies or market demands, which could delay regulatory approvals and decrease our ability to generate profits and have a material adverse impact on our business and results of operation.

We rely on third parties to conduct our pre-clinical and clinical studies. If these third parties do not successfully carry out their contractual duties, including to comply with applicable laws and regulations or meet expected deadlines, our business could be substantially harmed.

We rely on entities outside of our control, which may include academic institutions, CROs, hospitals, clinics and other third-party collaborators, to monitor, support, conduct and/or oversee pre-clinical and clinical studies of our current and future product candidates. As a result, we have less control over the timing and cost of these studies and the ability to recruit study subjects than if we conducted these studies with our own personnel.

If we are unable to maintain or enter into agreements with these third parties on acceptable terms, or if any such engagement is terminated prematurely, we may be unable to enroll patients on a timely basis or otherwise conduct our studies in the manner we anticipate. In addition, there is no guarantee that these third parties will devote adequate time and resources to our studies or perform as required by our contract or in accordance with regulatory requirements, including maintenance of clinical study information regarding our product candidates. If these third parties fail to meet expected deadlines, fail to transfer to us any regulatory information in a timely manner, fail to adhere to protocols or fail to act in accordance with regulatory requirements to ensure the quality and integrity of the data generated by them or our agreements with them, or if they otherwise perform in a substandard manner or in a way that compromises the quality or accuracy of their activities or the data they obtain, then clinical studies of our future product candidates may be extended or delayed with additional costs incurred, or our data may be rejected by the FDA, EMA or other foreign regulatory agencies.

Ultimately, we are responsible for ensuring that each of our clinical studies is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards, and our reliance on third parties does not relieve us of our regulatory responsibilities.

We, our CROs and CMOs are required to comply with current good laboratory practices, or cGLP, cGCP and cGMP regulations and guidelines enforced by the FDA, the competent authorities of the member states of the European Economic Area and comparable foreign regulatory authorities for products in clinical development. Regulatory authorities enforce these regulations through periodic inspections of clinical study sponsors, principal investigators, clinical study sites, manufacturing facilities, nonclinical testing facilities and other contractors. If we or any of our CROs or CMOs fail to comply with these applicable regulations, the clinical data generated in our non-clinical and clinical studies may be deemed unreliable and our submission of marketing applications may be delayed or the FDA, EMA or another foreign regulatory authority may require us to perform additional clinical studies before approving our marketing applications. Upon inspection, the FDA, EMA or another foreign regulatory authority could determine that any of our clinical studies fail or have failed to comply with applicable cGCP regulations. In addition, our clinical studies must be conducted with product produced under the cGMP regulations enforced by the FDA, EMA and other foreign regulatory authorities, and our clinical studies may require a large number of test subjects. Our failure to comply with cGLP, cGCP and cGMP regulations may require us to repeat clinical studies or manufacture additional batches of drug, which would delay the regulatory approval process and increase our costs. Moreover, our business may be implicated if any of our CROs or CMOs violates federal or state fraud and abuse or false claims laws and regulations or healthcare privacy and security laws, or if this is asserted or reported to have occurred.

If any of our clinical study sites terminates for any reason, we may experience the loss of follow-up information on patients enrolled in our ongoing clinical studies unless we are able to transfer the care of those patients to another qualified clinical study site. Further, if our relationship with any of our CROs or CMOs is terminated, we may be unable to enter into arrangements with alternative CROs or CMOs on commercially reasonable terms, or at all.

Our use of foreign CROs and CMOs in some jurisdictions, such as China, may be or may become subject to U.S. legislation, sanctions, trade restrictions and other regulatory requirements which may increase the cost of, and cause delays for, our pre-clinical product candidates.

Switching or adding CROs, CMOs or other suppliers can involve substantial cost and require extensive management time and focus. The process of transitioning to new partners often necessitates significant planning, coordination, and oversight to ensure that ongoing projects are not disrupted and that quality and regulatory standards are maintained. Any delays or issues during this transition period could adversely affect timelines, increase operational risks, and potentially impact the overall success of our development and commercialization efforts. In addition, there is a natural transition period when a new CRO, CMO or supplier commences work. As a result, delays may occur, which can materially impact our ability to meet our desired clinical development timelines. If we are required to seek alternative supply arrangements, the resulting delays and potential inability to find a suitable replacement could materially and adversely impact our business.

Risks Related to Intellectual Property

We could be unsuccessful in obtaining or maintaining adequate patent protection for one or more of our product candidates or future products.

Our commercial success will depend, in part, on our ability to obtain and maintain patent, trademark and trade secret protection of our product candidates and future products, their respective components, formulations, methods used to manufacture them and methods of treatment, as well as successfully defending against possible third-party challenges. We evaluate our global patent portfolio in the ordinary course of business to enhance patent protection in areas of our strategic focus and in key markets for our product candidates and future products and may abandon existing patents or patent applications related to terminated development programs, areas, or markets of low strategic importance. Patents might not issue with respect to our patent applications that are currently pending, and issued patents might later be found to be invalid or unenforceable, be interpreted in a manner that does not adequately protect our product candidates or any future products, or fail to otherwise provide us with any competitive advantage. The patent position of biotechnology and pharmaceutical companies is generally highly uncertain because it involves complex legal and factual considerations that may be impacted by changes in the law. In addition, the standards applied by the U.S. Patent and Trademark Office, or USPTO, and foreign patent offices in issuing patents are not always applied uniformly or predictably, and also may be subject to changing law. Consequently, patents may not issue from our pending patent applications, or we may end up with patent claims of different scope in different jurisdictions. As such, we do not know the degree of future protection that we will have on our future products and proprietary technology, if any, and a failure to obtain adequate intellectual property protection with respect to our product candidates and future products, as well as other proprietary technology could have a material adverse impact on our business and ability to achieve profitability.

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and/or patent applications will be due to be paid to the USPTO and various governmental patent offices outside of the U.S. in several stages over the lifetime of the patents and/or patent applications. The USPTO and foreign governmental patent offices require compliance with a number of procedural, documentary, fee payment and other provisions during the patent application and maintenance process. We employ reputable law firms and other professionals to help us comply with respect to the patents and patent applications that we own or co-own, and we rely upon collaborators to effect compliance with such requirements with respect to some patents and patent applications that we out-license and/or in-license.

Our intellectual property rights will not necessarily provide us with competitive advantages.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business, or may not permit us to maintain our competitive advantage. The following non-exhaustive examples are by way of illustration only:

- others may be able to make compounds that are similar to our product candidates or future products but that are not covered by the claims of the patents that we own, co-own or may in-license;
- others may independently develop similar or alternative technologies without infringing our intellectual property rights;
- patents that we own, co-own or may in-license may not provide us with any competitive advantages, or may be held invalid or unenforceable as a result of legal challenges by our competitors;
- we may obtain patents for certain compounds many years before we obtain marketing approval for products containing such compounds, and because patents have a limited life, the term(s) may expire prior to or soon after the commercial sale of the related product, thereby limiting the commercial value of our patents;
- we might not have been the first to make or file upon the inventions covered by the patents or pending patent applications;
- it is possible that our pending patent applications will not issue as patents;

- we cannot predict the scope of protection of any patent issuing from our patent applications, including whether the patent applications that we own will result in patents with claims directed to our product candidates or future products or uses thereof in the United States or in foreign countries;
- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we may fail to develop additional proprietary technologies that are patentable and/or may fail to adequately protect such technologies;
- the laws of certain foreign countries may not protect our intellectual property rights to the same extent as the laws of the U.S., or we may fail to apply for or obtain adequate intellectual property protection in all the jurisdictions in which we operate; and
- the patents of others may have an adverse effect on our business, for example by preventing us from commercializing our future products.

Any of the aforementioned threats to our competitive advantage could have a material adverse effect on our business.

We may not be able to protect our intellectual property rights throughout the world.

Filing, prosecuting, enforcing and defending patents on product candidates in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the U.S. can be less extensive than those in the U.S. In addition, the laws of some foreign countries may not protect intellectual property rights to the same extent as the laws in the U.S. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the U.S., or from offering to sell, selling, using, making or importing products made using our inventions in and into the U.S. or other jurisdictions. Competitors may use our inventions in jurisdictions where we have not obtained patent protection to develop their own products and further, may export otherwise infringing products to territories where we have patent protection, but enforcement is not as strong as that in the U.S. These products may compete with our future products, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting, enforcing and defending intellectual property rights in certain foreign countries. The legal systems of some countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property rights, particularly those relating to biotechnology and pharmaceutical products, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally.

Proceedings to enforce our patent rights in foreign countries could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing as patents and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from our intellectual property.

We may be involved in lawsuits to enforce our patents or the patents of our licensors, which could be expensive, time consuming and unsuccessful, and those patents could be found invalid or unenforceable if challenged.

Any of our intellectual property rights could be challenged or invalidated despite measures we or our licensors take to obtain patent and other intellectual property protection with respect to our product candidates and proprietary technology.

Competitors may infringe our patents or the patents of our licensors. To stop infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time-consuming. In addition, in an infringement proceeding, a court may decide that a patent in suit is not valid or is not enforceable. In such cases, third parties may be able to use our technology without paying licensing fees or royalties. Even if the validity of our patents is upheld, a court may refuse to stop the other party from using the technology at issue on the ground that the other party's activities are not covered by our patents or that the legal requirements for imposing injunctive relief are not met. In addition, third parties may affirmatively challenge our rights to, or the scope or validity of, our patents. An adverse result in any litigation or post-grant proceeding could put additional patents at risk of being invalidated, held unenforceable or interpreted narrowly, and could put any of our patent applications at risk of not yielding an issued patent. Any efforts to enforce our intellectual property rights are likely to be costly and may divert the efforts of our scientific and management personnel.

For example, if we were to initiate legal proceedings against a third-party to enforce a patent covering one of our product candidates or future products, the defendant could defend or counterclaim that our patent is invalid and/or unenforceable. In patent litigation in the U.S. and in some foreign countries, defendant defenses and counterclaims alleging invalidity and/or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, for example, lack of novelty, obviousness, patent ineligibility, loss of priority claims, lack of written description, or lack of enablement. Grounds for an assertion of unenforceability could be an allegation that someone connected with prosecution of the patent knowingly withheld material information from the USPTO or an applicable foreign counterpart where such a duty to disclose exists, or made a misleading statement, during prosecution. Patents may be subject to challenge in multiple different ways. For example, administrative proceedings such as derivation proceedings, entitlement proceedings, ex parte reexamination, inter partes review, post-grant review, or opposition proceedings, provoked by third parties or initiated by the USPTO or any foreign patent authority may be used to challenge inventorship, ownership, claim scope, or validity of our patents or a patent of our licensor. An unfavorable outcome in any of these proceedings could require us to cease using the related technology or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms, if any license is offered at all. Litigation and/or other administrative proceedings may fail and, even if successful, may result in substantial costs and distract our management and other employees. Certain foreign countries may provide for compulsory licensing of our patent rights that would preclude us from enforcing our patents against a third party.

With respect to challenges to the validity of our patents or the patents of our licensors, for example, there might be prior art of which we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on a product candidate or future product. As another example, a litigant or the USPTO itself could challenge our patents on this basis even if we believe that we have conducted our patent prosecution in accordance with the duty of candor and in good faith. The outcome following such challenges is unpredictable. Even if a challenger does not prevail, our patent claims may be construed in a manner that would limit our ability to enforce such claims against the challenger and others. The cost of defending such a challenge, particularly in a foreign country, and any resulting loss of patent protection could have a material adverse impact on one or more of our product candidates and our business.

Patent protection and patent prosecution for some of our product candidates and future products is dependent on, and the ability to assert patents and defend them against claims of invalidity is maintained by, third parties.

There have been and may be times in the future when certain patents that relate to our product candidates or any future products are controlled by our collaborators, including licensees, sublicensees or licensors. Although we may, under such arrangements, have rights to consult with our collaborators on actions taken as well as back-up rights of prosecution and enforcement, we have in the past and may in the future relinquish rights to prosecute and maintain patents and patent applications within our portfolio as well as the ability to assert such patents against infringers. For example, currently the rights relating to the patent portfolio for certain selective Nav1.6 inhibitors and dual Nav1.2/1.6 inhibitors are exclusively licensed to Neurocrine Biosciences, and Neurocrine Biosciences has the first right to bring and control any action in connection with product infringement.

If any current or future collaborator with rights to file, prosecute, enforce and/or defend patents related to our product candidates or future products fails to appropriately prosecute and maintain patent protection for patents covering any of our product candidates, or if patents covering any of our product candidates or future products are asserted against infringers or defended against claims of invalidity or unenforceability in a manner which adversely affects such coverage, our ability to develop and commercialize any such product candidates or future products may be adversely affected and we may not be able to prevent competitors from making, using, importing, offering for sale, and/or selling competing products.

Claims that our product candidates or the sale, offer for sale, importation, manufacture, or use of our future products infringe the patent or other intellectual property rights of third parties could result in costly litigation, could require substantial time and money to resolve, even if litigation is avoided, and could prevent or delay us from developing or commercializing our product candidates.

Our commercial success depends, in part, upon our ability to develop product candidates and commercialize our future products, without infringing the intellectual property rights or other proprietary rights of others. Third parties might allege that we, or our collaborators, are infringing, misappropriating, or otherwise violating their intellectual property rights. Such third parties might resort to litigation against us or other parties we have agreed to indemnify, which litigation could be based on either existing intellectual property or intellectual property that arises in the future.

It is possible that relevant patents or patent applications held by third parties will cover our product candidates at the time of launch and we may also fail to identify relevant patents or patent applications held by third parties that might be asserted to cover our product candidates. For example, U.S. applications filed before November 29, 2000, and certain applications filed after that date that were not filed outside the U.S. remain confidential until patents issue. Other patent applications in the U.S. and several other jurisdictions are published approximately 18 months after the earliest filing for which priority is claimed, with such earliest filing date being commonly referred to as the priority date. Furthermore, publication of discoveries in the scientific or patent literature often lags behind actual discoveries. Therefore, we cannot be certain that we, or our collaborators, were the first to invent, or the first to file patent applications on our product candidates or for their uses, or that our product candidates will not infringe patents that are currently issued or that will be issued in the future. Additionally, pending patent applications and patents which have been published can, subject to certain limitations, be later amended in a manner that could cover our current or future products, if any, or their use.

The coverage of patents is subject to interpretation by the courts, and the interpretation is not always uniform. If we were sued for patent infringement, we would need to demonstrate that our product candidates, our future products, or methods of use either do not infringe the patent claims of the relevant patent or that the patent claims are invalid or unenforceable, and we may not be able to do this. Proving invalidity may be difficult. Even if we are successful in these proceedings, we may incur substantial costs and the time and attention of our management and scientific personnel could be diverted in pursuing these proceedings, which could have a material adverse effect on our business and operations. Furthermore, we may not have sufficient resources to bring these actions to a successful conclusion.

We may choose to challenge the enforceability or validity of claims of a third party's patent by requesting an administrative proceeding, for example, derivation proceedings, entitlement proceedings, ex parte reexamination, inter partes review, post-grant review, or opposition proceedings, before the USPTO or proceedings before any foreign patent authority. The costs of these administrative proceedings could be substantial and may consume our time or other resources. If we fail to obtain a favorable result in the USPTO or any foreign patent office, we may be exposed to litigation by a third party alleging that the patent may be infringed by our product candidates or future products.

Defending against claims of patent infringement or other violations of intellectual property rights could be costly and time consuming, regardless of the outcome. Thus, even if we were to ultimately prevail, or to settle at an early stage, such litigation or threatened litigation could burden us with substantial unanticipated costs. In addition, litigation or threatened litigation could result in significant demands on the time and attention of our management team, distracting them from the pursuit of other company business. Claims that the selling, using, making, offering to sell, or importing, of our product candidates or future products infringe, misappropriate or otherwise violate third-party intellectual property rights could therefore have a material adverse impact on our business.

Third parties may be able to sustain the costs of complex intellectual property litigation or proceedings more effectively than we can. In addition, the uncertainties associated with litigation could have a material adverse effect on our ability to raise the funds necessary to conduct our clinical studies, continue our internal research programs, in-license needed technology, or enter into strategic collaborations that would help us bring our product candidates to market.

Unfavorable outcomes in intellectual property litigation could limit our research and development activities and/or our ability to commercialize certain products.

Any future intellectual property litigation and/or other administrative proceedings will result in additional expense and distraction of our personnel. There is inevitable uncertainty in intellectual property litigation, and we could lose, even if the case against us is weak or flawed. An unfavorable outcome in such litigation or proceedings may expose us or any future strategic collaborators to loss of our proprietary position, expose us to significant liabilities, or require us to seek licenses that may not be available on commercially acceptable terms, if at all, each of which could have a material adverse effect on our business. If we are found to infringe a third-party's intellectual property rights, we could be forced, including by court order, to cease developing, manufacturing or commercializing the infringing product candidate or future product. Alternatively, we may be required to obtain a license from such third-party in order to use the infringing technology and continue developing, manufacturing or marketing the infringing product candidate or future product.

For example, if third parties successfully assert their intellectual property rights against us, we might be barred from using certain aspects of our technology or barred from developing and commercializing certain future products. Alternatively, we may be required to pay substantial damage awards to the plaintiff, including up to treble damages and attorneys' fees if we are found to have willfully infringed a patent. As another alternative, we may be required to obtain a license from the intellectual property owner to continue our research and development programs or to market any resulting product. It is also possible that we may be required to modify or redesign our product candidates or future products, if any, in order to avoid infringing or otherwise violating third-party intellectual property rights. This may not be technically or commercially feasible, may render those products less competitive, or may delay or prevent the entry of those products to the market. Any of the foregoing could limit our research and development activities, our ability to commercialize one or more product candidates, or both.

If we choose or are required to seek a license from a third-party, we may be required to pay license fees or royalties or both, which could be substantial. These licenses may not be available on acceptable terms, or at all. Even if we or any future collaborators were able to obtain a license, the rights may be nonexclusive, which could result in our competitors gaining access to the same intellectual property. Ultimately, we could be prevented from commercializing a product, or be forced, by court order or otherwise, to cease some or all aspects of our business operations as a result of actual or threatened litigation. Further, we could be found liable for significant monetary damages as a result of claims of intellectual property infringement. In the future, we may receive offers to license and demands to license from third parties claiming that we are infringing their intellectual property or owe license fees and, even if such claims are without merit, we could fail to successfully avoid or settle such claims.

If Neurocrine Biosciences or other collaborators license or otherwise acquire rights to intellectual property controlled by a third party in various circumstances, for example, where a product could not be developed or commercialized in a country without the third-party intellectual property rights or, where it is decided that it would be useful to acquire such third-party rights to develop or commercialize the product, they are eligible under our collaboration agreements to decrease payments payable to us on a product-by-product basis and, in certain cases, on a country-by-country basis. Any of the foregoing events could harm our business significantly.

If we breach any agreement under which we license the use, development and commercialization rights to our product candidates or technology from third parties, we could lose license rights that are important to our business.

Under existing or future license and other agreements, we are or may become subject to various obligations, including diligence obligations such as development and commercialization obligations, as well as potential milestone payments and other obligations. If we fail to comply with any of these obligations or otherwise breach our license agreements, our licensing partners may have the right to terminate the applicable license in whole or in part or convert an exclusive license to a non-exclusive license. Generally, the loss of any such license, or any license exclusivity thereunder, could materially harm our business, prospects, financial condition and results of operations.

If we are unable to prevent unauthorized disclosure of trade secrets and other proprietary information, our competitive position could be harmed.

In addition to patents, we rely on trade secrets, technical know-how and proprietary information concerning our discovery platform, business strategy and product candidates, which can be difficult to protect, in order to maintain our competitive position. In the course of our research and development activities and our business activities, we often rely on confidentiality agreements to protect our proprietary information. Such confidentiality agreements are used, for example, when we talk to vendors of laboratory, manufacturing, pre-clinical development or clinical development goods or services or potential strategic collaborators. In addition, each of our employees and consultants is required to sign a confidentiality agreement and invention assignment agreement upon joining our company. Our employees, consultants, contractors, business partners or outside scientific collaborators might intentionally or inadvertently disclose our trade secret information in breach of these confidentiality agreements or our trade secrets may otherwise be misappropriated. Our collaborators might also have rights to publish data and we might fail to apply for patent protection prior to such publication. It is possible that a competitor will make use of such information, and that our competitive position will be compromised. In addition, to the extent that our employees, consultants or contractors use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. Enforcing a claim that a third-party illegally obtained and is using any of our trade secrets is expensive and time consuming, and the outcome is unpredictable. In addition, courts outside the U.S. sometimes are less willing than U.S. courts to protect trade secrets. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how. If we cannot maintain the confidentiality of our proprietary technology and other confidential information, then our ability to protect our trade secret information would be jeopardized, which would adversely affect our competitive position.

In addition, we, or our licensors, may be subject to claims that former employees, collaborators or other third parties have an interest in our owned or in-licensed patents, trade secrets, or other intellectual property as an inventor or co-inventor. For example, we, or our licensors, may have inventorship disputes arise from conflicting obligations of employees, consultants or others who are involved in developing our product candidates. Litigation may be necessary to defend against these and other claims challenging inventorship or our, or our licensors', ownership of our owned or in-licensed patents, trade secrets or other intellectual property. If we, or our licensors, fail in defending against any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, intellectual property that is important to our product candidates. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

Changes in U.S. patent law, or laws in other countries, could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our patents, thereby impairing our ability to protect our product candidates and future products.

Our success is heavily dependent on intellectual property, particularly patents. The patent positions of pharmaceutical and biopharmaceutical companies can be highly uncertain and involve complex legal and factual questions for which important legal principles remain unresolved. No consistent policy regarding the breadth of claims allowed in patents in these fields has emerged to date in the U.S. or other countries. In addition, Congress or other foreign legislative bodies may pass patent reform legislation that is unfavorable to us. For example, there have been recent changes regarding how patent laws are interpreted, and both the USPTO and Congress have recently made significant changes to the patent system. There have been U.S. Supreme Court decisions that indicate a distinctly negative view of some patents. The trend of these decisions along with resulting changes in patentability requirements being implemented by the USPTO could make it increasingly difficult for us to obtain, maintain and/or enforce patents on our products. We cannot accurately predict future changes in the interpretation of patent laws or changes to patent laws which might be enacted into law. Those changes may materially affect our patents, our ability to obtain patents, the costs to prosecute our patent applications and enforce our patents and/or the patents and applications of our collaborators. The patent situation in these fields outside the U.S. also has uncertainties. Changes in either the patent laws or in interpretations of patent laws in the U.S. and other countries may diminish the value of our intellectual property or narrow the scope of our patent protection. Accordingly, we cannot predict the breadth of claims that may be allowed or enforced in the patents we own or to which we have a license or third-party patents. As an example, European patent applications have the option, upon issuance of a patent, of becoming a Unitary Patent, which is subject to the jurisdiction of the Unitary Patent Court, or UPC. The option of a Unitary Patent and the creation of the UPC are significant changes in European patent practice. As the UPC is a new court system, there is little precedent for the court, increasing the uncertainty of any litigation in the UPC.

Intellectual property litigation and/or other administrative proceedings may lead to unfavorable publicity that harms our reputation and causes the market price of our common shares to decline.

During the course of any intellectual property litigation and/or other administrative proceeding, there could be public announcements of the initiation of the litigation or proceeding as well as results of hearings, rulings on motions, and other interim rulings in the litigation or proceeding. If securities analysts or investors regard these announcements as negative, the perceived value of our existing products, programs or intellectual property could be diminished. Accordingly, the market price of our common shares may decline. Such announcements could also harm our reputation or the market for our future products, which could have a material adverse effect on our business.

If we do not obtain protection under the Hatch-Waxman Act in the U.S. and similar foreign legislation by extending the patent terms for patents covering our product candidates, our business may be materially harmed.

Depending upon the timing, duration and specifics of FDA marketing approval of our product candidates, if any, one or more U.S. patents may be eligible for limited patent term extension under the Hatch-Waxman Act. However, we may not be granted an extension if, for example, we fail to apply within applicable deadlines, fail to apply prior to expiration of relevant patents or otherwise fail to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than five years.

If we are unable to obtain patent term extension or the duration of any such extension is less than we request, the period during which we will have the right to exclusively market our product may be shortened and our competitors may obtain approval of competing products following our patent expiration, and our revenue could be reduced, possibly materially.

If any of our products are approved by the FDA, listing patents in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations (Orange Book) is mandatory, and the decision to list or not list a given patent in the Orange Book could give rise to allegations of antitrust or unfair competition liability, from the Federal Trade Commission, other government entities or private parties. In addition, we may be required by court order to delist patents from the Orange Book that are found to be improperly listed, which could impact our ability to take advantage of the benefits of the Hatch-Waxman Act, including the 30-month stay of generic approval.

If our trademarks are not adequately protected, we may not be able to build name recognition in our markets of interest, which could adversely affect our business.

Our current and future trademarks, including our corporate name, Xenon, has not been trademarked in each market where we operate and plan to operate. Our trademark applications for our corporate name or the name of our products may not be allowed for registration, and our registered trademarks may not be maintained or enforced. During trademark registration proceedings, we may receive rejections, which we may be unable to overcome in our responses. Third parties may also attempt to register trademarks utilizing the Xenon name on their products, and we may not be successful in preventing such usage. In addition, in the USPTO and in comparable patent offices in many foreign countries, third parties are given an opportunity to oppose pending trademark applications and to seek to cancel registered trademarks. Our trademarks may not survive such proceedings. If we do not secure registrations for our trademarks, we may encounter more difficulty in enforcing them against third parties than we otherwise would.

Moreover, any name we have proposed to use with our product candidates in the United States, regardless of whether we have registered it or applied to register it as a trademark, must be approved by the FDA. Similar requirements exist in Europe and other foreign countries. If the FDA (or an equivalent administrative body in a foreign country) objects to any of our proposed product names, we may need to identify a suitable substitute name, for example, that would qualify under applicable trademark laws, not infringe the existing rights of third parties, and be acceptable to the FDA. This may require additional expense.

In addition, there could be potential trademark infringement claims brought by owners of other registered trademarks that incorporate variations of or allegedly cause confusion with our registered or unregistered trademarks. If we assert trademark infringement claims, a court may determine that the marks we have asserted are invalid or unenforceable, or that the party against whom we have asserted trademark infringement has superior rights to the marks in question. In this case, we could ultimately be forced to cease use of such trademarks. If we are unable to establish name recognition based on our trademarks, we may not be able to compete effectively, and our business may be adversely affected.

Our expanding use of artificial intelligence exposes us to operational, regulatory, legal, and ethical risks that could adversely affect our business, reputation, financial condition, and results of operations.

We increasingly develop, procure, and deploy artificial intelligence, or AI, and machine learning, or ML, technologies across our operations. While these tools may create efficiencies, they also introduce material risks related to data quality and bias, transparency and explainability, model drift and reliability, cybersecurity, intellectual property, privacy, discrimination, liability, and vendor/supply chain dependencies. Errors or bias in AI outputs, inadequate monitoring, or insufficient documentation could impair clinical development, pharmacovigilance, manufacturing quality, or commercial activities, resulting in delays, higher costs, product or batch actions, or reputational harm.

Additionally, the emergence of AI and other technologies may exacerbate other risks, including those related to regulation, litigation, compliance issues, ethical concerns, confidentiality, and data privacy or security. For example, regulatory uncertainty related to AI or other emerging technologies may require significant resources to adjust business practices to comply with developing laws.

Risks Related to Ownership of Our Common Shares

The market price of our common shares may be volatile, and purchasers of our common shares could incur substantial losses.

Our common shares are listed on Nasdaq under the trading symbol "XENE." The market price of our common shares has fluctuated in the past and is likely to be volatile in the future. As a result of this volatility, investors may experience losses on their investment in our common shares. The market price for our common shares may be influenced by many factors, including the following:

- announcements by us or our competitors of new products, product candidates or new uses for existing products, significant contracts, commercial relationships or capital commitments and the timing of these introductions or announcements;
- actions by any of our collaborators regarding our product candidates they are developing, including announcements regarding clinical or regulatory decisions or developments of our collaboration;
- unanticipated serious safety concerns related to the use of any of our products and product candidates;
- negative or inconclusive results from clinical studies of our product candidates, leading to a decision or requirement to conduct additional pre-clinical testing or clinical studies or resulting in a decision to terminate the continued development of a product candidate;
- delays of clinical studies of our product candidates;

- failure to obtain or delays in obtaining or maintaining product approvals or clearances from regulatory authorities;
- adverse regulatory or reimbursement announcements;
- announcements by us or our competitors of significant acquisitions, strategic collaborations, licenses, joint ventures or capital commitments;
- the results of our efforts to discover or develop additional product candidates;
- our dependence on third parties, including our collaborators, CROs, clinical study sponsors and clinical investigators;
- regulatory or legal developments in Canada, the U.S. or other countries;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key personnel;
- the level of expenses related to any of our product candidates or clinical development programs;
- actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- actual or anticipated quarterly variations in our financial results or those of our competitors;
- sales of common shares by us, our insiders or our shareholders in the future, as well as the overall trading volume of our common shares;
- changes in the structure of healthcare payment systems;
- commencement of, or our involvement in, litigation;
- the impact of pandemics, epidemics or other public health crises on our business and the macroeconomic environment;
- general economic, industry and market conditions, including changes resulting from governmental actions, such as tariffs;
- market conditions in the pharmaceutical and biotechnology sectors and other factors that may be unrelated to our operating performance or the operating performance of our competitors, including changes in market valuations of similar companies; and
- the other factors described in this "Risk Factors" section.

In addition, the stock market in general, and Nasdaq and the biopharmaceutical industry in particular, have from time to time experienced volatility that often has been unrelated to the operating performance of the underlying companies. Fluctuating inflation and interest rates, for example, can result in significant volatility. These broad market and industry fluctuations may adversely affect the market price of our common shares, regardless of our operating performance. In several recent situations where the market price of a stock has been volatile, holders of that stock have instituted securities class action litigation against the company that issued the stock. If any of our shareholders were to bring a lawsuit against us, the defense and disposition of the lawsuit could be costly and divert the time and attention of our management and harm our operating results.

Future sales and issuances of our common shares or securities convertible into or exchangeable for common shares would cause our shareholders to incur dilution and could cause the market price of our common shares to fall.

The market price of our common shares could decline as a result of sales of a large number of our common shares or the perception that these sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

Pursuant to our equity incentive plans, our compensation committee (or a subset or delegate thereof) is authorized to grant equity-based incentive awards to our employees, directors and consultants. Future stock option grants and issuances of common shares under our share-based compensation plans will result in dilution to all shareholders and may have an adverse effect on the market price of our common shares.

In addition, in the future, we may issue additional common shares, preferred shares, or other equity or debt securities convertible into common shares in connection with a financing, collaboration agreement, acquisition, litigation settlement, employee arrangements or otherwise. We may also issue additional common shares upon the exercise of pre-funded warrants that we have issued from time to time. Any such issuance, including any issuances pursuant to our "at-the-market" equity offering program under our sales agreement with Jefferies and Stifel, could result in substantial dilution to our existing shareholders and could cause the market price of our common shares to decline.

We are governed by the corporate and securities laws of Canada which in some cases have a different effect on shareholders than the corporate laws of Delaware and U.S. securities laws.

We are governed by the Canada Business Corporations Act, or CBCA, and other relevant laws, which may affect the rights of shareholders differently than those of a company governed by the laws of a U.S. jurisdiction, and may, together with our articles and by-laws, have the effect of delaying, deferring or discouraging another party from acquiring control of our company by means of a tender offer, a proxy contest or otherwise, or may affect the price an acquiring party would be willing to offer in such an instance. The material differences between the CBCA and Delaware General Corporation Law, or DGCL, that may have the greatest such effect include, but are not limited to, the following: (i) for material corporate transactions (such as mergers and amalgamations, other extraordinary corporate transactions or amendments to our articles) the CBCA generally requires a two-thirds majority vote by shareholders, whereas DGCL generally only requires a majority vote; and (ii) under the CBCA, holders of 5% or more of our shares that carry the right to vote at a meeting of shareholders can requisition a special meeting of shareholders, whereas such right does not exist under the DGCL. In addition, our board of directors is responsible for appointing the members of our management team and certain provisions of the CBCA and our articles and by-laws may frustrate or prevent any attempts by our shareholders to replace or remove our current management by making it more difficult for shareholders to replace members of our board of directors. Certain of these provisions include the following:

- shareholders cannot amend our articles unless such amendment is approved by shareholders holding at least two-thirds of the shares entitled to vote on such approval;
- shareholders must give advance notice to nominate directors or to submit proposals for consideration at shareholders' meetings; and
- applicable Canadian corporate and securities laws generally require, subject to certain exceptions, a tender offer (also known as a take-over bid) to remain open for a minimum of 105 days and that more than 50% of the outstanding securities not owned by the offeror be tendered before the offeror may take up the securities.

Any provision in our articles, by-laws, under the CBCA or under any applicable Canadian securities law that has the effect of delaying or deterring a change in control could limit the opportunity for our shareholders to receive a premium for their common shares, and could also affect the price that some investors are willing to pay for our common shares, thereby depressing the market price of our common shares.

U.S. civil liabilities may not be enforceable against us, our directors, or our officers.

We are governed by the CBCA and our principal place of business is in British Columbia, Canada. Many of our directors and officers reside outside of the U.S., and all or a substantial portion of their assets as well as a substantial portion of our assets are located outside the U.S. As a result, it may be difficult for investors to effect service of process within the U.S. upon us and certain of our directors and officers or to enforce judgments obtained against us or such persons, in U.S. courts, in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws or any other laws of the U.S. Additionally, rights predicated solely upon civil liability provisions of U.S. federal securities laws or any other laws of the U.S. may not be enforceable in original actions, or actions to enforce judgments obtained in U.S. courts, brought in Canadian courts, including courts in the Province of British Columbia.

We are at risk of securities class action litigation.

Securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because biotechnology companies have experienced significant share price volatility in recent years. If we face such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could harm our business. In addition, an increase in litigation against biotechnology companies may make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage.

Our management has broad discretion over the use of our cash and we may not use our cash effectively, which could adversely affect our results of operations.

Our management has broad discretion in the application of our cash resources. Shareholders may not agree with our decisions, and our use of our cash resources may not improve our results of operation or enhance the value of our common shares. Our failure to apply these funds effectively could have a material adverse effect on our business, delay the development of our product candidates and cause the market price of our common shares to decline. In addition, pending their use, they may be placed in investments that do not produce significant income or that may lose value.

We do not anticipate paying any cash dividends on our common shares in the foreseeable future.

We do not currently intend to pay any cash dividends on our common shares in the foreseeable future. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. As a result, capital appreciation, if any, of our common shares may be investors' sole source of gain for the foreseeable future.

Reports published by analysts, including projections in those reports that differ from our actual results, could adversely affect the price and trading volume of our common shares.

The trading market for our common shares depends in part on the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us issues an adverse opinion about our company, our common share price would likely decline. If one or more of these analysts ceases research coverage of us or fails to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the price of our common shares or trading volume to decline.

There is no public market for our outstanding pre-funded warrants.

There is no public trading market for our outstanding pre-funded warrants, and we do not expect a market to develop. In addition, we do not intend to list the outstanding pre-funded warrants on Nasdaq or any other national securities exchange or nationally recognized trading system. Without an active trading market, the liquidity of the outstanding pre-funded warrants will be limited.

General Risk Factors

Unstable market and economic conditions may have serious adverse consequences on our business and financial condition.

Global credit and financial markets have at times experienced extreme disruptions characterized by increased market volatility, increased rates of inflation, declines in consumer confidence, declines in economic growth, increases in unemployment rates, and uncertainty about economic stability. Current and future global conflicts, such as those between Ukraine and Russia and in the Middle East, have created, and may in future create, volatility in the capital markets and may have further global economic consequences. If the equity and credit markets were to deteriorate significantly in the future, including as a result of a pandemic, political unrest or war, or further instability of the global banking sector, it may make any necessary equity or debt financing more difficult to complete, more costly, and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and the market price of our common shares and could require us to delay or abandon development or commercialization plans. In addition, there is a risk that one or more of our current collaborators, service providers, manufacturers and other partners would not survive or be able to meet their commitments to us under such circumstances, which could directly affect our ability to attain our operating goals on schedule and on budget.

We have incurred, and expect to continue to incur, significant costs as a result of laws, regulations and investor-driven standards relating to corporate governance and other matters.

Laws and regulations affecting public companies, including provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Sarbanes-Oxley Act of 2002, the CBCA, applicable Canadian securities laws, and rules adopted or proposed by the SEC, Nasdaq, Corporations Canada and applicable Canadian securities regulators have resulted in, and will continue to result in, significant compliance costs to us as we evaluate the implications of these rules and respond to their requirements.

Compliance with the various reporting and other requirements applicable to public companies also requires considerable time and attention of management. In the future, if we are not able to issue an evaluation of our internal control over financial reporting, as required, or we or our independent registered public accounting firm determine that our internal control over financial reporting is not effective, this shortcoming could have an adverse effect on our business and financial results and the price of our common shares could be negatively affected. New rules could make it more difficult or more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the coverage that is the same or similar to our current coverage. The impact of these events could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors and board committees, and as our executive officers. We cannot predict or estimate the total amount of the costs we may incur or the timing of such costs to comply with these rules and regulations.

Outside of the United States, Canadian securities regulators regularly pursue various rulemaking efforts with respect to ESG matters, which has resulted in the adoption of new laws and regulations. A variety of organizations also measure the performance of companies on such ESG topics, and the results of these assessments are widely publicized. Investment in funds that specialize in companies that perform well in such assessments are increasingly popular, and major institutional investors have publicly emphasized the importance of such ESG measures to their investment decisions. If additional rules regarding ESG matters are formally adopted or if investors continue to increase their focus on ESG matters, we could incur substantially higher costs in our efforts to comply and cannot be certain that our efforts will be viewed as adequate by regulators or by such investors.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

We rely on both internal information technology systems and networks, and those of third-party vendors and contractors, to acquire, transmit, store and otherwise process information in connection with our business activities. Our ability to effectively manage our business depends on the security, reliability and adequacy of our and our third-party contractors' and vendors' technology systems. As such, we have implemented an information security program designed to identify, assess, and manage risks from cybersecurity threats.

We perform risk assessments relating to cybersecurity and technology risks at least annually. Our cybersecurity risk management program has been developed based on industry standards, including those published by the National Institute of Standards and Technology, or NIST. Highlights of the program include:

- Corporate policies and procedures that guide our use of information systems, confidentiality and security strategy;
- Identifying critical assets and high-risk threats, and implementing technical prevention and detection controls and response and recovery practices;
- A third-party risk management process to assist in making risk-informed technology product and services decisions on third parties who provide, manage, store or have access to material data or information, including the completion of security questionnaires and independent assessments of controls, audits and/or contract terms;
- Defined data loss prevention standards in place to detect and prevent data loss, including requiring third-party service providers with access to personal, confidential or proprietary information to implement and maintain comprehensive cybersecurity practices consistent with applicable legal standards and industry best practices;
- Security awareness training for employees to identify cybersecurity concerns and take appropriate actions;
- A managed security services provider, or MSSP, that monitors our environment at all times and collaborates with our internal cybersecurity team in areas including investigation of anomalies, incident response, vulnerability management, and threat intelligence; and
- Evaluating our program's effectiveness by performing regular internal and third-party assessments of our controls, including external penetration testing and consultation on security enhancements.

Risks identified through our cybersecurity program are assessed to determine the potential impact and likelihood of occurrence and mitigation plans are developed and implemented accordingly.

The Audit Committee of our Board of Directors bears the primary responsibility for oversight of cybersecurity risks. The Audit Committee is composed of board members with diverse expertise, including risk management, technology and finance, equipping them to oversee cybersecurity risks effectively. Management's oversight is performed through an IT Strategy Committee, a subset of executive management including our Chief Financial Officer, or CFO, and Chief Legal Officer, and relevant functional expertise, including our Senior Vice President, Information Systems, or SVP, IS. Our SVP, IS, is the primary member of the IT Strategy Committee charged with responsibility for assessing, monitoring and managing our cybersecurity risks. With over 20 years of experience in information technology strategy and operations, his background includes extensive experience as an IT executive at various life sciences companies. At least annually, the SVP, IS, and the CFO provide a comprehensive report to the Audit Committee regarding cybersecurity risk assessments, planned enhancements to our cyber security program, and incident reports and remediation, if any.

The SVP, IS, oversees processes for the regular monitoring of our information systems, including potential vulnerabilities. In the event of a cybersecurity incident, the IT organization and designated members of executive management follow an established Cybersecurity Incident Response Plan. This plan includes immediate actions to contain the threat, mitigate the impact and assess materiality, and requires retrospective review and identification of corrective actions to reduce future risk.

During the fiscal year ended December 31, 2025, we did not experience any material impact to our business, financial position or operations resulting from previously identified cyberattacks or other information security incidents, but we cannot provide assurance that they will not be materially affected in the future by such risks or any future material breaches. For a discussion of these risks, see "Item 1A—Risk Factors—Risk Related to Our Business and Industry—Our business and operations could suffer in the event of an actual or perceived information security incident such as a cybersecurity breach, system failure, or other compromise of our systems and/or information, including information held by a third-party contractor or vendor."

Item 2. Properties

Our headquarters are located in Burnaby, British Columbia, where we currently occupy approximately 53,023 square feet of office and laboratory space. The term of the lease expires in June 2032. We currently pay an aggregate of approximately $153,523 per month in base rent, property tax, common area maintenance fees and management fees, and the landlord holds a security deposit equal to approximately $65,575.

We also occupy approximately 17,057 square feet of office space in Needham, Massachusetts. The term of the lease expires in November 2027. We currently pay an aggregate of approximately $70,240 per month in base rent, operating expense and insurance, and the landlord holds a security deposit equal to approximately $187,627.

We believe that our existing facilities are adequate to meet our business requirements for the near-term and that additional space will be available on commercially reasonable terms, if required.

Item 3. Legal Proceedings

From time to time, we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, in the opinion of our management, would reasonably be expected to have a material adverse effect on our business, financial condition, operating results or cash flows if determined adversely to us. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common shares have been traded on the Nasdaq Global Market since November 5, 2014 under the symbol "XENE." On February 23, 2026, the last reported sale price of our common shares was $42.72 per share.

Holders

As of February 23, 2026, there were approximately 70 holders of record of our common shares. The actual number of shareholders is greater than this number of record holders and includes shareholders who are beneficial owners but whose common shares are held in street name by brokers and other nominees.

Dividends

We have never declared or paid any cash dividends on our common shares or any other securities. We currently anticipate that we will retain all available funds and any future earnings, if any, in the foreseeable future for use in the operation of our business and do not currently anticipate paying cash dividends in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of the board of directors, subject to applicable law and will depend on various factors, including our financial condition, operating results, current and anticipated cash needs, the requirements of current or then-existing debt instruments and other factors the board of directors deems relevant.

Canadian withholding tax at a rate of 25% (subject to reduction under the provisions of any applicable income tax treaty or convention to which Canada is a signatory) will be payable on the gross amount of a dividend on our common shares paid or credited, or deemed to be paid or credited, to a holder of our common shares who, for purposes of the Income Tax Act (Canada), is not (and is not deemed to be) resident in Canada, or a Non-Resident of Canada Holder. The Canadian withholding tax will be deducted directly by us or our paying agent from the amount of the dividend otherwise payable and remitted to the Receiver General for Canada. The rate of withholding tax applicable to a dividend paid on our common shares to a Non-Resident of Canada Holder who is a resident of the U.S. for purposes of the Canada-U.S. Tax Convention (1980), or the Convention, is the beneficial owner of the dividend and qualifies for the full benefits of the Convention will generally be reduced to 15% or, if such a Non-Resident of Canada Holder is a company beneficially owning at least 10% of our voting shares, to 5%. Not all persons who are residents of the U.S. for purposes of the Convention will qualify for the benefits of the Convention. In some circumstances, persons deriving amounts through fiscally transparent entities (including limited liability companies) may not be entitled to benefits under the Convention. The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting, of which Canada is a signatory, affects many of Canada's tax treaties (but not the Convention), including the ability to claim benefits thereunder. Non-Resident of Canada Holders should consult their own tax advisors to determine their entitlement to relief under an applicable income tax treaty or convention.

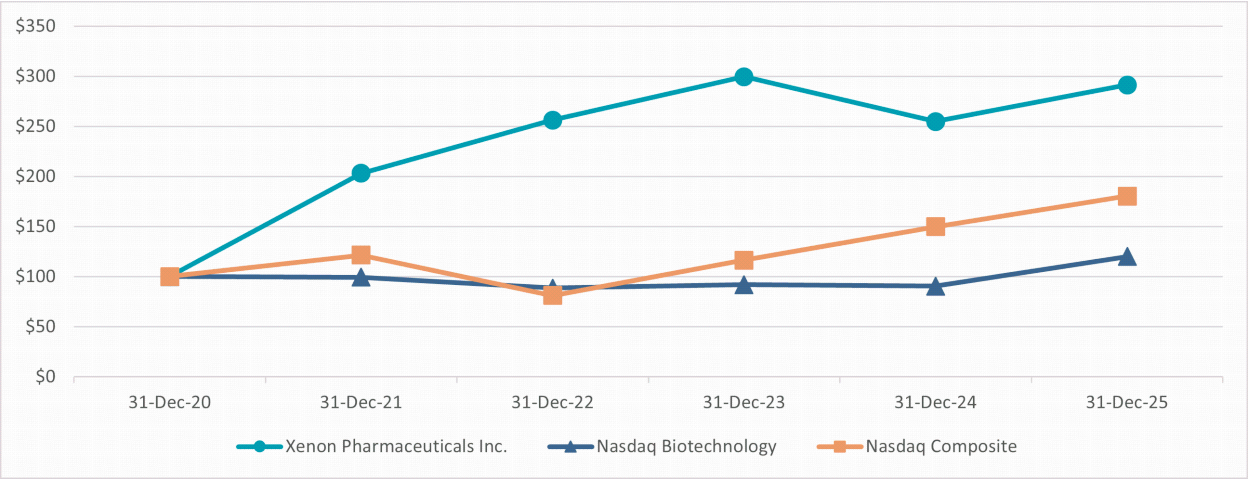
Securities Authorized for Issuance Under Equity Compensation Plans

The information required by this item is incorporated by reference to our Proxy Statement for the 2026 Annual Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2025.

Stock Performance Graph

This performance graph shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, or incorporated by reference into any filing of Xenon Pharmaceuticals Inc. under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

The following graph shows a comparison of the total cumulative returns of an investment of $100 in cash from December 31, 2020 through December 31, 2025 in (i) our common shares, (ii) the Nasdaq Biotechnology Index, and (iii) the Nasdaq Composite Index. The comparisons in the graph are required by the SEC and are not intended to forecast or be indicative of the possible future performance of our common stock. The graph assumes that all dividends have been reinvested (to date, we have not declared any dividends).



Issuer Repurchases of Equity Securities

None.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis together with our consolidated financial statements and notes included elsewhere in this Annual Report. The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ from those expressed or implied in any forward-looking statements as a result of various factors, including those set forth under the caption Part I, Item 1A — "Risk Factors." Throughout this discussion, unless the context specifies or implies otherwise, the terms "Xenon," "we," "us," and "our" refer to Xenon Pharmaceuticals Inc. and its subsidiary.

Overview

We are a neuroscience-focused biopharmaceutical company dedicated to discovering, developing, and delivering life-changing therapeutics. We are advancing an ion channel product portfolio to address areas of high unmet medical need, including epilepsy and depression.

Azetukalner Clinical Development

Azetukalner, a novel, potent Kv7 potassium channel opener, represents the most advanced, clinically-validated potassium channel modulator in late-stage clinical development for the treatment of multiple indications, including two in epilepsy – FOS and PGTCS – as well as neuropsychiatric disorders, including MDD and BPD.

Epilepsy Programs

- Topline data from the Phase 3 X-TOLE2 study of azetukalner in FOS is on track for the first half of March 2026.
- Phase 3 X-TOLE3 study of azetukalner in FOS continues to enroll and is intended to support regulatory submissions outside the United States. We have completed an ethnobridging study and shared results with Japan's Pharmaceutical and Medical Devices Agency, or PMDA. We aligned with PMDA to enroll approximately 60 of the planned 360 X-TOLE3 participants in Japan to support a potential regulatory submission in Japan. X-TOLE3 enrollment outside of Japan is expected to complete in 2026.
- Phase 3 X-ACKT study of azetukalner in PGTCS continues to enroll and is intended to support regulatory submissions for an additional epilepsy indication.
- We presented 48-month data from the X-TOLE OLE study at the American Epilepsy Society, or AES, annual meeting, reinforcing the long-term efficacy and safety of azetukalner with more than 775 patient-years of exposure data in the OLE. Among participants treated for ≥48 months, reductions in monthly FOS frequency were over 90% from double-blind period baseline, with over 38% achieving at least 12 months of seizure freedom.

Depression Programs

- Enrollment is ongoing for the Phase 3 X-NOVA2 and X-NOVA3 studies evaluating azetukalner in patients with MDD, with topline data from X-NOVA2 expected in H1 2027.
- Phase 3 X-CEED study evaluating azetukalner in patients with BPD I or II is underway.

Early-Stage R&D

We continue to expand our portfolio of innovative potassium and sodium channel modulators. Nav1.7 and Kv7 are important targets for pain and have been developed using our strong heritage in human genetics, deep understanding of ion channel biology, and expertise in novel chemistries to design potent, selective ion channel modulators.

Pain

- Phase 1 SAD/MAD study in healthy adult participants is underway for XEN1701 targeting Nav1.7. Study completion is expected in 2026 to support initiating a Phase 2 proof-of-concept study in acute pain.
- Phase 1 SAD/MAD study in healthy adult participants is underway for XEN1120 targeting Kv7. Study completion is expected in 2026 to support initiating a Phase 2 proof-of-concept study in acute pain.

Epilepsy

- IND-enabling studies are ongoing for our Nav1.1 program. Pre-clinical data suggest that targeting Nav1.1 could potentially address the underlying cause and symptoms of Dravet Syndrome.

Partnered Program

- In collaboration with Neurocrine Biosciences, a Phase 1 study is ongoing for NBI-921355, an investigational, selective inhibitor of voltage-gated sodium channels Nav1.2 and Nav1.6 in development for the potential treatment of certain types of epilepsy.

We have funded our operations primarily through the sale of equity securities, funding received from our licensees and collaborators, and debt financing. We recognized revenue from collaboration agreements of $7.5 million for the year ended December 31, 2025. We did not recognize any revenue in the years ended December 31, 2024 and 2023. To date, we have not had any products approved for sale and have not generated any revenue from product sales. We do not expect to generate revenue from product sales unless and until we successfully complete development and obtain regulatory approval for a product candidate, which we expect will take a number of years, if ever, and the outcome of which is subject to significant uncertainty.

We will continue to require additional capital to develop our product candidates and fund operations for the foreseeable future. We have incurred net losses in each year since inception and expect to continue to incur net losses for the foreseeable future. Our net losses were $345.9 million, $234.3 million, and $182.4 million for the years ended December 31, 2025, 2024, and 2023, respectively. As of December 31, 2025, we had an accumulated deficit of $1,245.4 million. Substantially all of our net losses have resulted from costs incurred in connection with our research and development programs and from general and administrative costs associated with our operations. We anticipate that our operating expenses will increase substantially, particularly as we:

- prepare for the potential commercial launch of azetukalner;
- invest significantly to further develop azetukalner for our current and future indications;
- advance additional product candidates into pre-clinical and clinical development;
- seek regulatory and marketing approvals for any of our product candidates that successfully complete clinical studies;
- require the manufacture of larger quantities of our product candidates for clinical development and potential commercialization;
- hire additional commercial, clinical, scientific, management and administrative personnel;
- acquire or in-license other assets and technologies;
- maintain, protect and expand our intellectual property portfolio; and
- create additional infrastructure to support our operations and any future commercialization efforts.

Financial Operations Overview

Revenue

To date, our revenue has been primarily derived from collaboration and licensing agreements and we have not generated any revenue from product sales. If our development efforts for our product candidates are successful and result in regulatory approval, we may generate revenue in the future from product sales. We cannot predict if, when, or to what extent we will generate revenue from the commercialization and sale of our product candidates. We may never succeed in obtaining regulatory approval for any of our product candidates.

We may also generate revenue in the future from payments as a result of license or collaboration agreements for any of our product candidates or intellectual property, such as our license and collaboration agreement with Neurocrine Biosciences, or the Neurocrine Collaboration, described in "Business — Collaborations, Commercial and License Agreements" and "Note 10" of the consolidated financial statements included elsewhere in this Annual Report on Form 10-K. We cannot provide assurance as to the timing of future milestone or royalty payments under the Neurocrine Collaboration, or that we will receive any of these payments at all.

In February 2025, NBI-921355, a Nav1.2 and Nav1.6 sodium channel inhibitor in development for the potential treatment for certain types of epilepsy, progressed into a Phase 1 clinical study in healthy adult participants, triggering a $7.5 million milestone, which was recognized as revenue.

Operating Expenses

The following table summarizes our operating expenses for the years ended December 31, 2025, 2024 and 2023 (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Research and development	$ 300,938	$ 210,394	$ 167,512
General and administrative	79,632	68,904	46,542
Total operating expenses	$ 380,570	$ 279,298	$ 214,054

Research and Development Expenses

Research and development expenses represent costs incurred to conduct development of our proprietary product candidates and our drug discovery efforts, including any acquired or in-licensed product candidates or technology, and costs to support any partnered product candidates.

Research and development expenses consist of costs incurred in performing research and development activities, including:

- personnel-related expenses, consisting of salaries, benefits and stock-based compensation for employees engaged in scientific research and development;
- third-party expenses incurred in connection with the pre-clinical and clinical development of our product candidates, including under agreements with CROs;
- third-party expenses relating to formulation, process development and manufacture of drug substance and drug product for use in our pre-clinical testing, clinical studies and potential commercial supply;
- third-party acquisition, license and collaboration fees;
- laboratory consumables; and
- certain indirect costs incurred in support of overall research and development activities, including facilities, depreciation and information technology costs.

Project-specific expenses reflect costs directly attributable to our clinical development candidates for which we have incurred significant expenses. All remaining research and development expenses are reflected in pre-clinical, discovery and other program expenses. At any given time, we have several active early-stage research and drug discovery programs. Our personnel and infrastructure are typically deployed over multiple projects and are not directly linked to any individual internal early-stage research or drug discovery program. Therefore, we do not maintain financial information for our internal early-stage research and internal drug discovery programs on a project-specific basis.

We expense all research and development costs as incurred. Payments we make for research and development services prior to the services being rendered are recorded as prepaid assets in our consolidated balance sheets and are expensed as the services are provided. Costs for certain development activities are recognized based on an evaluation of the progress to completion of specific tasks using information and data provided to us by our vendors and third-party service providers.

We expect that our research and development expenses will increase substantially in the future as we continue to invest in research and development activities related to developing our product candidates, including investments in manufacturing, as our programs advance into later stages of development and we continue to conduct clinical studies, advance our internal drug discovery programs into pre-clinical development and continue our early-stage research. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size, scope and duration of later-stage clinical studies.

Clinical development timelines, likelihood of regulatory approval, and commercialization and associated costs are uncertain, difficult to estimate, and can vary significantly. The process of conducting the necessary clinical research to obtain regulatory approval is costly and time-consuming, and the successful development of our product candidates is highly uncertain. As a result, we cannot accurately estimate or know the nature, timing and costs that will be necessary to complete the pre-clinical and clinical development for any of our product candidates or when and to what extent we may generate revenue from the commercialization and sale of any of our product candidates or achieve profitability.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel-related expenses, consisting of salaries, benefits and stock-based compensation for our employees engaged in executive, finance, legal, business development, commercial and administrative functions, insurance costs, professional fees for auditing, tax and legal services, costs related to maintenance and filing of intellectual property, costs incurred as we prepare for commercialization, and allocated facility-related and information technology costs not otherwise included in research and development expenses.

We expect that general and administrative expenses will increase in the future as we expand our operating activities to support our continued research activities and development of our product candidates, and as we prepare for commercialization. We will also continue to incur increased accounting, audit, legal, regulatory, compliance and director and officer insurance costs as well as investor and public relations expenses associated with operating as a public company.

Other Income (Expense)

Interest income. Interest income consists of income earned on our cash and investment balances. We anticipate that our interest income will continue to fluctuate depending on our cash and investment balances and interest rates.

Unrealized fair value gain on trading securities. Trading securities are recorded at fair value. Unrealized fair value gain on trading securities is related to changes in market pricing on the investments classified as trading securities during the period.

Foreign exchange gain (loss). Net foreign exchange gain (loss) consists of gains and losses from the impact of foreign exchange fluctuations on our monetary assets and liabilities that are denominated in currencies other than the U.S. dollar (principally the Canadian dollar). We will continue to incur substantial expenses in Canadian dollars and will remain subject to risks associated with foreign currency fluctuations.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in conformity with generally accepted accounting principles in the United States, or GAAP. The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the revenue and expenses incurred during the reported periods. We base estimates on our historical experience, known trends and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The items in our financial statements requiring significant estimates and judgments are as follows:

Research and development costs:

Research and development costs is a critical accounting policy due to the magnitude of the costs and the requirement to estimate the proportionate performance of vendors to calculate third-party accrued and prepaid research and development expenses.

We recognize external research and development costs for research and development activities conducted by third-party service providers, which include the conduct of pre-clinical studies and clinical studies, and manufacturing activities. When determining the research and development expense, we use information and data provided by our vendors and third-party service providers. This process involves reviewing open contracts, communicating with applicable vendors and third-party service providers to identify services that have been performed, estimating the level of service performed and the associated cost incurred for the service when we have not yet been invoiced or otherwise notified of actual costs.

Payments made to third parties under these arrangements in advance of the receipt of the related services are recorded as prepaid expenses until the services are rendered. Our historical prepaid and accrual estimates have not been materially different from the actual costs.

Stock-based compensation:

Stock-based compensation is a critical accounting estimate due to the magnitude of and the many assumptions that are required to calculate stock-based compensation expense. We grant stock options, restricted share units ("RSUs") and performance share units ("PSUs") to certain employees, consultants, directors and officers pursuant to our equity incentive plans. Stock-based compensation expense is amortized on a straight-line basis over the requisite service period, and forfeitures are accounted for in the period they occur.

Compensation expense is recorded using the fair value method. We calculate the fair value of stock options using the Black-Scholes option-pricing model, which requires that certain assumptions, including the expected life of the option and expected volatility of the stock, be estimated at the time that the options are granted. The expected volatility is based on the historical volatility of our common shares calculated based on a period of time commensurate with the expected term assumption. The expected term of our stock options has been determined utilizing our available historical data.

The grant date fair value of RSUs and PSUs is determined based on the closing market price of our common shares. Compensation expense for PSUs is recognized if the performance condition is considered probable of achievement using our best estimates.

Changes in any of these assumptions may materially affect the fair value of awards granted and the amount of stock-based compensation expense recognized.

Results of Operations

Comparison of Years Ended December 31, 2025, 2024 and 2023

The following table summarizes the results of our operations for the years ended December 31, 2025, 2024 and 2023 together with changes in those items (in thousands):

	Year Ended December 31,			Change 2025 vs. 2024 Increase/(Decrease)	Change 2024 vs. 2023 Increase/(Decrease)
	2025	2024	2023		
Collaboration revenue	$ 7,500	$ —	$ —	$ 7,500	$ —
Research and development expenses	300,938	210,394	167,512	90,544	42,882
General and administrative expenses	79,632	68,904	46,542	10,728	22,362
Other:					
Interest income	26,828	41,943	27,620	(15,115)	14,323
Unrealized fair value gain on trading securities	—	—	3,550	—	(3,550)
Foreign exchange gain (loss)	1,348	(1,064)	199	2,412	(1,263)
Loss before income taxes	$ (344,894)	$ (238,419)	$ (182,685)	$ (106,475)	$ (55,734)

Revenue

Collaboration revenue of $7.5 million recognized for the year ended December 31, 2025 was related to a milestone payment in connection with the Neurocrine Collaboration. We did not recognize any revenue in the years ended December 31, 2024 and 2023.

Research and Development Expenses

The following table summarizes research and development expenses for the years ended December 31, 2025, 2024 and 2023 together with changes in those items (in thousands):

	Year Ended December 31,			Change 2025 vs. 2024 Increase/(Decrease)	Change 2024 vs. 2023 Increase/(Decrease)
	2025	2024	2023		
Direct external costs:					
Azetukalner	$ 165,950	$ 106,806	$ 89,303	$ 59,144	$ 17,503
Pain programs (XEN1701, XEN1120)	7,510	4,795	—	2,715	4,795
Pre-clinical, discovery and other programs	24,387	16,751	20,704	7,636	(3,953)
Indirect costs:					
Personnel-related (including stock-based compensation)	90,572	70,810	47,945	19,762	22,865
Other unallocated expenses	12,519	11,232	9,560	1,287	1,672
Research and development expenses	$ 300,938	$ 210,394	$ 167,512	$ 90,544	$ 42,882

Direct external costs related to azetukalner increased by $59.1 million for the year ended December 31, 2025, primarily due to our ongoing Phase 3 clinical studies in epilepsy, MDD and BPD. Preclinical, discovery and other program costs increased by $7.6 million due to the advancement of multiple potential drug candidates targeting Kv7, Nav1.7 and Nav1.1. Pain program costs increased by $2.7 million due to the advancement of XEN1120 and XEN1701. Personnel-related costs increased by $19.8 million due to higher headcount to support late-stage product candidate development and an increase in stock-based compensation expense.

Direct external costs related to azetukalner increased by $17.5 million for the year ended December 31, 2024, primarily due to our ongoing Phase 3 epilepsy clinical studies and the initiation of our first Phase 3 MDD clinical study, manufacturing activities to support current and future clinical studies as well as our potential NDA submission, partially offset by a decrease in costs for our Phase 2 MDD clinical study, which completed in late 2023. Pre-clinical, discovery and other program costs decreased by $4.0 million due to our decision in May 2023 to no longer pursue the clinical development of XEN496, partially offset by increase in costs due to the advancement of multiple potential drug candidates targeting Kv7, Nav1.7 and Nav1.1. Pain program costs increased by $4.8 million due to the advancement of XEN1120 and XEN1701. Personnel-related costs increased by $22.9 million driven by an increase in headcount to support late-stage development and an increase in stock-based compensation expense due to an increase in the number of options granted at a higher fair value.

General and Administrative Expenses

The following table summarizes general and administrative expenses for the years ended December 31, 2025, 2024 and 2023 together with changes in those items (in thousands):

	Year Ended December 31,			Change 2025 vs. 2024 Increase/(Decrease)	Change 2024 vs. 2023 Increase/(Decrease)
	2025	2024	2023		
Personnel-related (including stock-based compensation)	$ 52,838	$ 48,247	$ 32,166	$ 4,591	$ 16,081
Professional and consulting fees	18,389	14,127	8,760	4,262	5,367
Other	8,405	6,530	5,616	1,875	914
General and administrative expenses	$ 79,632	$ 68,904	$ 46,542	$ 10,728	$ 22,362

Personnel-related costs increased by $4.6 million for the year ended December 31, 2025, primarily due to higher headcount to support our expanding research and development activities and future potential commercialization, partially offset by a decrease in stock-based compensation expense and recruitment costs. Professional and consulting fees increased by $4.3 million due to an increase in pre-commercial expenses, partially offset by lower legal costs associated with our ongoing business activities. Other general and administrative costs increased by $1.9 million primarily due to higher information technology costs to support our ongoing business activities.

Personnel-related costs increased by $16.1 million for the year ended December 31, 2024, primarily due to higher headcount to support our expanding research and development activities and future potential commercialization as well as an increase in stock-based compensation expense due to an increase in the number of options granted at a higher fair value. Professional and consulting fees increased by $5.4 million primarily associated with legal services in support of our ongoing business operations and pre-commercial activities.

Other Income

The following table summarizes our other income for the years ended December 31, 2025, 2024 and 2023 together with changes in those items (in thousands):

	Year Ended December 31,			Change 2025 vs. 2024 Increase/(Decrease)	Change 2024 vs. 2023 Increase/(Decrease)
	2025	2024	2023		
Interest income	$ 26,828	$ 41,943	$ 27,620	$ (15,115)	$ 14,323
Unrealized fair value gain on trading securities	—	—	3,550	—	(3,550)
Foreign exchange gain (loss)	1,348	(1,064)	199	2,412	(1,263)
Other income	$ 28,176	$ 40,879	$ 31,369	$ (12,703)	$ 9,510

Interest income decreased by $15.1 million for the year ended December 31, 2025, driven by a lower average balance of marketable securities and lower average market yields on investments. The increase in foreign exchange gains of $2.4 million was due to fluctuations in the value of the Canadian dollar, partially offset by a lower balance of cash and cash equivalents and marketable securities denominated in Canadian dollars.

Interest income increased by $14.3 million for the year ended December 31, 2024, driven by a higher average balance of marketable securities and higher average market yields on investments. The unrealized fair value gain on trading securities decreased by $3.6 million due to the fact that we did not hold any marketable securities classified as trading in 2024.

Liquidity and Capital Resources

Sources of Liquidity

To date, we have financed our operations primarily through the sale of equity securities, funding received from collaboration and license agreements, and debt financing. Since our initial public offering through December 31, 2025, we have raised aggregate net cash proceeds of more than $1.5 billion primarily from the issuance of equity securities. As of December 31, 2025, we had cash and cash equivalents and marketable securities of $586.0 million.

Except for any obligations of our collaborators to make milestone payments under our agreements with them, we do not have any committed external sources of capital. Until such time as we can generate substantial product revenue, if ever, we expect to finance our cash needs through a combination of collaboration agreements and equity or debt financings.

We entered into an "at-the-market" equity offering sales agreement in August 2020, amended as of March 2022, with Jefferies LLC and Stifel, Nicolaus & Company, Incorporated, or the ATM Program, and a new prospectus supplement was filed with the SEC on August 9, 2024, pursuant to which we refreshed the ATM Program and may sell common shares having gross proceeds of up to $350.0 million, from time to time. As of December 31, 2025, an aggregate of 2,961,023 common shares have been sold for proceeds of $124.2 million, net of commissions and transaction expenses, of which $112.2 million, net of commissions and transaction expense. were raised during the three months ended December 31, 2025. As of February 23, 2026, we sold an additional 3,134,119 common shares for proceeds of $130.0 million, net of commissions and transaction expenses.

Funding Requirements

We have incurred significant operating losses since inception. As of December 31, 2025, we had an accumulated deficit of $1,245.4 million. We expect to continue to incur significant expenses in excess of our revenue and expect to incur operating losses over the next several years. Our net losses may fluctuate significantly from quarter to quarter and year to year. We expect to incur significant expenses and increasing operating losses for the foreseeable future as we prepare for the potential commercial launch of azetukalner; invest significantly to further develop azetukalner for our current and future indications; advance additional product candidates into pre-clinical and clinical development; seek regulatory and marketing approvals for any of our product candidates that successfully complete clinical studies; manufacture larger quantities of our product candidates for clinical development and potential commercialization; hire additional commercial, clinical, scientific, management and administrative personnel; acquire or in-license other product candidates and technologies; make milestone or other payments under our in-license or other agreements, including, without limitation, payments to 1st Order Pharmaceuticals, Inc. and other third parties; maintain, protect and expand our intellectual property portfolio; establish a sales, marketing, distribution and other commercial infrastructure to commercialize any products for which we may obtain marketing approval; create additional infrastructure and incur additional costs to support our operations and our product development and planned future commercialization efforts; and experience any delays or encounter issues with any of the above.

Our future capital requirements are difficult to forecast and will depend on many factors, including:

- the scope, progress, results and costs of researching and developing our current product candidates, as well as other additional product candidates we may develop and pursue in the future;
- the timing of, and the costs involved in, obtaining marketing approvals for our product candidates and any other additional product candidates we may develop and pursue in the future;
- the number of future product candidates that we may pursue and their development requirements;
- if approved, the costs of commercialization activities for any product candidate that receives regulatory approval to the extent such costs are not the responsibility of an existing or future collaborator, including the costs and timing of establishing product sales, marketing, distribution and manufacturing capabilities;
- subject to the receipt of regulatory approval, revenue, if any, received from commercial sales of our product candidates and any other additional product candidates we may develop and pursue in the future;
- whether our existing collaborations generate substantial milestone payments and, ultimately, royalties on future approved products for us;
- our ability to maintain existing collaborations and to establish new collaborations, licensing or other arrangements and the financial terms of such agreements;

- our headcount growth and associated costs as we expand our research and development and initiate pre-commercial and commercial activities;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patents, including litigation costs and the outcome of such litigation; and
- the ongoing costs of operating as a public company.

Based on our research and development plans and our timing expectations related to the progress of our programs, we expect that our existing cash and cash equivalents and marketable securities as of the date of this report will enable us to fund our operating expenses and capital expenditure requirements for at least the next 12 months. However, our estimates and assumptions may prove to be wrong, and we cannot guarantee that our existing capital resources will be sufficient to conduct and complete all of our anticipated research and development efforts and future commercialization efforts. Additionally, the process of testing drug candidates in clinical studies is costly, and the timing of progress in these studies remains uncertain. Further, inflation may affect our use of capital resources by increasing our cost of labor and research and development expenses. Our long-term funding requirements will consist of operational, capital, and manufacturing expenditures, including those contractual commitments described below. Because of the inherent risks and uncertainties associated with the development and commercialization of our product candidates, we are unable to estimate the amounts of capital outflows and operating expenditures associated with our long-term anticipated pre-clinical studies and clinical studies.

Contractual Commitments

In April 2017, we acquired azetukalner from 1st Order Pharmaceuticals, Inc., or 1st Order, pursuant to an asset purchase agreement. In August 2020, we and 1st Order amended the asset purchase agreement to amend certain definitions in the agreement and to modify the payment schedule for certain milestones. Through December 31, 2025, we have paid $2.0 million based on progress against these milestones. Future potential payments to 1st Order include up to $6.0 million in regulatory milestones. There are no royalty obligations to 1st Order.

We have operating leases for research laboratories and office space in Burnaby, British Columbia and office space in Needham, Massachusetts. The terms of the leases expire in June 2032 and November 2027, respectively. Amounts related to future lease payments for operating lease obligations as of December 31, 2025 totaled $8.8 million, with $1.8 million expected to be paid within the next 12 months.

Cash Flows

The following table shows a summary of our cash flows for the years ended December 31, 2025, 2024 and 2023 (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Net cash used in operating activities	$ (279,118)	$ (181,389)	$ (151,112)
Net cash provided by (used in) investing activities	217,998	165,000	(111,385)
Net cash provided by financing activities	117,113	12,130	353,522

Operating Activities

For the year ended December 31, 2025, net cash used in operating activities totaled $279.1 million, compared to $181.4 million in 2024. The increase was primarily related to higher research and development and general and administrative expenses, lower interest income as well as changes in operating assets and liabilities, partially offset by revenue recognized in connection with our collaboration agreement with Neurocrine Biosciences.

For the year ended December 31, 2024, net cash used in operating activities totaled $181.4 million, compared to $151.1 million in 2023. The increase was primarily related to higher research and development and general and administrative expenses, as well as changes in operating assets and liabilities, partially offset by higher interest income.

Investing Activities

For the year ended December 31, 2025, net cash provided by investing activities totaled $218.0 million, compared to $165.0 million in 2024. The change was driven primarily by a decrease in the purchase of marketable securities, net of redemptions, as well as a decrease in the purchases of property, plant and equipment.

For the year ended December 31, 2024, net cash provided by investing activities totaled $165.0 million, compared to net cash used of $111.4 million in 2023. The change was driven primarily by an increase in the redemption of marketable securities, net of purchases. In addition, there was a decrease in the purchases of property, plant and equipment.

Financing Activities

For the year ended December 31, 2025, net cash provided by financing activities totaled $117.1 million, compared to $12.1 million in 2024. The increase was primarily related to net proceeds from the issuance of common shares of $112.2 million in 2025 as compared to net proceeds of $12.1 million in 2024 from the issuance of common shares. In addition, there was a $4.9 increase in proceeds from stock options exercises.

For the year ended December 31, 2024, net cash provided by financing activities totaled $12.1 million, compared to $353.5 million in 2023. The decrease was primarily related to net proceeds from the issuance of common shares of $12.1 million in 2024 as compared to net proceeds of $353.5 million in 2023 from the issuance of common shares and pre-funded warrants.

Related Party Transactions

For a description of our related party transactions, see "Certain Relationships and Related Transactions, and Director Independence."

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to various market risks, including changes in currency exchange rates and interest rates. Market risk is the potential loss arising from adverse changes in market rates and prices.

Foreign currency risk

As of December 31, 2025, we had U.S. dollar denominated cash and cash equivalents and marketable securities of $528.1 million and Canadian dollar denominated cash and cash equivalents and marketable securities of CAD$79.9 million.

We are subject to foreign currency exchange rate risk in part, as a result of entering into transactions denominated in currencies other than U.S. dollars, particularly those denominated in Canadian dollars. We also hold cash and cash equivalents, other receivables and accounts payable denominated in Canadian dollars.

Changes in foreign currency exchange rates can create significant foreign exchange gains or losses to us. We do not currently hedge our exposure and thus assume the risk of future gains or losses on the amounts of Canadian dollars held. While we have experienced increased foreign exchange fluctuations in recent periods, we do not believe that an immediate 10% increase or decrease in the relative value of the U.S. dollar to the Canadian dollar would have a material effect on our operating results.

Interest rate risk

As of December 31, 2025, we had cash and cash equivalents and marketable securities of $586.0 million. Interest rate risk relates to potential changes in interest income and the fair value of our investment portfolio. Cash and cash equivalents are short-term in nature and would not have a material impact from changes in interest rates. Marketable securities are primarily fixed-income securities and are subject to fair value changes as interest rates fluctuate. A 100 basis point, or 1%, unfavorable change in interest rates would have resulted in approximately a $1.9 million decrease in the fair value of our marketable securities as of December 31, 2025. We do not enter into investments for speculative purposes and have not used any derivative financial instruments to manage interest rate exposure.

Item 8. Financial Statements and Supplementary Data

XENON PHARMACEUTICALS INC.
Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Xenon Pharmaceuticals Inc.:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheet of Xenon Pharmaceuticals Inc. and its subsidiary (the "Company") as of December 31, 2025, and the related consolidated statements of operations and comprehensive loss, of shareholders' equity and of cash flows for the year then ended, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audit of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

External Research and Development Costs

As described in Note 3 to the consolidated financial statements, research and development costs are expensed in the period incurred. Management recognizes research and development expenses using information and data provided by the vendors and third-party service providers. This process involves reviewing open contracts, communicating with applicable vendors and third-party service providers to identify services that have been performed, estimating the level of service performed, and the associated cost incurred for the service when the Company has not yet been invoiced or otherwise notified of actual costs. The Company's research and development expense for the year ended December 31, 2025 was $300.9 million, a majority of which relates to external research and development costs.

The principal consideration for our determination that performing procedures relating to external research and development costs is a critical audit matter is a high degree of auditor effort in performing procedures related to the Company's external research and development costs.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the Company's research and development costs, including controls over external research and development costs. These procedures also included, among others testing external research and development costs on a sample basis by obtaining and inspecting source documents, such as the underlying contract research organization and contract manufacturing organization agreements, invoices received, and information received from vendors and third-party service providers, where applicable.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
February 26, 2026

We have served as the Company's auditor since 2025.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors

Xenon Pharmaceuticals Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Xenon Pharmaceuticals Inc. (the Company) as of December 31, 2024, the related consolidated statements of operations and comprehensive loss, shareholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2024, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of operations and its cash flows for each of the years in the two-year period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

Chartered Professional Accountants

We served as the Company’s auditor from 1999 to 2025.

Vancouver, Canada
February 27, 2025

XENON PHARMACEUTICALS INC.
Consolidated Balance Sheets
(Expressed in thousands of U.S. dollars except share amounts)

	December 31, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 199,163	$ 142,712
Marketable securities (note 5)	349,723	484,193
Other receivables	1,371	1,469
Prepaid expenses and other current assets	10,392	6,890
Total current assets	560,649	635,264
Marketable securities, long-term (note 5)	37,152	127,496
Operating lease right-of-use asset, net (note 7)	6,626	7,939
Property, plant and equipment, net (note 6)	8,721	10,278
Deferred tax assets (note 14)	12,864	9,666
Prepaid expenses, long-term	7,151	7,496
Total assets	$ 633,163	$ 798,139
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	$ 40,260	$ 34,221
Operating lease liability (note 7)	1,532	1,369
Total current liabilities	41,792	35,590
Operating lease liability, long-term (note 7)	6,412	7,646
Other liabilities, long-term	3,199	—
Total liabilities	51,403	43,236
Shareholders' equity:		
Common shares, without par value; unlimited shares authorized; issued and outstanding: 80,010,790 (December 31, 2024 - 76,416,086) (note 9)	$ 1,598,571	$ 1,456,836
Additional paid-in capital	228,234	199,149
Accumulated deficit	(1,245,380)	(899,470)
Accumulated other comprehensive income (loss)	335	(1,612)
Total shareholders' equity	$ 581,760	$ 754,903
Total liabilities and shareholders' equity	$ 633,163	$ 798,139
Commitments and contingencies (note 12)		
Subsequent event (note 9)		

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

XENON PHARMACEUTICALS INC.
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in thousands of U.S. dollars except share and per share amounts)

	Year Ended December 31,		
	2025	2024	2023
Collaboration revenue (note 10)	$ 7,500	$ —	$ —
Operating expenses:			
Research and development	300,938	210,394	167,512
General and administrative	79,632	68,904	46,542
Total operating expenses	380,570	279,298	214,054
Loss from operations	(373,070)	(279,298)	(214,054)
Other income (expense):			
Interest income	26,828	41,943	27,620
Unrealized fair value gain on trading securities	—	—	3,550
Foreign exchange gain (loss)	1,348	(1,064)	199
Total other income	28,176	40,879	31,369
Loss before income taxes	(344,894)	(238,419)	(182,685)
Income tax recovery (expense) (note 14)	(1,016)	4,089	292
Net loss	$ (345,910)	$ (234,330)	$ (182,393)
Other comprehensive income (loss):			
Unrealized gain (loss) on available-for-sale securities (note 5)	$ 1,947	$ (1,535)	$ 2,923
Comprehensive loss	$ (343,963)	$ (235,865)	$ (179,470)
Net loss per common share (note 11):			
Basic and diluted	$ (4.36)	$ (3.01)	$ (2.73)
Weighted average common shares outstanding (note 11):			
Basic and diluted	79,253,751	77,894,643	66,889,005

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

XENON PHARMACEUTICALS INC.
Consolidated Statements of Shareholders' Equity
(Expressed in thousands of U.S. dollars except share amounts)

	Common shares		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
	Shares	*Amount*				
Balance as of December 31, 2022	62,587,701	$ 1,065,136	$ 142,108	$ (482,747)	$ (3,000)	721,497
Net loss for the year	—	—	—	(182,393)	—	(182,393)
Issuance of common shares and pre-funded warrants, net	10,701,842	330,010	23,477	—	—	353,487
Exercise of pre-funded warrants	1,700,000	35,913	(35,913)	—	—	—
Stock-based compensation expense	—	—	32,372	—	—	32,372
Issuance of common shares pursuant to equity incentive plans	381,434	5,315	(5,280)	—	—	35
Other comprehensive income	—	—	—	—	2,923	2,923
Balance as of December 31, 2023	75,370,977	$ 1,436,374	$ 156,764	$ (665,140)	$ (77)	927,921
Net loss for the year	—	—	—	(234,330)	—	(234,330)
Issuance of common shares, net	310,000	12,083	—	—	—	12,083
Stock-based compensation expense	—	—	50,717	—	—	50,717
Issuance of common shares pursuant to equity incentive plans	735,109	8,379	(8,332)	—	—	47
Other comprehensive loss	—	—	—	—	(1,535)	(1,535)
Balance as of December 31, 2024	76,416,086	$ 1,456,836	$ 199,149	$ (899,470)	$ (1,612)	754,903
Net loss for the year	—	—	—	(345,910)	—	(345,910)
Issuance of common shares, net	2,651,023	112,151	—	—	—	112,151
Exercise of warrant	30,792	291	(291)	—	—	—
Stock-based compensation expense	—	—	53,707	—	—	53,707
Issuance of common shares pursuant to equity incentive plans	912,889	29,293	(24,331)	—	—	4,962
Other comprehensive income	—	—	—	—	1,947	1,947
Balance as of December 31, 2025	80,010,790	$ 1,598,571	$ 228,234	$ (1,245,380)	$ 335	581,760

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

XENON PHARMACEUTICALS INC.
Consolidated Statements of Cash Flows
(Expressed in thousands of U.S. dollars)

	Year Ended December 31,		
	2025	2024	2023
Operating activities:			
Net loss	$ (345,910)	$ (234,330)	$ (182,393)
Adjustments to reconcile net loss to net cash used in operating activities:			
Interest receivable and accretion of discounts on marketable securities	7,369	816	(5,785)
Depreciation of property, plant and equipment	2,543	2,560	2,061
Non-cash operating lease expense	1,313	1,254	1,213
Deferred income tax recovery	(3,198)	(8,864)	(292)
Stock-based compensation	53,707	50,717	32,372
Realized loss on marketable securities	625	—	—
Unrealized foreign exchange (gain) loss	73	745	(640)
Unrealized fair value gain on trading securities	—	—	(3,550)
Changes in operating assets and liabilities:			
Other receivables	104	(614)	130
Prepaid expenses and other assets	(3,157)	(984)	1,574
Accounts payable and accrued liabilities	5,511	8,531	3,931
Operating lease liability	(1,297)	(1,220)	267
Other liabilities	3,199	—	—
Net cash used in operating activities	(279,118)	(181,389)	(151,112)
Investing activities:			
Purchases of property, plant and equipment	(799)	(3,075)	(5,617)
Purchase of marketable securities	(355,657)	(532,268)	(793,907)
Proceeds from marketable securities	574,454	700,343	688,139
Net cash provided by (used in) investing activities	217,998	165,000	(111,385)
Financing activities:			
Proceeds from offerings, net	112,151	12,083	353,487
Proceeds from exercise of stock options	4,962	47	35
Net cash provided by financing activities	117,113	12,130	353,522
Effect of exchange rate changes on cash and cash equivalents	458	(1,672)	376
Increase (decrease) in cash and cash equivalents	56,451	(5,931)	91,401
Cash and cash equivalents, beginning of year	142,712	148,643	57,242
Cash and cash equivalents, end of year	$ 199,163	$ 142,712	$ 148,643
Supplemental cash flow disclosure:			
Cash paid for operating lease	$ 1,714	$ 1,672	$ 1,624
Cash received for lease incentives	$ —	$ —	$ 1,489
Supplemental disclosure of non-cash transactions:			
Fair value of stock options and warrants exercised on a cashless basis	$ 20,995	$ 8,305	$ 5,250
Fair value of warrant and pre-funded warrants exercised	$ 291	$ —	$ 35,913

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

1. Nature of the business:

Xenon Pharmaceuticals Inc. (the "Company"), incorporated in 1996 under the predecessor to the Business Corporations Act (British Columbia) and continued federally in 2000 under the Canada Business Corporations Act, is a neuroscience-focused biopharmaceutical company dedicated to drug discovery, clinical development, and commercialization of life-changing therapeutics for patients in need.

The Company has incurred significant operating losses since inception. As of December 31, 2025, the Company had an accumulated deficit of $1,245,380 and a net loss of $345,910 for the year ended December 31, 2025. Management expects to continue to incur significant expenses in excess of revenue and to incur operating losses for the foreseeable future. To date, the Company has financed its operations primarily through the sale of equity securities, funding received from collaboration and license agreements, and debt financings.

Until such time as the Company can generate substantial product revenue, if ever, management expects to finance the Company's cash needs through a combination of collaboration agreements, equity and debt financings. The continuation of research and development activities and the future commercialization of its products are dependent on the Company's ability to successfully raise additional funds when needed. It is not possible to predict either the outcome of future research and development programs or the Company's ability to continue to fund these programs in the future.

As of December 31, 2025, the Company had cash, cash equivalents and marketable securities of $586,038. Although the Company has incurred recurring losses and expects to continue to incur losses for the foreseeable future, the Company expects the cash, cash equivalents and marketable securities to be sufficient to fund current operations for at least the next 12 months from the issuance of the financial statements.

2. Basis of presentation:

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Xenon Pharmaceuticals USA Inc., which was incorporated in Delaware on December 2, 2016. All intercompany transactions and balances have been eliminated in consolidation.

The consolidated financial statements are presented in U.S. dollars and have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). Certain information has been reclassified to conform with the financial presentation adopted for the current year.

3. Significant accounting policies:

(a) Use of estimates:

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates and assumptions take into account historical and forward-looking factors that the Company believes are reasonable. On an ongoing basis, the Company evaluate its estimates, judgments and assumptions. All revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(b) Cash and cash equivalents:

Cash equivalents are highly liquid investments that are readily convertible into cash with terms to maturity of three months or less when acquired. Cash equivalents are recorded at cost plus accrued interest, which approximates the fair value.

(c) Marketable securities:

Marketable securities are debt securities with original maturities exceeding three months and accrue interest based on a fixed interest rate for the term. The Company classifies its marketable securities as either trading securities or available-for-sale securities at the time of acquisition and evaluates the appropriateness of these classifications at each balance sheet date. Marketable securities are carried at fair value.

Fair value gains and losses for marketable securities classified as trading securities are recorded through the consolidated statement of operations. These securities are classified as current assets as the Company has the intent and ability to convert these securities into cash without penalty within the next 12 months.

Unrealized fair value gains and losses for marketable securities classified as available-for-sale are recorded through other comprehensive income (loss) in shareholders' equity. When the fair value of an available-for-sale security falls below the amortized cost basis, it is evaluated to determine if any of the decline in value is attributable to credit loss. Decreases in fair value attributable to credit loss are recorded directly to the consolidated statement of operations with a corresponding allowance for credit losses, limited to the amount that the fair value is less than the amortized cost basis. If the credit quality subsequently improves the allowance is reversed up to a maximum of the previously recorded credit losses. When the Company intends to sell an impaired available-for-sale security, or if it is more likely than not that the Company will be required to sell the security prior to recovering the amortized cost basis, the entire fair value adjustment will immediately be recognized in the consolidated statement of operations with no corresponding allowance for credit losses. Realized gains and losses and credit losses, if any, on available-for-sale securities are included in interest income, based on the specific identification method. Available-for-sale securities are also adjusted for amortization of premiums and accretion of discounts to maturity, with such amortization and accretion included within interest income. Available-for-sale securities with a remaining maturity date greater than one year are classified as non-current assets, unless they are expected to be liquidated within the next 12 months.

(d) Intellectual property:

The costs incurred in establishing and maintaining patents for intellectual property developed internally are expensed in the period incurred.

(e) Property, plant and equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Repairs and maintenance costs, which do not improve or extend the life of the respective asset, are expensed in the period incurred. Upon retirement or sale, the cost of the disposed asset and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized as a component of income or loss for the period.

Property, plant and equipment are amortized over their estimated useful lives using the straight-line method based on the following rates:

Asset	Rate
Research equipment	5 years
Office furniture and equipment	5 years
Computer equipment	3 years
Leasehold improvements	Over the lesser of lease term or estimated useful life

(f) Impairment of long-lived assets:

The Company monitors its long-lived assets for indicators of impairment. If such indicators are present, the Company assesses the recoverability of affected assets by determining whether the carrying value of such assets is less than the sum of the undiscounted future cash flows of the assets. If such assets are found not to be recoverable, the Company measures the amount of such impairment by comparing the carrying value of the assets to the fair value of the assets, with the fair value generally determined based on the present value of the expected future cash flows associated with the assets. The Company did not recognize any impairment charges through December 31, 2025.

(g) Leases:

The Company determines if an arrangement contains a lease at the inception of a contract. The lease classification is determined at lease commencement, which is the date the underlying asset is available for use by the Company. Leases classified as operating leases are recorded as lease liabilities based on the present value of minimum lease payments over the lease term, discounted using the lessor's rate implicit in the lease or the Company's incremental borrowing rate, if the lessor's implicit rate is not readily determinable. The lease term includes all periods covered by renewal and termination options where the Company is reasonably certain to exercise the renewal options or not to exercise the termination options. Corresponding right-of-use assets are recognized consisting of the lease liabilities, initial direct costs and any lease incentive payments. Lease liabilities are drawn down as lease payments are made and right-of-use assets are depreciated over the term of the lease. Operating lease expenses are recognized on a straight-line basis over the term of the lease, consisting of interest accrued on the lease liability and depreciation of the right-of-use asset, adjusted for changes in index-based variable lease payments in the period of change. Variable lease payments not based on an index or rate are expensed as incurred. Lease payments on short-term operating leases with lease terms twelve months or less are expensed on a straight-line basis over the lease term. The Company has elected to not separate non-lease elements embedded in its lease agreements.

(h) Concentration of credit risk:

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents and marketable securities. The Company's investments are limited to investment-grade securities with strong credit ratings with the objective to preserve capital and maintain liquidity. Cash and cash equivalents were held at major financial institutions in Canada and the United States which may at times be in excess of federally insured limits. The Company does not believe that it is subject to credit risk beyond the standard credit risk associated with commercial banking relationships.

(i) Financial instruments and fair value:

The Company measures certain financial instruments and other items at fair value.

To determine the fair value, the Company uses the fair value hierarchy for inputs used to measure fair value of financial assets and liabilities. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels: Level 1 (highest priority), Level 2, and Level 3 (lowest priority).

- *Level 1* - Unadjusted quoted prices in active markets for identical instruments.
- *Level 2* - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).
- *Level 3* - Inputs are unobservable and reflect the Company's assumptions as to what market participants would use in pricing the asset or liability. The Company develops these inputs based on the best information available.

Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurements. Changes in the observability of valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy. The carrying amount of cash and cash equivalents, other receivables, accounts payable and accrued liabilities approximates fair value due to the nature and short-term of those instruments.

(j) Revenue recognition:

The Company recognizes the amount of revenue to which it expects to be entitled, for the transfer of promised goods or services to customers under a five-step model: (i) identify contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when or as a performance obligation is satisfied. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer.

Collaboration agreements may require the Company to deliver various rights and/or services, including intellectual property rights or licenses and research and development services. Under such collaboration agreements, the Company is generally eligible to receive non-refundable upfront payments, funding for research and development services, milestone payments, and royalties.

In contracts where the Company has more than one performance obligation to provide its customer with goods or services, each performance obligation is evaluated to determine whether it is distinct based on whether (i) the customer can benefit from the good or service either on its own or together with other resources that are readily available and (ii) the good or service is separately identifiable from other promises in the contract. The consideration under the contract is then allocated between the distinct performance obligations based on their respective relative standalone selling prices. The estimated standalone selling price of each deliverable reflects the Company's best estimate of what the selling price would be if the deliverable was regularly sold on a standalone basis and is determined by reference to market rates for the good or service when sold to others or by using an adjusted market assessment approach if selling price on a standalone basis is not available.

The consideration allocated to each distinct performance obligation is recognized as revenue when control is transferred to the customer for the related goods or services. The Company generally recognizes revenue from non-refundable upfront payments over the estimated term of the performance obligation or period in which the underlying benefit is transferred to the customer. If non-refundable license fees have value to the customer on a standalone basis, separate from the undelivered performance obligations, they are recognized upon delivery. The Company evaluates the measure of progress each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition. Consideration in exchange for research and development services performed by the Company on behalf of the licensee is recognized upon performance of such activities at rates consistent with prevailing market rates. Consideration associated with at-risk substantive performance milestones, including sales-based milestones, is recognized as revenue using the most likely amount method when it is probable that a significant reversal of the cumulative revenue recognized will not occur. At the end of each subsequent reporting period, the Company re-evaluates the probability of achievement of such milestones, and if necessary, adjusts its estimate of the overall transaction price. Sales-based royalties received in connection with licenses of intellectual property are subject to a specific exception in the revenue standards, whereby the consideration is not included in the transaction price and recognized in revenue until the customer's subsequent sales or usages occur.

(k) Research and development costs:

Research and development costs are expensed in the period incurred.

Research and development expenses consist of costs incurred in performing research and development activities, including personnel-related expenses, consisting of salaries, benefits and stock-based compensation for employees engaged in scientific research and development, external research and development costs, third-party acquisition, license and collaboration fees, laboratory consumables and certain indirect costs incurred in support of overall research and development activities, including facilities, depreciation and information technology costs. The amount of expenses recognized in a period related to service agreements is based on the work performed using the accrual basis of accounting. The Company recognizes external research and development costs for research and development activities conducted by third-party service providers, in connection with the pre-clinical and clinical development of product candidates including under agreements with clinical research organizations, third-party expenses relating to formulation, process development and manufacture of drug substance and drug product for use in pre-clinical testing, clinical studies and potential commercial supply. When determining the research and development expenses, the Company uses information and data provided by the vendors and third-party service providers. This process involves reviewing open contracts, communicating with applicable vendors and third-party service providers to identify services that have been performed, estimating the level of service performed and the associated cost incurred for the service when the Company has not yet been invoiced or otherwise notified of actual costs. Payments made to third parties under these arrangements in advance of the receipt of the related services are recorded as prepaid expenses until the services are rendered. Prepaid expenses are classified as current or non-current assets based on the expected timing of services.

(l) Stock-based compensation:

Stock-based compensation expense is measured at the grant date, based on the estimated fair value of the award, and is recognized as an expense, net of actual forfeitures, over the requisite service period with a corresponding increase in additional paid-in capital.

The Company grants stock options, restricted share units ("RSUs") and performance share units ("PSUs") to certain employees, consultants, directors and officers pursuant to equity incentive plans described in note 9c. The fair value of stock options at the date of grant is estimated using the Black-Scholes option-pricing model. Stock-based compensation expense for stock options is amortized on a straight-line basis over the requisite service period for the entire award, which is generally the vesting period of the award. Any consideration received on exercise of stock options is credited to share capital. RSUs are measured at the closing market price of the Company's common shares on the date of grant. Stock-based compensation expense for RSUs is amortized on a straight-line basis over the requisite service period, which is generally the vesting period. PSUs vest upon the achievement of certain predefined company-specific performance-based criteria. PSUs are measured at the closing market price of the Company's common shares on the date of grant. Stock-based compensation expense for PSUs is amortized on a straight-line basis over the requisite service period of each separately vesting tranche of the award once it is probable that the performance condition will be achieved.

(m) Foreign currency translation:

The functional and reporting currency of the Company and its subsidiary is the U.S. dollar. Monetary assets and liabilities denominated in a currency other than the U.S. dollar are re-measured into U.S. dollars at the exchange rate prevailing as of the balance sheet date. Non-monetary assets and liabilities acquired in a currency other than U.S. dollars are translated at the approximate historical exchange rates prevailing at each transaction date.

Revenue and expense transactions are translated at the average exchange rate prevailing on the date of transaction. Exchange gains and losses on translation are included in the consolidated statements of operations and comprehensive income (loss) as foreign exchange gain (loss).

(n) Income taxes:

Deferred income taxes are recognized for the future tax consequences attributable to differences between the carrying amounts of assets and liabilities and their respective tax bases, net operating loss and tax credit carryforwards. Deferred income tax assets and liabilities are measured at enacted rates expected to apply to taxable income in the years in which those temporary differences and carryforwards are expected to be recovered or settled. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized in the consolidated statement of operations and comprehensive income (loss) in the period that includes the enactment date. A valuation allowance is provided when realization of deferred income tax assets does not meet the more-likely-than-not criterion for recognition.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not to be sustained upon examination based on the technical merits of the position as well as consideration of the available facts and circumstances. When uncertain tax positions exist, the Company recognizes the tax benefit of tax positions to the extent that the benefit will more likely than not be realized. The interest accrued related to unrecognized tax benefits and penalties is recognized as income tax expense.

(o) Net income (loss) per common share:

Basic net income (loss) per common share is calculated using the two-class method required for participating securities. Undistributed earnings (losses) are allocated to common shares and participating securities based on the weighted average shares of each class outstanding during the period.

The treasury stock method is used to compute the dilutive effect of the Company's stock options, RSUs, PSUs and warrants. Under this method, the incremental number of common shares used in computing diluted net income (loss) per common share is the difference between the number of common shares assumed issued and purchased using assumed proceeds.

(p) Segment and geographic information:

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker ("CODM"), in deciding how to allocate resources and in assessing performance. The Company views its operations and manages its business in one operating segment discovering, developing and delivering life-changing therapeutics for patients in need.

(q) Recently adopted accounting pronouncements:

(i) In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topics 740): Improvements to Income Tax Disclosures*, which requires public entities to disclose specific categories in the effective tax rate reconciliation, as well as expanded disclosures on income taxes paid by jurisdictions. The Company adopted this ASU in the fourth quarter of 2025, prospectively for the current year presented in the consolidated financial statements. The adoption of this ASU did not have a material effect on the Company's consolidated financial statements.

(ii) In September 2025, the FASB issued ASU 2025-07, *Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract*, which refines the scope of derivative accounting and clarifies the treatment of certain share-based noncash consideration in revenue contracts. The Company adopted this ASU in the fourth quarter of 2025, prospectively. The adoption of this ASU did not have a material effect on the Company's consolidated financial statements.

(r) Accounting pronouncements not yet adopted:

(i) In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*, which requires disclosure in the notes to financial statements about specific types of expenses included in the expense captions presented on the face of the statement of operations. This ASU is effective for public entities for annual periods beginning after December 15, 2026 and interim periods beginning after December 15, 2027, with early adoption permitted, and can be applied either prospectively or retrospectively. The Company is currently evaluating the impact related to the adoption of this ASU on its financial statement disclosures.

(ii) In September 2025, the FASB issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software,* which updates the accounting for internal-use software costs by replacing prescriptive development-stage guidance with a principles-based capitalization model and incorporating website development guidance into Subtopic 350-40. This ASU is effective for public entities for annual and interim periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASU on its financial statements and related disclosures.

4. Fair value of financial instruments:

The following table summarizes the fair value hierarchy used to determine the fair values of the Company's cash and cash equivalents and marketable securities:

	December 31, 2025				December 31, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash and cash equivalents								
Cash, money market fund, mutual funds, commercial paper and U.S. treasuries	$ 154,659	$ 44,504	$ —	$ 199,163	$ 142,712	$ —	$ —	$ 142,712
Marketable securities								
Guaranteed investment certificates	14,737	—	—	14,737	16,147	—	—	16,147
U.S. treasuries	142,593	—	—	142,593	130,948	—	—	130,948
Commercial paper	—	39,559	—	39,559	—	66,905	—	66,905
Corporate debt securities	—	189,986	—	189,986	—	397,689	—	397,689
Total marketable securities	157,330	229,545	—	386,875	147,095	464,594	—	611,689
Total	$ 311,989	$ 274,049	$ —	$ 586,038	$ 289,807	$ 464,594	$ —	$ 754,401

The fair values of the Company's commercial paper and corporate debt securities are based on prices obtained from independent pricing sources. Securities with validated quotes from pricing services are reflected within Level 2, as they are primarily based on observable pricing for similar assets or other market observable inputs. Typical inputs used by these pricing services include, but are not limited to, reported trades, benchmark yields, issuer spreads, bids, offers or estimates of cash flow, prepayment spreads and default rates.

As of December 31, 2025 and 2024, the Company does not hold any securities classified as Level 3 and there were no securities transferred between Level 1 and 2.

5. Marketable securities:

Amortized cost, unrealized gain (loss) recognized in accumulated other comprehensive loss and fair value of available-for-sale securities consisted of the following:

	December 31, 2025			December 31, 2024		
	Amortized Cost	Unrealized Gain (Loss)	Fair Value	Amortized Cost	Unrealized Gain (Loss)	Fair Value
Current:						
Guaranteed investment certificates	$ 14,348	$ 389	$ 14,737	$ 17,122	$ (975)	$ 16,147
U.S. treasuries	111,901	197	112,098	72,989	147	73,136
Commercial paper	39,555	4	39,559	66,808	97	66,905
Corporate debt securities	182,864	465	183,329	327,448	557	328,005
Non-current:						
U.S. treasuries	30,292	203	30,495	58,218	(406)	57,812
Corporate debt securities	6,590	67	6,657	69,726	(42)	69,684
Total	$ 385,550	$ 1,325	$ 386,875	$ 612,311	$ (622)	$ 611,689

Allowance for credit losses or impairment on these marketable securities have not been recognized as these securities are high credit quality, investment grade securities that the Company does not intend to sell and will not be required to sell prior to their anticipated recovery, and the decline in fair value is primarily due to changes in interest and foreign exchange rates.

6. Property, plant and equipment:

Property, plant and equipment consisted of the following:

	December 31,	
	2025	2024
Research equipment	$ 12,127	$ 11,631
Office furniture and equipment	1,298	1,285
Computer equipment	1,338	1,463
Leasehold improvements	9,407	9,363
Less: accumulated depreciation	(15,449)	(13,464)
Net book value	$ 8,721	$ 10,278

7. Leases:

The Company has an operating lease for research laboratories and office space in Burnaby, British Columbia, which expires on June 30, 2032, and two renewal options for 5-years each which were not considered in the determination of the right-of-use asset and lease liability. The Company has an additional operating lease for office space in Needham, Massachusetts ("Needham Lease"), which commenced in October 2022. The Needham Lease is for a 62-month term and an option to terminate one year prior to the expiry date, which was not considered in the determination of the right-of-use asset and lease liability.

The cost components of the operating leases were as follows for the years ended December 31, 2025, 2024 and 2023:

	Year Ended December 31,		
	2025	2024	2023
Lease cost			
Operating lease expense	$ 1,638	$ 1,646	$ 1,645
Variable lease expense[(1)]	831	826	787
Lease term and discount rate			
Weighted average remaining lease term (years)	5.7	6.4	7.3
Weighted average discount rate	3.7%	3.8%	3.9%

(1) Variable lease costs are payments that vary because of changes in facts or circumstances and include common area maintenance and property taxes related to the premises. Variable lease costs are excluded from the calculation of minimum lease payments.

Future minimum lease payments as of December 31, 2025 were as follows:

Year ending December 31:	
2026	$ 1,801
2027	1,788
2028	1,087
2029	1,137
2030	1,176
2031 and thereafter	1,822
Total future minimum lease payments	$ 8,811
Less: imputed interest	(867)
Present value of lease liabilities	$ 7,944

8. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consisted of the following:

	December 31,	
	2025	2024
Accounts payable	$ 3,885	$ 5,070
Accrued liabilities		
Employee compensation, benefits, and related accruals	14,460	9,928
Research and development	18,647	12,061
Income and other taxes	313	5,686
Professional fees	1,989	762
Other	966	714
Total	$ 40,260	$ 34,221

9. Share capital:

(a) Financing:

In August 2020, the Company entered into an "at-the-market" equity offering sales agreement, amended as of March 2022, with Jefferies LLC and Stifel, Nicolaus & Company, Incorporated pursuant to which the Company may sell common shares from time to time (the "ATM Program"). In September 2023, pursuant to a prospectus supplement filed in March 2022 ("March 2022 Prospectus"), the Company sold an aggregate of 855,685 common shares for proceeds of $29,508, net of commissions and transaction expenses. In August 2024, a new prospectus supplement was filed replacing the March 2022 Prospectus, pursuant to which the Company refreshed the ATM Program and may sell common shares having gross proceeds of up to $350,000, from time to time. As of December 31, 2025, the Company had sold an aggregate of 2,651,023 common shares for proceeds of $112,151, net of commissions and transaction expenses under the ATM Program (2024 – 310,000 common shares for net proceeds of $12,083). As of February 23, 2026, we sold an additional 3,134,119 common shares for proceeds of $129,975, net of commissions and transaction expenses.

In November 2023, the Company completed an underwritten public offering of 9,846,157 common shares, including 1,384,615 shares sold upon the full exercise of the underwriters' over-allotment option, at a public offering price of $32.50 per common share and pre-funded warrants to purchase 769,230 common shares at $32.4999 per pre-funded warrant (note 9d), with each pre-funded warrant having an exercise price of $0.0001. The public offering was completed in December 2023, and the Company received proceeds of $323,979, net of underwriting discounts, commissions and offering expenses.

(b) Authorized share capital:

The Company's authorized share capital consists of an unlimited number of common and preferred shares without par value.

(c) Stock-based compensation:

The Company has two equity incentive plans: (i) the 2014 Equity Incentive Plan, which was amended and restated in June 2020, June 2022 and June 2024 (the "Amended and Restated 2014 Plan"), and (ii) the 2025 Inducement Equity Incentive Plan, which was amended and restated in November 2025 (the "Amended and Restated 2025 Inducement Plan").

The shareholders of the Company approved the Amended and Restated 2014 Plan amended in June 2020, June 2022 and June 2024, amending certain provisions of the Company's 2014 Plan. The Amended and Restated 2014 Plan permits the grant of stock-based compensation awards to directors, officers, employees and consultants of the Company, including the issuance of options, share appreciation rights, restricted shares, RSUs, and PSUs. Under the Amended and Restated 2014 Plan, options granted generally vest on a graduated basis over a four-year periods. The exercise price of the options is determined by the board of directors but must at least be equal to the fair market value of the common shares on the date of grant. Options may be exercised over a maximum term of ten years. The vesting conditions, vesting period and expiry terms of the RSUs and PSUs are determined by the board of directors. As of December 31, 2025, a total of 5,004,392 common shares remain available for issuance pursuant to the Amended and Restated 2014 Plan. Of this total, the aggregate number of common shares that can be issued through restricted share awards, RSU awards, or PSU awards is limited to 1,000,000 common shares, of which 431,556 common shares remain available as of December 31, 2025.

The board of directors of the Company adopted Amended and Restated 2025 Inducement Plan amended in November 2025. Pursuant to the terms of the Amended and Restated 2025 Inducement Plan, the Company may grant nonstatutory stock options, stock appreciation rights, RSUs, restricted stock, and PSUs as an inducement material to individuals being hired, or rehired following a bona fide period of interruption of employment, as an employee of the Company or any of its subsidiaries, and its terms are substantially similar to the Company's Amended and Restated 2014 Equity Incentive Plan, including with respect to treatment of equity awards in the event of a "merger" or "change of control" as defined under the 2025 Inducement Plan, but with such other terms and conditions intended to comply with the Nasdaq inducement award exception or to comply with the Nasdaq acquisition and merger exception. The Company has reserved 900,000 common shares for issuance under the Amended and Restated 2025 Inducement Plan. In accordance with Nasdaq Listing Rule 5635(c)(4), the Company did not seek approval of the Amended and Restated 2025 Inducement Plan by its shareholders.

The following table presents the components and classification of stock-based compensation expense for the years ended December 31, 2025, 2024 and 2023:

	Year Ended December 31,		
	2025	2024	2023
Stock-based compensation expense by award type:			
Stock options	$ 50,347	$ 48,384	$ 32,372
RSUs	2,518	—	—
PSUs	842	2,333	—
	$ 53,707	$ 50,717	$ 32,372
Stock-based compensation expense in operating expenses:			
Research and development	$ 26,479	$ 22,088	$ 13,067
General and administrative	27,228	28,629	19,305
	$ 53,707	$ 50,717	$ 32,372

Stock options

The following table presents the summary of stock option activity for the period:

	Number of Options	Weighted Average Exercise Price ($)[1]	Aggregate Intrinsic Value
Outstanding, December 31, 2022	7,117,782	18.75	147,214
Granted	2,542,473	35.29	
Exercised[1]	(587,536)	13.58	14,526
Forfeited, cancelled or expired	(178,217)	31.49	
Outstanding, December 31, 2023	8,894,502	23.56	200,122
Granted	3,062,819	42.93	
Exercised[1]	(1,040,136)	12.43	30,416
Forfeited, cancelled or expired	(207,896)	38.18	
Outstanding, December 31, 2024	10,709,289	29.90	111,202
Granted	2,894,139	35.99	
Exercised[1]	(1,801,630)	20.56	28,436
Forfeited, cancelled or expired	(727,078)	39.17	
Outstanding, December 31, 2025	11,074,720	32.40	137,659
Exercisable, December 31, 2025	6,279,248	28.28	103,917

[1] During the year ended December 31, 2025, 318,813 (2024 – 5,144 and 2023 – 4,320) stock options were exercised for the same number of common shares in exchange for cash. In the same period, the Company issued 594,076 (2024 – 729,965 and 2023 – 377,114) common shares for the cashless exercise of 1,482,817 (2024 – 1,034,992 and 2023 – 583,216) stock options.

At December 31, 2025, stock options outstanding and exercisable had a weighted average remaining contractual life of 7.31 years and 6.18 years, respectively.

The fair value of stock options at the date of grant is estimated using the Black-Scholes option-pricing model, which requires multiple subjective inputs. The risk-free interest rate of the options is based on the U.S. Treasury yield curve in effect at the date of grant for a term similar to the expected term of the option. The expected volatility is based on the historical volatility of the Company's common shares calculated based on a period of time commensurate with the expected term assumption. Expected life assumptions are based on the Company's historical data. The dividend yield is based on the fact that the Company has never paid cash dividends and has no present intention to pay cash dividends. Forfeitures are recognized as they occur.

The weighted average option pricing assumptions are as follows:

	Year Ended December 31,		
	2025	2024	2023
Average risk-free interest rate	4.01%	4.05%	3.93%
Expected volatility	61%	66%	69%
Average expected term (in years)	5.78	5.75	5.94
Expected dividend yield	0.00%	0.00%	0.00%
Weighted average fair value of stock options granted	$ 21.11	$ 26.48	$ 22.52

A summary of the Company's unvested stock option activity and related information for the year ended December 31, 2025 is as follows:

	Number of Options	Weighted Average Grant Date Fair Value ($)
Unvested, January 1, 2025	4,781,651	24.56
Granted	2,894,139	21.11
Vested	(2,365,029)	24.09
Forfeited or cancelled	(515,289)	25.39
Unvested, December 31, 2025	4,795,472	22.62

The aggregate fair value of options vested during the year ended December 31, 2025 was $56,967 (2024 – $43,375 and 2023 – $29,233).

As of December 31, 2025, the unrecognized stock-based compensation expense related to the unvested stock options was $97,452, which is expected to be recognized over a weighted average period of 2.60 years.

Restricted share units

RSUs generally vest annually over a one-year period for directors and a four-year period for employees and officers, subject to continued service on each vesting date. Upon vesting, each RSU entitles the holder to receive one common share.

The following table presents the summary of RSU activity for the year ended December 31, 2025:

	Number of Units	Weighted Average Grant Date Fair Value ($)
Outstanding, December 31, 2024	—	—
Granted	358,932	35.90
Vested	—	—
Forfeited	(9,938)	35.48
Outstanding, December 31, 2025	348,994	35.91

As of December 31, 2025, the unrecognized stock-based compensation expense related to unvested RSUs was $10,014, which is expected to be recognized over a weighted average period of 3.21 years.

Performance share units

PSUs vest upon the achievement of certain predefined company-specific performance-based criteria on or before December 31, 2027, subject to continued employment to each performance objective achievement date. At the achievement of the vesting criteria, each PSU entitles the holder to receive one common share.

The following table presents the summary of PSU activity for the period:

	Number of Units	Weighted Average Grant Date Fair Value ($)
Outstanding, December 31, 2023	—	—
Granted	210,000	43.90
Vested	—	—
Forfeited	—	—
Outstanding, December 31, 2024	210,000	43.90
Granted	96,550	35.28
Vested	—	—
Forfeited	(49,100)	44.17
Outstanding, December 31, 2025	257,450	40.61

As of December 31, 2025, the unrecognized stock-based compensation expense related to the unvested PSUs that is probable to be achieved was $361. The recognition of this expense is subject to the achievement of the performance-based criteria, which are reassessed at each reporting date. There is $6,912 of unrecognized stock-based compensation expense related to the PSUs that is not probable to be achieved.

(d) Pre-funded warrants:

The following table summarizes the pre-funded warrants activity for the years ended December 31, 2025, 2024, and 2023:

	Number of Pre-funded warrants outstanding
Outstanding, December 31, 2022	3,103,864
Issued	769,230
Exercised[(1)]	(1,700,013)
Outstanding, December 31, 2023	2,173,081
Issued	—
Exercised	—
Outstanding, December 31, 2024 and 2025	2,173,081

(1) During the year ended December 31, 2023, the Company issued 1,700,000 common shares upon the exercise of 1,700,013 pre-funded warrants pursuant to a net exercise mechanism under the warrants.

Each pre-funded warrant is exercisable for the purchase of a common share at the holder's discretion at an exercise price of $0.0001, subject to certain post-exercise beneficial ownership limitations as provided under the terms of the pre-funded warrant.

The Company may not affect the exercise of any pre-funded warrant, and a holder will not be entitled to exercise any portion of any pre-funded warrant that, upon giving effect to such exercise, would cause: (i) the aggregate number of common shares beneficially owned by such holder, together with its affiliates, to exceed 4.99% of the total number of common shares outstanding immediately after giving effect to the exercise; or (ii) the combined voting power of the Company’s securities beneficially owned by such holder, together with its affiliates, to exceed 4.99% of the combined voting power of all of the Company’s securities immediately outstanding after giving effect to the exercise, which percentage may be changed at the holder’s election to a higher or lower percentage not in excess of 19.99% upon at least 61 days’ notice to the Company.

Since the pre-funded warrants meet the condition for equity classification, proceeds from issuances of the pre-funded warrants for the year ended December 31, 2023, of $23,477, net of underwriting discounts, commissions and offering expenses, are recorded in additional paid-in capital. Upon exercise of the pre-funded warrants, the historical costs recorded in additional paid-in capital along with the exercise price collected from the holder are recorded in common shares. Pre-funded warrants to purchase 2,173,081 (2024 – 2,173,081 and 2023 – 2,173,081) common shares are not included in the number of issued and outstanding common shares as of December 31, 2025.

(e) Warrant:

In August 2018, a warrant to purchase 40,000 common shares at a price per common share of $9.79 was issued. In October 2025, the Company issued 30,792 common shares upon the cashless exercise of the warrant.

10. Collaboration agreements:

Neurocrine Biosciences license and collaboration agreement

In December 2019, the Company entered into the Neurocrine Collaboration Agreement with Neurocrine Biosciences granting the Company an exclusive license to NBI-921352 (formerly XEN901) and certain pre-clinical compounds for development (the "DTCs"). The agreement also includes a two-year research collaboration to discover, identify and develop additional novel Nav1.6 and Nav1.2/1.6 inhibitors ("Research Compounds"). The Company and Neurocrine Biosciences collaborated on the conduct of two collaboration programs: (a) a joint research collaboration to discover, identify and preclinically develop Research Compounds (the "Research Program"), which was completed in June 2022, and (b) a collaborative development program for NBI-921352 and two DTCs selected by the joint steering committee. Under the arrangement, the Company was entitled to funding for certain full-time equivalent and external costs incurred by the Company for the research and development services requested by Neurocrine Biosciences, and these services were priced at estimated fair value.

The Company is eligible to receive pre-commercial and commercial milestone payments with respect to the licensed products totaling up to an additional $1,667,500, comprised of up to $1,067,500 in additional development and regulatory milestone payments related to NBI-921352 and other licensed Nav1.6 or Nav1.2/1.6 inhibitor products, and up to $600,000 in additional sales-based milestone payments for multiple products. In addition, the Company is eligible to receive royalties on net sales in and outside the U.S., ranging from (a) for NBI-921352, a low double-digit percentage to a mid-teen percentage and a high-single digit percentage to low double-digit percentage, respectively; (b) for DTCs, a high-single digit percentage to a low double-digit percentage and a mid-single digit percentage to a high-single digit percentage, respectively; and (c) for Research Compounds, a mid-single digit percentage to a high-single digit percentage and a tiered mid-single digit percentage, respectively. Royalty rates are subject to customary reductions.

The Company has an option to co-fund 50% of the development costs of NBI-921352 or another product candidate in the U.S., exercisable upon achievement of certain milestones, in exchange for increased U.S. royalties. The Company has not exercised this option as of December 31, 2025.

In February 2025, NBI-921355, a Nav1.2 and Nav1.6 sodium channel inhibitor in development for the potential treatment for certain types of epilepsy, progressed into a Phase 1 clinical study in healthy adult participants, triggering a $7,500 milestone payment to the Company, which was recognized as revenue for the year ended December 31, 2025.

11. Net loss per common share:

The following table presents the calculation of basic and diluted net loss per common share for the years ended December 31, 2025, 2024 and 2023:

	Year Ended December 31,		
	2025	2024	2023
Numerator:			
Net loss	$ (345,910)	$ (234,330)	$ (182,393)
Denominator:			
Common shares (weighted average)	77,080,670	75,721,562	64,739,678
Pre-funded warrants (weighted average)	2,173,081	2,173,081	2,149,327
Weighted average common shares outstanding – basic and diluted	79,253,751	77,894,643	66,889,005
Net loss per common share – basic and diluted	$ (4.36)	$ (3.01)	$ (2.73)

The weighted average number of common shares used in the basic and diluted net loss per common share calculations includes the weighted average pre-funded warrants outstanding during the period as they are exercisable at any time for nominal cash consideration (note 9d).

The Company reported net losses for each of the years ended December 31, 2025, 2024 and 2023, and therefore excluded all potentially dilutive outstanding securities from the computation of diluted net loss per common share as their inclusion would have had an anti-dilutive effect. The following table summarizes these potentially dilutive securities:

	Year Ended December 31,		
	2025	2024	2023
Stock options	11,074,720	10,709,289	8,894,502
RSUs	348,994	—	—
PSUs	257,450	210,000	—
Warrants	—	40,000	40,000
Total	11,681,164	10,959,289	8,934,502

12. Commitments and contingencies:

(a) Asset purchase agreement with 1st Order Pharmaceuticals, Inc. ("1st Order"):

In April 2017, the Company acquired azetukalner from 1st Order pursuant to an asset purchase agreement. In August 2020, the Company and 1st Order amended the asset purchase agreement to amend certain definitions in the agreement and to modify the payment schedule for certain milestones. Through December 31, 2025, the Company has paid $2,000 based on progress against these milestones. Future potential payments to 1st Order include up to $6,000 in regulatory milestones. There are no royalty obligations to 1st Order.

(b) Legal contingencies:

From time to time, the Company is subject to claims and legal proceedings arising in the ordinary course of business, and such claims, individually or in the aggregate, are not likely to have a material adverse effect on the Company's consolidated financial statements.

(c) Guarantees and indemnifications:

The Company has entered into license and research agreements with third parties that include indemnification provisions that are customary in the industry. These indemnification provisions generally require the Company to compensate the other party for certain damages and costs incurred as a result of third-party claims or damages arising from these transactions.

The maximum amount of potential future indemnification is unlimited; however, the Company currently holds commercial and product liability insurance. This insurance limits the Company's exposure and may enable it to recover a portion of any future amounts paid. Historically, the Company has not made any indemnification payments under such agreements and the Company believes that the fair value of these indemnification obligations is minimal. Accordingly, the Company has not recognized any liabilities relating to these obligations for any period presented.

13. Defined contribution benefit plan:

The Company sponsors retirement savings plans for Canadian and United States employees, under which eligible employees may elect to contribute a percentage of their annual compensation to the plans, subject to statutory limitations. The Company matches 100% of the employee's contributions, subject to a maximum of 5% of eligible compensation.

14. Income taxes:

Loss before income taxes for the years ended December 31, 2025, 2024 and 2023 was as follows:

	Year Ended December 31,		
	2025	2024	2023
Canada	$ (351,065)	$ (243,410)	$ (174,491)
United States	6,171	4,991	(8,194)
Loss before income taxes	$ (344,894)	$ (238,419)	$ (182,685)

The income tax recovery (expense) is allocated as follows:

	Year Ended December 31,		
	2025	2024	2023
Current:			
Canada	$ —	$ —	$ —
United States	(4,214)	(4,775)	—
	(4,214)	(4,775)	—
Deferred:			
Canada	—	—	—
United States	3,198	8,864	292
	3,198	8,864	292
Income tax recovery (expense)	$ (1,016)	$ 4,089	$ 292

The Company's wholly-owned subsidiary, Xenon Pharmaceuticals USA Inc., generates taxable income due to an intercompany service agreement with the Company.

A reconciliation of the expected Canadian statutory income tax rate to the effective income tax rate for the year ended December 31, 2025 is as follows:

	Year Ended December 31, 2025	
	Amount	Percent
Canadian federal statutory tax rate	$ (51,734)	15.0%
Foreign tax effects		
United States		
Other	90	(0.0%)
Effects of cross-border tax laws		
Foreign accrual property income	3,074	(0.9%)
Change in valuation allowance	44,108	(12.8%)
Non-taxable or non-deductible items		
Stock-based compensation	4,156	(1.2%)
Other	1,322	(0.4%)
Effective income tax rate	$ 1,016	(0.3%)

A reconciliation of the expected Canadian statutory income tax rate to the effective income tax rate for the years ended December 31, 2024 and 2023 is as follows:

	Year Ended December 31,	
	2024	2023
Tax at statutory income tax rate	27.0%	27.0%
Change in valuation allowance	(22.0%)	(24.0%)
Research and development and other credits	1.3%	1.6%
Tax attributes expired/utilized	(1.1%)	(0.8%)
Stock-based compensation	(3.4%)	(3.2%)
Other non-deductible expenses	(0.4%)	(0.3%)
Other	0.3%	(0.1%)
Effective income tax rate	1.7%	0.2%

Deferred income tax assets and liabilities result from the temporary differences between the carrying amount of assets and liabilities recognized for financial statement and income tax purposes. The significant components of the Company's net deferred income tax assets are as follows:

	December 31,	
	2025	2024
Deferred income tax assets:		
Research and development tax credits	$ 46,535	$ 42,830
Investment tax credits	30,770	29,818
Non-capital losses	251,701	173,352
Depreciable assets	13,665	13,269
Deferred financing fees	3,943	6,967
Stock-based compensation	10,836	8,380
Operating lease liability	2,018	2,299
Other	1,904	1,704
Total deferred income tax assets	361,372	278,619
Less - valuation allowance	(346,794)	(266,856)
Total deferred income tax assets, net of valuation allowance	14,578	11,763
Deferred tax liability:		
Operating lease right-of-use asset	(1,714)	(2,097)
Net deferred income tax assets	$ 12,864	$ 9,666

At December 31, 2025, a valuation allowance of $346,794 (2024 – $266,856) has been recognized to offset deferred tax assets where realization of such assets is uncertain. The valuation allowance increased by $79,938 in 2025, which primarily relates to increases in Canadian non-capital loss carryforward deferred tax assets as of December 31, 2025.

The realization of deferred income tax assets is dependent upon the generation of sufficient taxable income during future periods in which the temporary differences are expected to reverse. The valuation allowance is reviewed on a quarterly basis and if the assessment of the "more likely than not" criteria changes, the valuation allowance is adjusted accordingly. A full valuation allowance continues to be applied against deferred income tax assets in Canada as the Company has assessed that the realization of such assets does not meet the "more likely than not" criteria. Deferred income tax assets recorded on the consolidated balance sheets as of December 31, 2025 and 2024, result from the temporary differences between the amounts of assets and liabilities recognized for financial statement and income tax purposes, net of valuation allowance, related to the operations of Xenon Pharmaceuticals USA Inc.

At December 31, 2025, the Company has unclaimed tax deductions for scientific research and experimental development expenditures of $172,351 with no expiry.

At December 31, 2025, the Company has $30,202 of investment tax credits available to offset federal taxes payable and $8,798 of investment tax credits available to offset provincial taxes payable in the future.

At December 31, 2025, the Company has gross non-capital losses, net of uncertain tax positions, carried forward for tax purposes, which are available to reduce taxable income of future years of approximately $932,225.

The investment tax credits and loss carry forwards expire over various years from 2026 to 2046.

Income taxes paid, net of refunds, for the year ended December 31, 2025 is as follows:

	Year Ended December 31, 2025
Canada	$ —
United States	8,423
Total	$ 8,423

Unrecognized tax benefits arise when the estimated benefit recorded in the financial statements differs from the amounts taken or expected to be taken in a tax return because of uncertainties. Interest and penalties related to uncertain tax positions, if any, will be recognized as a component of income tax expense.

A reconciliation of unrecognized tax benefits is as follows:

Outstanding, December 31, 2024	$	10,850
Increase related to prior year tax positions		2,456
Increase related to current tax positions		—
Lapses of statute of limitations		(5)
Outstanding, December 31, 2025	$	13,301

If recognized in future periods, $2,451 of the unrecognized tax benefits would affect the Company's effective tax rate. As of December 31, 2025, the Company had accrued interest and penalties related to tax contingencies of $747 (2024 – $158). For the year ended December 31, 2025, the Company recognized interest and penalties, net of federal income tax benefit, of $588 (2024 – $158).

The Company files income tax returns in Canada and the United States, the jurisdictions in which the Company believes that it is subject to tax. In jurisdictions in which the Company does not believe it is subject to tax and therefore does not file income tax returns, the Company can provide no certainty that tax authorities in those jurisdictions will not subject one or more tax years (since the inception of the Company) to examination. Further, while the statute of limitations in each jurisdiction where an income tax return has been filed generally limits the examination period, as a result of loss carry-forwards, the limitation period for examination generally does not expire until several years after the loss carry-forwards are utilized. Other than routine audits by tax authorities for tax credits and tax refunds that the Company claims, the Company is not aware of any other material income tax examination currently in progress by any taxing jurisdiction. Tax years ranging from 2005 to 2025 remain subject to examinations in Canada and from 2022 to 2025 remain subject to examinations in the United States.

15. Segment disclosure:

The Company operates as a single reportable segment dedicated to discovering, developing, and delivering life-changing therapeutics for patients in need. The Company has no products approved for sale and has not generated any revenue from product sales. The Company's Chief Executive Officer acts as the CODM and manages the Company's operations on a consolidated basis. The accounting policies of the segment are the same as those described in the summary of significant accounting policies.

The CODM evaluates the Company's performance and allocates resources to the operations of the Company on a total company basis. Managing and allocating resources on a consolidated basis enables the CEO to assess the overall level of resources available and how to best deploy these resources across functions, therapeutic areas and research and development projects that are in line with the Company's long-term company-wide strategic goals. The CODM uses net loss to monitor budget versus actual results and to analyze cash flows in assessing performance of the segment and allocating resources. The measure of segment assets is reported on the consolidated balance sheet as total consolidated assets, with a majority of these assets located in the United States.

The following table presents information about reported segment revenues, significant segment expenses, and segment loss:

	Year Ended December 31,		
	2025	2024	2023
Collaboration revenue	$ 7,500	$ —	$ —
Less:			
Direct external research and development costs			
Azetukalner	165,950	106,806	89,303
Pain programs (XEN1701, XEN1120)	7,510	4,795	—
Pre-clinical, discovery and other programs	24,387	16,751	20,704
Personnel-related expenses	89,703	68,340	47,739
Stock-based compensation	53,707	50,717	32,372
Other research and development costs	12,519	11,232	9,560
Other general and administrative costs	26,794	20,657	14,376
Interest income	(26,828)	(41,943)	(27,620)
Other segment items[(1)]	(332)	(3,025)	(4,041)
Net loss	(345,910)	(234,330)	(182,393)

(1) Other segment items include foreign exchange gain (loss), unrealized fair value gain on trading securities, and income tax recovery (expense).

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of disclosure controls and procedures. Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2025. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2025, our Chief Executive Officer and our Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were, in design and operation, effective at the reasonable assurance level.

Management's Annual Report on Internal Control over Financial Reporting. Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2025. In making its assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework (2013)* to evaluate the effectiveness of our internal control over financial reporting. Based on this assessment using those criteria, management has concluded that our internal control over financial reporting was effective as of December 31, 2025.

The effectiveness of our internal control over financial reporting as of December 31, 2025 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears in this Annual Report on Form 10-K.

Changes in internal control over financial reporting. There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended December 31, 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

We have a written code of conduct that applies to all of our directors, officers and employees. A copy of the most up-to-date version of our code of conduct is available within the "Investors" section on our company website located at http://www.xenon-pharma.com and on SEDAR+ at www.sedarplus.ca. We will post amendments to our code of conduct or waivers of the same for directors and executive officers on the "Investors" section on our website located at https://www.xenon-pharma.com.

Rule 10b5-1 Trading Plans

From time to time, our officers, as defined in Rule 16a-1(f), and directors may enter into Rule 10b5-1 or non-Rule 10b5-1 trading arrangements, as each term is defined in Item 408 or Regulation S-K. During the quarter ended December 31, 2025, each of our officers listed in the table below adopted a Rule 10b5-1 trading arrangement intended to qualify as a "plan providing for eligible sell-to-cover transactions" under Rule 10b5-1(c)(1)(ii)(D)(3) under the Exchange Act. The trading arrangements are in the form of durable sell-to-cover instructions that provide for sales of common shares necessary to satisfy such individual's tax withholding obligations incurred in connection with the vesting or settlement of restricted share units and performance share units previously granted or that could in the future be granted by the Company, whether vesting is based on the passage of time or the achievement of performance goals. The total number of shares of common shares that may be sold pursuant to the sell-to-cover instructions is not determinable and the sell-to-cover instructions will remain in place indefinitely unless revoked in writing.

Name and Position	Action	Date	Total Shares to be Sold [1]	Expiration Date [1]
Ian Mortimer *President and Chief Executive Officer*	Adopt	December 3, 2025	Indeterminable	Indeterminable
Thomas P. Kelly *Chief Financial Officer*	Adopt	December 3, 2025	Indeterminable	Indeterminable
Darren Cline *Chief Commercial Officer*	Adopt	December 3, 2025	Indeterminable	Indeterminable
Andrea DiFabio *Chief Legal Officer and Corporate Secretary*	Adopt	December 3, 2025	Indeterminable	Indeterminable
Christopher Kenney *Chief Medical Officer*	Adopt	December 3, 2025	Indeterminable	Indeterminable

(1) The trading arrangements will apply to the first award of RSUs granted to the applicable officer on or after March 12, 2025; the first award of PSUs granted to such officer on or after March 11, 2024; and any RSUs or PSUs that may, from time to time following either such date, be granted to such officer by the Company, other than (i) the portion of any RSU or PSU award that vests prior to the expiration of the applicable cooling-off period as set forth in such officer's trading arrangement, and (ii) any future granted RSUs or PSUs which by the terms of the applicable award agreement require us to withhold shares for tax withholding obligations in connection with the vesting and settlement of such RSUs or PSUs, as applicable, and therefore do not permit sell-to-cover transactions. The number of shares sold under these elections will vary based on the tax withholding obligations incurred upon vesting.

Compensatory Arrangements of Certain Officers

On February 26, 2026, the Company entered into an amended and restated employment agreement with each of Ian Mortimer, the Company's President & Chief Executive Officer; Tucker Kelly, the Company's Chief Financial Officer; Darren Cline, the Company's Chief Commercial Officer; Andrea DiFabio, the Company's Chief Legal Officer and Corporate Secretary; and Christopher Kenney, the Company's Chief Medical Officer. Pursuant to the amended and restated employment agreements, each officer received an increase to his or her annual base salary effective as of January 1, 2026 (Mr. Mortimer: $820,000; Mr. Kelly: $550,000; Mr. Cline: $545,000; Ms. DiFabio: $530,000, Dr. Kenney: $590,000) and each of Mr. Mortimer, Ms. DiFabio, and Dr. Kenney received an increase to his or her annual target bonus (the "Target Bonus Amount"), expressed as a percentage of base salary (Mr. Mortimer: 70%; Ms. DiFabio: 45%; Dr. Kenney: 45%).

Each of the amended and restated employment agreements with Mr. Mortimer, Mr. Kelly, Mr. Cline, Ms. DiFabio, and Dr. Kenney provides that if we terminate the applicable executive's employment without cause (in the cases of Mr. Kelly, Mr. Cline, Ms. DiFabio and Dr. Kenney, as such term is defined in the executive's employment agreement) outside of the period beginning three months before a Change of Control (as such term is defined in the executive's employment agreement) and ending 12 months after the Change of Control, we will provide, subject to the receipt of a release of all claims, (i) in the case of Mr. Mortimer, a working notice of termination (in which case all terms and conditions of employment including compensation and benefits, subject to the applicable insurer's terms of coverage, will continue), base salary continuance, a lump sum payment of base salary, or an equivalent combination of any of the foregoing, for 18 months (such number of months, the "Mortimer Payment Period"), and in the cases of Mr. Kelly, Mr. Cline, Ms. DiFabio and Dr. Kenney, a lump sum severance payment equal to the executive's base salary for a number of months equal to 12 months plus one additional month for every one year of consecutive service (up to a combined maximum of 18 months) (such number of months, the "Payment Period"); (ii) a lump sum payment equal to the executive's target annual bonus for the fiscal year in which the termination of employment occurs, pro-rated based on the number of days the executive was employed during such fiscal year (the "Pro-Rated Annual Bonus"); (iii) in the case of Mr. Mortimer, continued coverage for the executive under our group benefits insurance, or payment of the cost of monthly premiums under our group benefits insurance, until the end of the 18-month period following his termination of employment or the date on which he commences full-time employment; (iv) in the cases of Mr. Kelly, Mr. Cline, Ms. DiFabio, and Dr. Kenney, Company payment of the employer portion of COBRA premiums for the Payment Period, subject to the executive's eligibility for, and timely election of, COBRA coverage; (v) payment to the executive of an amount equal to the contributions for retirement savings that we would have paid on his or her behalf for the Mortimer Payment Period or the Payment Period, as applicable; and (vi) continued vesting of stock options, restricted stock units, other equity or equity-based awards, and any other deferred compensation granted to the executive for three months following the date the executive's employment terminates and continued exercisability of such options and deferred compensation for up to six months following termination of employment.

If, during the change of control period, the executive's employment is terminated without cause or the executive resigns for Good Reason (as such term is defined in the executive's employment agreement), we will, subject to the receipt of a release of all claims, (i) pay the executive a lump sum amount equal to the product obtained by multiplying (A) the sum of his or her base salary plus his or her target annual bonus by (B) the number of months in the Payment Period divided by 12 (or in the case of Mr. Mortimer, by two); (ii) pay the executive the Pro-Rated Annual Bonus; (iii) pay the executive an amount equal to the contributions for retirement savings that we would have paid on his or her behalf for the Payment Period (or in the case of Mr. Mortimer, for 24 months); (iv) fully accelerate the vesting of all of the executive's unvested stock options, restricted stock units, other equity or equity-based awards (with any performance-based awards vesting in full), and other deferred compensation awards; (v) provide for the continued exercisability of the executive's stock options for the longer of (A) six months from the termination of the executive's employment or (B) the period stipulated in the applicable plan or grant; (vi) in the case of Mr. Mortimer, arrange for continued coverage under our group benefits insurance, or payment of the cost of monthly premiums under our group benefits insurance, until the end of the 24-month period after the termination of his employment or until he commences full-time employment; and (vii) in the cases of Mr. Kelly, Mr. Cline, Ms. DiFabio, and Dr. Kenney, Company payment of the employer portion of COBRA premiums for the Payment Period, subject to the executive's eligibility for, and timely election of, COBRA coverage.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Item 10 of Form 10-K, including discussion of our Insider Trading Policy under the heading "Insider Trading Policies," is incorporated by reference to our Proxy Statement for the 2026 Annual Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2025.

Item 11. Executive Compensation

The information required by Item 11 of Form 10-K is incorporated by reference to our Proxy Statement for the 2026 Annual Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2025.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

The information required by Item 12 of Form 10-K is incorporated by reference to our Proxy Statement for the 2026 Annual Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2025.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 of Form 10-K is incorporated by reference to our Proxy Statement for the 2026 Annual Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2025.

Item 14. Principal Accounting Fees and Services

The information required by Item 14 of Form 10-K is incorporated by reference to our Proxy Statement for the 2026 Annual Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2025.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a)(1) Financial Statements — The financial statements included in Item 8 are filed as part of this Annual Report on Form 10-K.

(a)(2) Financial Statement Schedules — All schedules have been omitted because they are not applicable or required, or the information required to be set forth therein is included in the consolidated Financial Statements or notes thereto included in Item 8 of this Annual Report on Form 10-K.

(a)(3) Exhibits — The exhibits required by Item 601 of Regulation S-K are listed in paragraph (b) below.

(b) Exhibits — The exhibits listed in the table below are filed herewith or are incorporated by reference to exhibits previously filed with the SEC.

Exhibit Number	Description of Document	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Articles of the Company.	10-Q	001-36687	3.1	December 15, 2014
3.1A	Articles of Amendment to the Articles of the Company, creating the Series 1 Preferred Shares.	8-K	001-36687	3.1	March 28, 2018
3.2	Amended and Restated By-laws of the Company.	10-Q	001-36687	3.2	December 15, 2014
4.1	Form of Common Share Certificate.	S-1/A	333-198666	4.1	October 6, 2014
4.2	Warrant to Purchase Shares, dated August 3, 2018, by and between Xenon Pharmaceuticals Inc. and Silicon Valley Bank.	8-K	001-36687	4.1	August 7, 2018
4.3	Description of Securities.				
4.4	Form of Pre-Funded Warrant.	8-K	001-36687	4.1	October 6, 2021
4.5	Form of Pre-Funded Warrant.	8-K	001-36687	4.1	June 23, 2022
4.6	Form of Pre-Funded Warrant.	8-K	001-36687	4.1	November 30, 2023
10.1#	Stock Option Plan, as amended, and form of option agreement thereunder.	S-1/A	333-198666	10.7	October 6, 2014
10.2#	Amended and Restated 2014 Equity Incentive Plan and form of share option agreement used thereunder.	8-K	001-36687	10.1	June 2, 2022
10.3#	Amended and Restated 2014 Equity Incentive Plan and form of share option agreement used thereunder.	8-K	001-36687	10.1	June 5, 2024
10.4#	Form of Director and Executive Officer Indemnification Agreement.	S-1/A	333-198666	10.15	October 6, 2014
10.5†	Asset Purchase Agreement, dated April 25, 2017, by and between the Company and 1st Order Pharmaceuticals, Inc.	10-Q	001-36687	10.2	August 3, 2017
10.6	Milestone and Royalty Buy-Out Agreement, dated September 7, 2018, by and among Xenon Pharmaceuticals Inc., Valeant Pharmaceuticals Ireland Limited and Valeant Pharmaceuticals Luxembourg S.a.r.l.	8-K	001-36687	10.1	September 11, 2018
10.7#	Amended and Restated Employment Agreement, dated March 19, 2019, by and between the Company and Robin Sherrington.	10-K	001-36687	10.24	March 9, 2020
10.8#	Employment Agreement, dated July 14, 2020, by and between the Company and Christopher Von Seggern.	10-Q	001-36687	10.3	November 5, 2020
10.9#	Employment Agreement, dated January 13, 2021, by and between the Company and Sherry Aulin.	8-K	001-36687	10.4	January 14, 2021

Exhibit Number	Description of Document	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
10.10#	2019 Inducement Equity Incentive Plan and related form of share option agreement.	8-K	001-36687	10.1	September 10, 2019
10.11††	License and Collaboration Agreement, dated as of December 2, 2019, by and between Xenon Pharmaceuticals Inc. and Neurocrine Biosciences, Inc.	8-K	001-36687	10.1	December 2, 2019
10.12	Share Purchase Agreement, dated as of December 2, 2019, by and between Xenon Pharmaceuticals Inc. and Neurocrine Biosciences, Inc.	8-K	001-36687	10.2	December 2, 2019
10.13††	Amendment No. 1 to Asset Purchase Agreement, dated August 4, 2020, by and between the Company and 1st Order Pharmaceuticals Inc.	10-Q	001-36687	10.2	August 6, 2020
10.14	At-the-Market Equity Offering Sales Agreement dated as of August 6, 2020, by and among Xenon Pharmaceuticals Inc., Jefferies LLC and Stifel, Nicolaus & Company, Incorporated.	8-K	001-36687	1.1	August 6, 2020
10.15	Amendment No. 1 to the At-the-Market Equity Offering Sales Agreement, dated March 1, 2022, by and among Xenon Pharmaceuticals Inc., Jefferies LLC and Stifel, Nicolaus & Company, Incorporated.	8-K	001-36687	1.1	March 1, 2022
10.16††	Amendment #1, dated January 13, 2021, to the License and Collaboration Agreement, dated December 2, 2019, by and between Xenon Pharmaceuticals Inc. and Neurocrine Biosciences, Inc.	8-K	001-36687	10.1	January 14, 2021
10.17	Share Purchase Agreement, dated as of September 8, 2021, by and between Xenon Pharmaceuticals Inc. and Neurocrine Biosciences, Inc.	8-K	001-36687	10.1	September 8, 2021
10.18	Lease Agreement, effective November 24, 2021, by and between the Company and Redstone Enterprises Ltd.	8-K	001-36687	10.1	December 1, 2021
10.19	Share Purchase Agreement, dated as of January 11, 2022, by and between Xenon Pharmaceuticals Inc. and Neurocrine Biosciences, Inc.	8-K	001-36687	10.1	January 12, 2022
10.20††	Amendment #2, dated February 25, 2022, to the License and Collaboration Agreement, dated December 2, 2019, by and between Xenon Pharmaceuticals Inc. and Neurocrine Biosciences, Inc.	10-K	001-36687	10.30	March 1, 2022
10.21††	Consent to Alterations and Lease Modification Agreement between Redstone Enterprises Ltd. and Xenon Pharmaceuticals Inc., effective May 19, 2022.	10-Q	001-36687	10.1	August 9, 2022
10.22#	Executive Incentive Compensation Plan.	8-K	001-36687	10.1	March 14, 2023
10.23	Consent to Alterations Agreement between Redstone Enterprises Ltd. and Xenon Pharmaceuticals Inc., effective March 27, 2023.	10-Q	001-36687	10.1	August 9, 2023
10.24	Consent to Alterations Agreement between Redstone Enterprises Ltd. and Xenon Pharmaceuticals Inc., effective August 16, 2023.	10-K	001-36687	10.27	February 29, 2024
10.25#	Employment Agreement, dated December 15, 2023, by and between the Company and James Empfield.	10-K	001-36687	10.28	February 29, 2024
10.26	Form of Performance Share Award Agreement.	10-Q	001-36687	10.1	May 9, 2024

Exhibit Number	Description of Document	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
10.27	Form of Performance Share Award Agreement.	10-Q	001-36687	10.6	May 12, 2025
10.28#	Letter Agreement, dated January 15, 2025, by and between the Company and Christopher Von Seggern.	10-K	001-36687	10.30	February 27, 2025
10.29#	Consulting Agreement, dated January 17, 2025, by and between the Company and Christopher Von Seggern.	10-K	001-36687	10.31	February 27, 2025
10.30#	Post-Employment Consulting Agreement, dated February 27, 2025, by and between the Company and Sherry Aulin.	10-K	001-36687	10.33	February 27, 2025
10.31	Form of Restricted Unit Award Agreement.	10-Q	001-36687	10.5	May 12, 2025
10.32	Form of Restricted Unit Award Agreement.	10-Q	001-36687	10.1	August 11, 2025
10.33	Form of Restricted Unit Award Agreement.				
10.34#	Amended and Restated 2025 Inducement Equity Incentive Plan and related form agreements.	8-K	001-36687	10.1	December 1, 2025
10.35#	Employment Agreement, dated June 2, 2025, by and between the Company and Darren Cline.	10-Q	001-36687	10.2	August 11, 2025
10.36#	Employment Agreement, dated October 4, 2025, by and between the Company and Thomas P. Kelly.	8-K	001-36687	10.1	October 17, 2025
10.37#	Employment Agreement by and between the Company and Ian Mortimer, effective as of February 25, 2026.				
10.38#	Employment Agreement by and between the Company and Thomas P. Kelly, effective as of February 25, 2026.				
10.39#	Employment Agreement by and between the Company and Andrea DiFabio, effective as of February 25, 2026.				
10.40#	Employment Agreement by and between the Company and Christopher Kenny, effective as of February 25, 2026.				
10.41#	Employment Agreement by and between the Company and Darren Cline, effective as of February 25, 2026.				
16.1	Letter from KPMG LLP, dated March 3, 2025.	8-K	001-36687	16.1	March 5, 2025
19	Insider Trading Policy.	10-K	001-36687	19	February 27, 2025
21.1	List of Subsidiaries of the Company.	10-K	001-36687	21.1	March 8, 2017
23.1	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.				
23.2	Consent of KPMG LLP, Independent Registered Public Accounting Firm.				
24.1	Powers of Attorney (contained on signature page).				
31.1	Rule 13a-14(a) / 15d-14(a) Certification of Principal Executive Officer				
31.2	Rule 13a-14(a) / 15d-14(a) Certification of Principal Financial Officer				
32.1*	Section 1350 Certification of Principal Executive Officer				
32.2*	Section 1350 Certification of Principal Financial Officer				
97	Clawback Policy, effective as of October 2, 2023.	10-K	001-36687	97	February 29, 2024
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document				

Exhibit Number	Description of Document	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
101.SCH	Inline XBRL Taxonomy Extension Schema Document with Embedded Linkbases Document				
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)				

† Confidential treatment has been granted with respect to certain portions of this exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission.

†† Portions of this exhibit have been omitted in accordance with Item 601(b)(10) of Regulation S-K because they are private, confidential and not material.

# Indicates management contract or compensatory plan.

* The Certifications attached as Exhibits 32.1 and 32.2 that accompany this Annual Report on Form 10-K are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Xenon Pharmaceuticals Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-K, irrespective of any general incorporation language contained in such filing.

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: February 26, 2026

XENON PHARMACEUTICALS INC.

By: /s/ Ian Mortimer
Ian Mortimer
President and Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints Dawn Svoronos, Ian Mortimer and Thomas P. Kelly, and each of them severally, as his or her true and lawful attorneys-in-fact and agents, with full power to act without the other and with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities (including his or her capacity as a director and/or officer of Xenon Pharmaceuticals Inc.) to sign any and all amendments and supplements to this report, and any and all other instruments necessary or incidental in connection herewith, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Commission.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Ian Mortimer Ian Mortimer	President, Chief Executive Officer and Director (Principal Executive Officer)	February 26, 2026
/s/ Thomas P. Kelly Thomas P. Kelly	Chief Financial Officer (Principal Financial and Accounting Officer)	February 26, 2026
/s/ Dawn Svoronos Dawn Svoronos	Chair of the Board of Directors	February 26, 2026
/s/ Gillian Cannon Gillian Cannon	Director	February 26, 2026
/s/ Steven Gannon Steven Gannon	Director	February 26, 2026
/s/ Elizabeth Garofalo Elizabeth Garofalo	Director	February 26, 2026
/s/ Justin Gover Justin Gover	Director	February 26, 2026
/s/ Patrick Machado Patrick Machado	Director	February 26, 2026
/s/ Gary Patou Gary Patou	Director	February 26, 2026

Exhibit 4.3

DESCRIPTION OF THE REGISTRANT'S SECURTIIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934

Xenon Pharmaceuticals Inc. has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: our common shares, no par value per share.

The general terms and provisions of our common shares are summarized below. This summary does not purport to be complete and is subject to, and qualified in its entirety by express reference to, the provisions of our articles of incorporation and by-laws, each of which is included as an exhibit to the Annual Report on Form 10-K to which this description is an Exhibit, and each of which may be amended from time to time. We encourage you to read our articles of incorporation and bylaws and the applicable provisions of the Canada Business Corporations Act (the "CBCA") for additional information.

Our authorized share capital consists of (i) an unlimited number of common shares and (ii) an unlimited number of preferred shares issuable in series, of which an unlimited number have been designated as Series 1 preferred shares. Our board of directors is authorized, without shareholder approval except as required by the listing standards of The Nasdaq Global Market, to issue additional shares of our common shares or preferred shares.

Common Shares

Voting Rights. The holders of our common shares are entitled to one vote for each common share held on all matters submitted to a vote of the shareholders, including the election of directors. Our articles and by-laws do not provide for cumulative voting rights. Because of this, the holders of a plurality of the common shares entitled to vote in any election of directors can elect all of the directors standing for election, if they should so choose.

Dividends. Subject to priority rights that may be applicable to any then outstanding preferred shares, holders of our common shares are entitled to receive dividends, as and when declared by our board of directors in their absolute discretion out of legally available funds.

Liquidation. In the event of our liquidation, dissolution or winding up, holders of our common shares will be entitled to share ratably in the net assets legally available for distribution to shareholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then outstanding preferred shares.

Rights and Preferences. Holders of common shares have no pre-emptive or conversion rights and our common shares have no provisions for redemption or repurchase for cancellation, surrender or sinking or purchase funds. There are no provisions in our articles or by-laws requiring holders of common shares to contribute additional capital. The rights, preferences and privileges of the holders of common shares are subject to and may be adversely affected by, the rights of the holders of any series of preferred shares that we may designate and issue in the future.

Fully Paid and Nonassessable. All of our outstanding common shares are fully paid and nonassessable. Our board of directors has the authority to issue, without further action by our shareholders, additional common shares.

Preferred Shares

Our board of directors has the authority to issue, without further action by our shareholders, an unlimited number of preferred shares, issuable in one or more series, and subject to the provisions of the CBCA and the provisions of our Series 1 preferred shares, to fix such rights, preferences, privileges, restrictions and conditions thereon, including dividend and voting rights, as our board of directors may determine, and such rights, preferences and privileges, including dividend rights, voting rights and rights relating to the distribution of our assets in the event of liquidation, dissolution or winding up of our affairs, whether, voluntary or involuntary, or any other distribution of our assets among our shareholders for the purpose of winding up our affairs, may be superior to those of our common shares. Any new series of preferred shares authorized by our board of directors will have rights, preferences and privileges that are substantially the same as our Series 1 preferred shares, the terms of which are described in greater detail below. The issuance of preferred shares, while providing flexibility in connection with possible acquisitions and other corporate purposes, could adversely affect the voting power of holders of common shares and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of preferred shares could, among other things, have the effect of delaying, deferring or preventing a change in control of our company or other corporate action and could adversely affect the market price of our common shares and the voting and other rights of the holders of our common shares. No rights, privileges, restrictions or conditions attached to a series of preferred shares shall confer on a series a priority in respect of dividends or return of capital over any other series of preferred shares that are then outstanding. If any cumulative dividends or amounts payable on return of capital in respect of a series of preferred shares are not paid in full, all series of the preferred shares participate ratably in respect of accumulated dividends and return of capital.

Series 1 Preferred Shares

Rank. In the event of our liquidation, dissolution or winding up or other distribution of our assets among our shareholders for the purpose of winding up our affairs, the holders of Series 1 preferred shares are entitled to all of our remaining property and assets *pari passu* on a share for share basis with the holders of our common shares.

Conversion. Each Series 1 preferred share is convertible into one common share at any time at the holder's option without payment of any additional consideration, provided that any such conversion must be for at least the lesser of (i) 100,000 Series 1 preferred shares, (ii) the remaining number of Series 1 preferred shares then held by such holder and (iii) such other number of Series 1 preferred shares as agreed between us and such holder. Holders of the Series 1 preferred shares are prohibited from converting Series 1 preferred shares into common shares if, as a result of such conversion, the holder, together with its affiliates, would beneficially own more than 9.99% of the total number of common shares issued and outstanding immediately after giving effect to such conversion, which we refer to as the Beneficial Ownership Limitation, provided that the holder may reset the Beneficial Ownership Limitation to a higher or lower number (not to exceed 19.99% of the total number of common shares issued and outstanding immediately after giving effect to a conversion) upon providing written notice to us. Any such notice providing for an increase to the Beneficial Ownership Limitation will be effective 61 days after delivery to us.

Each Series 1 preferred share is also convertible into one common share at any time at our option without payment of additional consideration, provided that prior to any such conversion, the holder, together with its affiliates, beneficially owns less than 5.00% of the total number of common shares issued and outstanding and such conversion will not result in the holder, together with its affiliates, beneficially holding more than 5.00% of the total number of common shares issued and outstanding immediately after giving effect to such conversion.

In the event of a change of control, holders of Series 1 preferred shares shall be issued one common share for each outstanding Series 1 preferred share held immediately prior to the change of control (without regard to the Beneficial Ownership Limitation), and following such conversion, will be entitled to receive the same kind and amount of securities, cash or property that a holder of common shares is entitled to receive in connection with such change of control.

Voting Rights. The holders of the Series 1 preferred shares will not be entitled to receive notice of or to attend any meeting of the shareholders and will not be entitled to vote at any such meeting. Notwithstanding the foregoing, the holders of the Series 1 preferred shares are entitled to receive notice of and attend any meeting of the shareholders and vote on all matters on which the common shares are entitled to vote, voting together with the common shares on an as-converted basis and as a single class, provided that the voting rights of any holder shall not exceed the Beneficial Ownership Limitation notwithstanding any voting or other rights the holder may have at law or otherwise. In no case shall a Series 1 preferred share be entitled to more than one vote on an as-converted basis. Any Series 1 preferred shares that are ineligible to convert into common shares due to the Beneficial Ownership Limitation, measured as of a given record date that applies for a shareholder meeting, shall be deemed to be non-voting securities.

We may not, without the affirmative vote of the holders of a majority of the then outstanding Series 1 preferred shares, (i) alter or change adversely the powers, preferences or rights given to the Series 1 preferred shares or alter or amend or repeal any provision of, or add any provision to, our articles or bylaws, or file any articles of amendment, if such action would adversely alter or change the rights, privileges, restrictions and conditions provided for the benefit of the Series 1 preferred shares, or (ii) enter into any agreement with respect to any of the foregoing.

Transferability. Prior to any sale, transfer or other disposition of Series 1 preferred shares, the holder must provide us with prior written notice at least three trading days in advance. No transfers may be affected unless the number of Series 1 preferred shares being transferred is at least the lesser of (i) 100,000 Series 1 preferred shares, (ii) the remaining number of Series 1 preferred shares then held by such holder and (iii) such other number of Series 1 preferred shares as agreed between us and such holder.

Dividends. Holders of the Series 1 preferred shares are entitled to receive dividends (other than dividends in the form of common shares) on the Series 1 preferred shares (without regard to the Beneficial Ownership Limitation) if, as and when declared by our board of directors on the common shares. All dividends which our board of directors may determine to declare and pay must be declared and paid in equal or equivalent amounts per share on all of the Series 1 preferred shares in priority to the holders of the common shares.

Adjustments. If the common shares are subdivided, consolidated, reclassified or otherwise changed, the Series 1 preferred shares will be subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner. If the common shares are exchanged or changed into other securities, cash or other property, the Series 1 preferred shares when converted will be converted into such other securities, cash or other property in the same manner. If the common shares are converted into or exchanged for the right to receive more than one type of consideration, the consideration for which the Series 1 preferred shares are exchangeable will be deemed to be the weighted average of the types and amounts of consideration received by the holders of common shares.

Redemption. We may not redeem the Series 1 preferred shares.

Preferred Shares Outstanding. As of the date of this Annual Report on Form 10-K, there are no Series 1 preferred shares outstanding.

Corporate Governance

Under the CBCA, we are required to hold a general meeting of our shareholders at least once every year at a time and place determined by our board of directors, provided that the meeting must not be held later than 15 months after the preceding annual general meeting and no later than six months after the end of the preceding financial year. The CBCA requires that meetings of shareholders shall be held at any place within Canada as our board of directors may from time to time determine. A notice to convene a meeting, specifying the date, time, location, and the means of communication facility, if applicable, by which shareholders and proxyholders may participate in the meeting must be sent to shareholders, to each director and the auditor not less than 21 days prior to the meeting or such other minimum period as required by the applicable securities laws. Under the CBCA, shareholders entitled to notice of a meeting may waive or reduce the period of notice for that meeting, provided applicable securities laws requirements are met.

Under the CBCA, all business transacted at a special meeting of shareholders and all business transacted at an annual meeting of shareholders, except consideration of the financial statements, auditor's report, election of directors and re-appointment of the incumbent auditor, is deemed to be special business. Notice of a meeting of shareholders at which special business is to be transacted shall state (a) the nature of that business in sufficient detail to permit the shareholder to form a reasoned judgment thereon; and (b) the text of any special resolution to be submitted to the meeting.

Under the CBCA, our board of directors has the power at any time to call a special meeting of our shareholders. In addition, the holders of not less than 5% of our issued shares that carry the right to vote at a meeting sought to be held can also requisition our board of directors to call a meeting of our shareholders for the purposes stated in the requisition. If our board of directors does not call the meeting within 21 days after receiving the requisition, any shareholders who signed the requisition can call the meeting and the expenses reasonably incurred by such shareholders in requisitioning, calling and holding the meeting must be reimbursed by us.

Those entitled to vote at a meeting are entitled to attend meetings of our shareholders. Every shareholder entitled to vote may appoint a proxyholder to attend the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. Directors, auditors, legal counsels, secretary (if any), and any other persons invited by the chair of the meeting or with the consent of those at the meeting are entitled to attend any meeting of our shareholders but will not be counted in quorum or be entitled to vote at the meeting unless he or she or it is a shareholder or proxyholder entitled to vote at the meeting.

Certain Takeover Bid Requirements

Unless such offer constitutes an exempt transaction, an offer made by a person, an "offeror", to acquire outstanding shares of a Canadian entity that, when aggregated with the offeror's holdings (and those of persons or companies acting jointly with the offeror), would constitute 20% or more of the outstanding shares in a class, would be subject to the take-over provisions of Canadian securities laws. The foregoing is a limited and general summary of certain aspects of applicable securities law in the provinces and territories of Canada, all in effect as of the date hereof.

In addition to those takeover bid requirements noted above, the acquisition of our shares may trigger the application of statutory regimes including among others, the Investment Canada Act (Canada) and the Competition Act (Canada).

Limitations on the ability to acquire and hold our common shares may be imposed by the Competition Act (Canada). This legislation permits the Commissioner of Competition, or the Commissioner, to review any acquisition of control over a significant interest in us. This legislation grants the Commissioner of Competition jurisdiction to challenge an acquisition before the Canadian Competition Tribunal on the basis that it would, or would be likely to, substantially prevent or lessen competition in any definable market in Canada.

This legislation requires any person who intends to acquire our common shares to file a notification with the Canadian Competition Bureau if certain financial thresholds are exceeded and if that person (and their affiliates) would hold more than 20% of our common shares. If a person already owns 20% or more of our common shares, a notification must be filed when the acquisition of additional shares would bring that person's holdings to over 50%. Where a notification is required, the legislation prohibits completion of the acquisition until the expiration of a statutory waiting period, unless the Commissioner first provides written notice that the acquisition will not be challenged. Where the waiting period has expired and such a written notice has not been provided, or where a notification is not required, the parties may complete the acquisition, though the Commissioner may still challenge it within one year from completion.

There is no limitation imposed by Canadian law or our articles on the right of non-residents to hold or vote our common shares, other than those imposed by the Investment Canada Act.

The Investment Canada Act requires any person that is a "non-Canadian" (as defined in the Investment Canada Act) who acquires control of an existing Canadian business, where the acquisition of control is not a reviewable transaction, to file a post-closing notification form with the Investment Review Division of the Canadian government. The Investment Canada Act generally prohibits the implementation of a reviewable transaction unless, after review, the relevant minister is satisfied that the investment is likely to be of net benefit to Canada. Under the Investment Canada Act, direct acquisition of control of us through the acquisition of our common shares (or the acquisition of all or substantially all our assets) by a non-Canadian investor who is a Trade Agreement country investor, including a U.S. investor, but not a state-owned enterprise, would be reviewable only if our enterprise value (as determined pursuant to the Investment Canada Act) exceeds CAD$1.931 billion for 2023 (increasing annually on the basis of a prescribed formula in the Investment Canada Act to reflect changes in the Canadian gross domestic product). If the acquisition of control of us is by a non-Canadian that is not a Trade Agreement country investor or a state-owned enterprise, but is a World Trade Organization member country investor, the acquisition of control would be reviewable only if our enterprise value exceeds CAD$1.287 billion for 2023 (increasing annually on the basis of a prescribed formula in the Investment Canada Act to reflect changes in the Canadian gross domestic product). If the acquisition of control of us is by a state-owned enterprise that is a non-Canadian who is a World Trade Organization member country investor, including a U.S. investor, the acquisition of control would be reviewable only if the value of our assets was equal to or greater than CAD$512 million for 2023 (subject to an annual adjustment on the basis of a prescribed formula in the Investment Canada Act to reflect changes in Canadian gross domestic product).

The acquisition of a majority of the voting interests of an entity is deemed to be acquisition of control of that entity (more than 50% of voting shares). The acquisition of less than a majority but one-third or more of the voting shares of a corporation or an equivalent undivided ownership interest in the voting shares of a corporation is presumed to be an acquisition of control of that corporation unless it can be established that, on the acquisition, the corporation is not controlled in fact by the acquirer through the ownership of voting shares. The acquisition of less than one-third of the voting shares of a corporation is deemed not to be an acquisition of control of that corporation. Certain transactions in relation to our common shares would be exempt from review by the Investment Canada Act including:

- the acquisition of our common shares by a person in the ordinary course of that person's business as a trader or dealer in securities;
- the acquisition of control of us in connection with the realization of security granted for a loan or other financial assistance and not for any purpose related to the provisions of the Investment Canada Act; and
- the acquisition of control of us by reason of an amalgamation, merger, consolidation or corporate reorganization following which ultimate direct or indirect control in fact of us, through the ownership of our voting shares, remains unchanged.

Under the national security regime in the Investment Canada Act, a review on a discretionary basis may also be undertaken by the federal government in respect of a much broader range of investments by a non-Canadian to "acquire, in whole or in part, or to establish an entity carrying on all or any part of its operations in Canada." The relevant test is whether such an investment by a non-Canadian could be "injurious to national security." Review on national security grounds is at the discretion of the federal government and may occur on a pre- or post-closing basis.

There is no law, governmental decree or regulation in Canada that restricts the export or import of capital or which would affect the remittance of dividends or other payments by us to non-Canadian holders of our common shares or preferred shares, other than withholding tax requirements.

Neither our articles nor by-laws contain any change of control limitations with respect to a merger, acquisition or corporate restructuring that involves us.

This summary is not a comprehensive description of relevant or applicable considerations regarding such requirements and, accordingly, is not intended to be, and should not be interpreted as, legal advice to any prospective purchaser and no representation with respect to such requirements to any prospective purchaser is made. Prospective investors should consult their own Canadian legal advisors with respect to any questions regarding securities law in the provinces and territories of Canada.

Actions Requiring a Special Majority

Under the CBCA, certain corporate actions require the approval of a special majority of shareholders, meaning holders of shares representing not less than 66 ⅔% of those votes cast in respect of a shareholder vote addressing such matter. Those items requiring the approval of a special majority generally relate to fundamental changes with respect to our business, and include among others, resolutions: (i) amending our articles; (ii) approving an amalgamation; (iii) approving a continuance; and (iv) providing for a sale, lease or exchange of all or substantially all of our property.

Advance Notice Procedures and Shareholder Proposals

Under the CBCA, shareholders may make proposals for matters to be considered at the annual general meeting of shareholders. Such proposals must be sent to us in advance of any proposed meeting by delivering a timely written notice in proper form to each of our directors and to our registered office in accordance with the requirements of the CBCA. The notice must include information on the business the shareholder intends to bring before the meeting.

In addition, our by-laws require that shareholders provide us with advance notice of their intention to nominate any persons, other than those nominated by management, for election to our board of directors at a meeting of shareholders.

These provisions could have the effect of delaying until the next shareholder meeting the nomination of certain persons for director that are favored by the holders of a majority of our outstanding voting securities.

Ownership and Exchange Controls

There is currently no law, governmental decree or regulation in Canada that restricts the export or import of capital, or which would affect the remittance of dividends, interest or other payments by us to non-resident holders of our common shares, other than withholding tax requirements.

There is currently no limitation imposed by Canadian law or our articles or by-laws on the right of non-residents to hold or vote our common shares, other than those imposed by the Investment Canada Act and the Competition Act (Canada). These acts will generally not apply except where a control of an existing Canadian business or company, which has Canadian assets or revenue, or enterprise value (as applicable) over a certain threshold, is acquired and will not apply to trading generally of securities listed on a stock exchange.

Listing

Our common shares are listed on the Nasdaq Global Market under the symbol “XENE.”

Exhibit 10.33

RESTRICTED SHARE UNIT AWARD AGREEMENT

THIS AGREEMENT made on [_____] (the "Date of Grant")

AMONG:

Xenon Pharmaceuticals Inc., a company incorporated under the laws of Canada
(the "Company")

AND:

[First Name, Last Name, Title]
(the "Grantee")

WHEREAS:

A. The Grantee is a director, officer, employee or Consultant of the Company or of a subsidiary of the Company or of an Affiliate of the Company or a person otherwise approved by the Board of Directors as an "Eligible Person"; and

B. The Company considers that the grant to the Grantee of a Restricted Share Unit Award will promote the interests of the Company by furnishing the Grantee with greater incentive to further develop and promote the business and financial success of the Company and by furthering the identity of interest of the Grantee with the shareholders of the Company generally through potential share ownership in the Company;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the mutual premises and respective covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
INTERPRETATION

1.1. Definitions

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, words and terms used herein will have the meanings set forth herein. To the extent a capitalized term is used herein and not otherwise defined, it shall have the meaning prescribed under the Plan:

(1) "Affiliate" has the meaning ascribed thereto under the Canada Business Corporations Act in effect on the date hereof;

(2) "Board of Directors" means the board of directors of the Company for the time being;

(3) "Business Day" means a day other than Saturday, Sunday and any other day which is a legal holiday in British Columbia;

(4) "Common Shares" means common shares without par value in the capital of the Company;

(5) "Compensation Committee" means the Compensation Committee of the Board of Directors;

(6) "Legal Representative" means a committee or duly appointed attorney of the Grantee or of the estate of the Grantee on the grounds that the Grantee is incapable, by reason of physical or mental infirmity, of managing his or her affairs;

(7) "Plan" means the Amended and Restated 2014 Equity Incentive Plan of the Company, as the same may from time to time be supplemented or amended and in effect;

(8) "Separate Agreement" has the meaning under Section 2.6(2) of this Agreement;

(9) "subsidiary" has the meaning ascribed thereto under the Securities Act (British Columbia) as the same may from time to time be amended or re enacted.

1.2. Interpretation

For the purposes of this Agreement, except as otherwise provided:

(10) "this Agreement" means this Restricted Share Unit Award Agreement as it may from time to time be supplemented or amended and in effect, and which is deemed to be an Award Agreement in accordance with the Plan;

(11) all references in this Agreement to "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Agreement;

(12) the words "herein", "hereof", "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision;

(13) the headings are for convenience only and do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;

(14) the singular of any term includes the plural, and vice versa, the use of any term is equally applicable to any gender and, where applicable, a body corporate, the word "or" is not exclusive and the word "including" is not limiting whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto;

(15) where the time for doing an act falls or expires on a day other than a Business Day, the time for doing such act is extended to the next day which is a Business Day;

(16) any reference to a statute is a reference to the applicable statute and to any regulations made pursuant thereto and includes all amendments made thereto and in force from time to time and any statute or regulation that has the effect of supplementing or superseding such statute or regulation; and

(17) any other capitalized terms not defined herein but defined in the Plan shall have the meaning as set out in the Plan.

ARTICLE II
THE RSUS

2.1 Grant

Subject to the provisions of this Agreement and the Plan, on the Date of Grant set forth above, the Company hereby grants to the Grantee a Restricted Share Unit Award consisting of [•] restricted share units (the "RSUs"), giving the Grantee the conditional right to receive, on the terms and conditions provided herein and in the Plan, one Common Share with respect to each RSU forming part of this Award, subject to adjustment pursuant to Section 10.3 of the Plan in respect of transactions occurring after the date hereof. The RSUs will vest, if at all, in accordance with the terms set forth on Exhibit A hereto.

2.2 Nontransferability of RSUs

The Restricted Share Unit Award is not transferable or assignable by the Grantee except as expressly permitted under Section 10.2 of the Plan.

2.3 Issuance of Shares

The Company will have no obligation to issue Common Shares upon the vesting or settlement of the RSUs unless the Board of Directors is satisfied that the issuance of such Common Shares to the Grantee will be exempt from all registration or qualification requirements of applicable securities laws and will be permitted under the applicable rules and regulations of all regulatory authorities to which the Company is subject, including any stock exchange or other organized market on which the Common Shares may from time to time be listed or posted for trading.

2.4 Compliance with Laws

The Board of Directors may from time to time take such steps and require such documentation from the Grantee which in its opinion is necessary or desirable to ensure compliance with all applicable laws. The Board of Directors may also from time to time take such steps which in its opinion are necessary or desirable to restrict the transferability of any Common Shares acquired on the settlement of any RSUs in order to ensure such compliance, including the endorsement of a legend on any certificate representing Common Shares acquired on the settlement of the RSUs to the effect that such Common Shares may not be offered, sold or delivered except in compliance with the applicable securities laws and regulations of Canada or the United States.

2.5 Delivery of Share Certificates

Subject to Sections 2.3 and 2.4, the Company will, as soon as practicable after the issuance of any Common Shares in settlement of the RSUs, issue and deliver a certificate or certificates representing the Common Shares so issued.

2.6 Vesting Conditions; Cessation of Employment; Change of Control

(1) Vesting Conditions. Except as provided in Section 2.6(2) and Section 2.6(3) below, the RSUs shall vest on the applicable "Vesting Date" (as such term is defined in Exhibit A); provided, that no RSUs shall vest pursuant to this Agreement unless the Grantee has continuously remained an Eligible Person from the Date of Grant through the applicable Vesting Date.

(2) Cessation of Employment. Except as expressly provided for in this Agreement or in a written employment or service agreement, offer letter, change in control severance agreement, or any other agreement that, prior to the Date of Grant, has been entered into between the Grantee and the Company or any subsidiary of the Company or any Affiliate of the Company (such agreement, a "Separate Agreement"), if the Grantee ceases to be an "Eligible Person" for any reason, including due to termination of employment by the Company or any of its subsidiaries or any of its Affiliates without Cause or alleged constructive dismissal or due to voluntary termination by the Grantee, all outstanding RSUs granted under this Agreement will automatically and immediately be cancelled for no consideration on the effective date of such termination, which shall be deemed to be the last day the Grantee actively works in the business of the Company, any of its subsidiaries or any of its Affiliates (or in the case of an alleged constructive dismissal, the date on which the alleged constructive dismissal is alleged to have occurred), and no statutory, contractual or common law notice entitlement or any entitlement to compensation in lieu of such notice shall operate to extend the vesting of the RSUs past said deemed termination date.

(3) Change of Control. Notwithstanding anything to the contrary in the Plan or this Agreement, in the event of a Change of Control, the treatment of the RSUs in connection with such Change of Control shall be as set forth in Exhibit A.

For greater certainty, for the purpose of this Agreement and the Plan, the date on which the employment of the Grantee is terminated without Cause or pursuant to voluntary resignation shall be deemed to be the last day the Grantee actively works in the business of the Company, any of its subsidiaries or any of its Affiliates (or in the case of an alleged constructive dismissal, the date on which the alleged constructive dismissal is alleged to have occurred), and not during or as of the end of any period following such date during which the Grantee is in receipt of, or entitled to receive, statutory, contractual or common law notice of termination or any compensation in lieu of such notice.

Further, and notwithstanding the above, and for greater certainty for the purposes of this Agreement and the Plan, if the Grantee's employment is terminated by the Company, any of its subsidiaries or any of its Affiliates and prior thereto, concurrently therewith or immediately thereafter the Grantee commences employment with the Company, any of its subsidiaries or any of its Affiliates, as the case may be, the Grantee will not cease to be an "Eligible Person" and the vesting of the RSUs will not change as a result of such event.

Further, and notwithstanding the above, the Board of Directors may at its discretion accelerate the vesting of the RSUs, provided that the Board of Directors determines that such acceleration is appropriate and in the best interest of the Company in the circumstances and it is agreed and acknowledged that there is no obligation on the Board of Directors to exercise such discretion nor shall the Board of Directors be required to provide reasons for exercise or non-exercise of such discretion.

2.7 Settlement of RSUs

The Company shall, as soon as practicable upon the vesting of a RSU hereunder but in no event later than March 15th of the year following the year in which the applicable RSU vests, with respect to each such RSU that so vests, transfer one (1) Common Share to the Grantee (or, in the event of the Grantee's death, to the person to whom this Restricted Share Unit Award has passed by will or the laws of descent and distribution).

2.8 Forfeiture; Recovery of Compensation

The Board of Directors may cancel, rescind, withhold or otherwise limit or restrict this Restricted Share Unit Award at any time if the Grantee is not in compliance with all applicable provisions of this Agreement and the Plan. By accepting this Restricted Share Unit Award, the Grantee expressly acknowledges and agrees that his or her rights under this Restricted Share Unit Award, and those of any permitted transferee of this Restricted Share Unit Award, including the right to any Common Shares acquired under this Restricted Share Unit Award or proceeds from the disposition thereof, are subject to the Xenon Pharmaceuticals Clawback Policy, as such policy may be amended and in effect from time to time (and any successor or similar policy), to the extent applicable, and Section 10.6 of the Plan (including any successor provision). Nothing in the preceding sentence shall be construed as limiting the general application of Section 5.12 of this Agreement.

2.9 Dividends; Other Rights

This Restricted Share Unit Award shall not be interpreted to bestow upon the Grantee any equity interest or ownership in the Company or any Affiliate prior to the date on which the Company delivers Common Shares (if any) to the Grantee. The Grantee is not entitled to vote any Common Shares by reason of the granting of this Restricted Share Unit Award nor is the Grantee entitled to receive or be credited with any dividends declared and payable on any Common Share prior to the date on which any such share is delivered to the Grantee hereunder. The Grantee shall have the rights of a shareholder only as to those Common Shares, if any, that are actually delivered under this Restricted Share Unit Award.

2.10 Taxes

The Grantee expressly acknowledges that the vesting and/or settlement of the RSUs acquired hereunder may give rise to "wages" subject to withholding. So as to ensure that the Company will be able to comply with the applicable obligations under any federal, provincial, state or local law relating to the withholding of tax or other required deductions, the Company shall withhold or cause to be withheld from any amount payable to a Grantee,

either under this Restricted Share Unit Award or otherwise, such amount as may be necessary to permit the Company to so comply. Unless otherwise agreed to between the Company and the Grantee, the Grantee authorizes the Company, on behalf of the Grantee, to sell or otherwise dispose of such portion of the Common Shares acquired by the Grantee on the settlement of the RSUs as is necessary to provide sufficient funds to the Company to enable it to satisfy any liability for any such withholding obligations. The Company shall remit the applicable portion of the net proceeds of such sale (after deduction of all fees commissions or costs in respect of such sale) to the appropriate governmental authority and shall remit to the Grantee any unapplied balance of the net proceeds of such sale. Any sale will be made at prevailing market prices and the Company shall not be under any obligation to obtain or indemnify the Grantee in respect of a particular price for the Common Shares so sold.

Notwithstanding anything in this Agreement to the contrary, the Grantee acknowledges and agrees that the Grantee shall remain fully responsible for satisfying his or her tax obligations relating to the Restricted Share Unit Award in all cases and nothing in this Section 2.10 shall be construed as relieving the Grantee of any liability for satisfying his or her tax obligations relating to the Restricted Share Unit Award.

2.11 Employment Agreement Clarification

Each of the Company and the Grantee hereby acknowledges and agrees that references to "deferred compensation" in Section [•] and Section [•] of the employment agreement between the Grantee and the Company or its affiliate shall include restricted stock units, other equity or equity-based awards, and other deferred compensation awards or rights, as applicable. This Section 2.11 shall survive the vesting and/or termination of the Restricted Share Unit Award and shall serve to modify such employment agreement.

ARTICLE III
ADJUSTMENTS

3.1 Adjustments

This Agreement will be amended by the Company unilaterally (without the need of consent or notice to the Grantee) upon the occurrence of the events referred to in Section 10.3(a) of the Plan so that the rights of the Grantee hereunder, including the number of Common Shares subject to the Restricted Share Unit Award, will be adjusted in accordance with the provisions set forth in the Plan. Successive adjustments will be made in the case of the occurrence of more than one such event as provided for therein, but, in the case of each such event, only from and after the occurrence of such event. Without limiting the other provisions of this Agreement, this Restricted Share Unit Award is subject to the provisions of Section 10.3 of the Plan.

ARTICLE IV
COVENANTS AND REPRESENTATIONS

4.1 Representations and Covenants of the Company

(1) The Company hereby covenants that it will reserve or cause to be reserved for allotment sufficient Common Shares for issue to the Grantee of all Common Shares which may become issuable from time to time under the Restricted Share Unit Award.

(2) The Company represents that the Grantee is a bona fide employee of the Company or of a subsidiary of the Company or of an Affiliate of the Company or a person who is approved as an "Eligible Person" by the Board of Directors.

4.2 Representations and Covenants of the Grantee

The Grantee hereby represents and covenants that:

(1) the Grantee is a director, officer, employee or Consultant of the Company or of a subsidiary of the Company or of an Affiliate of the Company or a person who is approved as an "Eligible Person" by the Board of Directors on the Date of Grant;

(2) the Grantee's participation in the Plan is voluntary and the Grantee has not been induced to enter into this Agreement by the expectation of employment or continued employment with the Company or any subsidiary of the Company or any Affiliate of the Company;

(3) the Grantee is aware that the grant of the Restricted Share Unit Award and the issuance by the Company of Common Shares thereunder are exempt from the obligation under applicable securities laws to file a prospectus or other registration document (other than a registration statement on Form S-8 with the United States Securities and Exchange Commission) qualifying the distribution of the RSUs or the Common Shares to be distributed thereunder under any applicable securities laws and if such exemption for any reason becomes unavailable, the obligation of the Company to grant any RSUs or issue any Common Shares upon the vesting or settlement of any RSUs will cease;

(4) if the Grantee ceases to be an "Eligible Person" due to termination of employment by the Company, any of its subsidiaries or any of its Affiliates without cause or alleged constructive dismissal or due to voluntary termination by the Grantee, the Grantee will not make any claims for continued vesting of RSUs past the effective date of such termination, which shall be deemed to be the last day the Grantee actively works in the business of the Company, any of its subsidiaries or any of its Affiliates (or in the case of an alleged constructive dismissal, the date on which the alleged constructive dismissal is alleged to have occurred), and will not make any claims for compensation in lieu of statutory, contractual or common law notice or damages relating thereto;

(5) if the Grantee or the Legal Representative of the Grantee receives any Common Shares in respect of the RSUs, the Grantee or the Legal Representative, as the case may be, will prior to and upon any sale or disposition of any Common Shares received in respect of the RSUs, comply with all applicable securities laws and all applicable rules and regulations of all regulatory authorities to which the Company is subject, including any stock exchange or other organized market on which the Common Shares may be listed or posted for trading, and will not offer, sell or deliver any of such Common Shares, directly or indirectly, in the United States or to any citizen or resident of, or any company, partnership or other entity created or organized in or under the laws of, the United States, or any estate or trust the income of which is subject to United States federal income taxation regardless of its source, except in compliance with the securities laws of the United States; and

(6) the Grantee agrees that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes the Grantee's tax liabilities and the Grantee will not make any claim against the Company, any of its subsidiaries, any of its Affiliates or any of their respective officers, directors or employees related to tax liabilities arising from the RSUs or any of the Grantee's other compensation.

ARTICLE V
MISCELLANEOUS

5.1 Section 409A

This Restricted Share Unit Award is intended to be exempt from Section 409A of the Code as a short-term deferral thereunder and shall be construed and administered in accordance with that intent. Notwithstanding the foregoing, in no event will the Company have any liability relating to the failure or alleged failure of any payment or benefit under this Agreement to comply with, or be exempt from, the requirements of Section 409A of the Code.

5.2 Notices

Any notice or other communication required or permitted to be delivered under this Agreement will be considered delivered only if in writing and when it is actually delivered (which delivery may be by telex, telecopy or other telecommunications device) to the attention of the party to whom it is intended at the principal business address of the Company, if addressed to the Company, or to the address specified above, if to the Grantee, or to such other address as such party may designate to the other party by notice in writing delivered in accordance with this Section 5.2.

5.3 Interpretation; Administration

Any question arising as to the interpretation of this Agreement will be determined by the Board of Directors and/or the Compensation Committee and, absent manifest error, such determination will be conclusive and binding on the Company and the Grantee. Either the Board of Directors or the Compensation Committee may administer and make determinations under this Agreement and references to the Board of Directors in this Agreement shall refer to the Board of Directors and/or the Compensation Committee, as applicable.

5.4 Further Assurances

Each of the parties hereto will, on demand by the other party hereto, execute and deliver all such further documents and instruments and do all such further acts and things as the party may either before or after the execution and delivery of this Agreement reasonably request to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Agreement.

5.5 Severability

If any provision of this Agreement is determined to be void, illegal or unenforceable, such provision will be construed to be separate and severable from this Agreement and will not impair the validity, legality or enforceability of any other provision of this Agreement and the remainder of this Agreement will continue to be binding on the parties hereto as if such provision had been deleted.

5.6 No Assignment

Neither this Agreement nor the Restricted Share Unit Award may be assigned, transferred or charged in whole or in part by the Grantee, and any purported assignment, transfer or charge shall cause this Agreement and the Restricted Share Unit Award to lapse forthwith and be null and void after that time.

5.7 Burden and Benefit

This Agreement will be binding upon and will enure to the benefit of the Company and its successors and assigns and the Grantee and, if applicable, his or her Legal Representative.

5.8 Time

Time will be of the essence in this Agreement.

5.9 Effect on Employment

Neither the grant of this Restricted Share Unit Award, nor the issuance of Common Shares upon the vesting or settlement of any RSUs, will give the Grantee any right to be retained in the employ or service of the Company or any of its Affiliates, affect the right of the Company or any of its Affiliates to discharge or discipline the Grantee at any time, or affect any right of the Grantee to terminate his or her employment at any time.

5.10 Governing Law and Jurisdiction

This Agreement and all matters arising hereunder will be governed by and construed in accordance with the laws of the Province of British Columbia. Subject to any written agreement between the parties, the parties will submit all their disputes arising out of or in connection with this Agreement to the exclusive jurisdiction of the courts of British Columbia.

5.11 Electronic Delivery and Acceptance

The Company may, in its sole discretion, decide to deliver any documents related to RSUs awarded under the Plan or future awards that may be awarded under the Plan by electronic means or request the Grantee's consent to participate in the Plan by electronic means, including, without limitation, by posting them on a website maintained by the Company or a third party under contract with the Company or through such methods indicated in this Agreement. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

If the Company posts such documents on a website, it shall notify the Grantee by e-mail or such other reasonable manner as then determined by the Company.

5.12 Incorporation of the Terms of the Plan

This Agreement shall be deemed to have incorporated all the terms of the Plan and the RSUs granted hereunder shall be subject to the terms of the Plan. Except as expressly provided herein, in the event of any conflict between the provisions of this Agreement and the terms of the Plan, the terms of the Plan shall govern.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

XENON PHARMACEUTICALS INC.

By: _____
Title: Corporate Secretary

_____
[First Name Last_Name]

Exhibit A

1. General. The RSUs will vest as to [ ] of the RSUs on each of the first [ ] anniversaries of the Date of Grant (each such vesting date, a "Vesting Date"), subject to the Grantee continuously remaining an Eligible Person through the applicable Vesting Date.

2. Treatment of RSUs on a Change of Control. Notwithstanding anything in this Exhibit A, the Plan, or the Agreement to the contrary, if the Grantee ceases to be a Service Provider due to a termination of employment by the Company without Cause or the Grantee terminates his or her employment for Good Reason (but only if the Grantee is party to a Separate Agreement that contains a definition of "Good Reason"), in either case within the twelve (12) month period following a Change of Control, to the extent any RSUs are outstanding and unvested immediately prior to such termination of employment, such outstanding RSUs, if any, will automatically vest in full upon such termination of employment.

Exhibit 10.37

AMENDED & RESTATED OFFER LETTER

February 25, 2026

CONFIDENTIAL

Via Electronic Mail

Ian Mortimer

Dear Ian,

Re: Offer of Employment – Amended and Restated

We are pleased to offer you continued employment in the position of President & Chief Executive Officer ("**CEO**") with Xenon Pharmaceuticals Inc. (the "**Company**") on the revised terms and conditions set herein. This Agreement will replace and supersede your existing employment agreement dated January 13, 2021 in its entirety; please read it carefully. The effective date of this Agreement shall be February 25, 2026 (the "**Effective Date**"). You will be credited for all purposes with your service to the Company back to your start date of October 21, 2013.

A. Base Salary. You will continue to earn a base salary of $820,000 USD per year, less statutory and other applicable deductions as required, for all work and services you perform for the Company (the "**Base Salary**"). The Base Salary is payable semi-monthly in arrears in accordance with the Company's applicable payroll policies. The US dollar amount of your semi-monthly pay will be converted to Canadian dollars at the Bank of Canada exchange rate approximately five (5) days prior to each pay date and paid in Canadian dollars. You hereby agree and understand that the exchange rate between US and Canadian dollars may vary either in your favour or in Xenon's favour (the "**Exchange Rate Variance**"), and you accept that such Exchange Rate Variance is an accepted term and condition of your employment.

B. Annual Discretionary Bonus. In addition to your Base Salary, you are eligible to earn an annual discretionary bonus, less statutory and other applicable deductions as required, of up to seventy percent (70%) of your base salary earnings in the applicable calendar year of service, in Canadian dollars (the "**Target Bonus Amount**"). Any bonus payable will be paid in Canadian dollars. The payment and amount of the annual bonus is within the sole discretion of the Board of Directors (the "**Board**") and will be evaluated in the first quarter of each year in relation to the achievement of corporate objectives for the previous year. Such objectives will be established annually by the Board in its sole discretion. Bonuses are not earned until paid. No "pro-rated" or partial bonus will be provided unless provided for in Sections M through P below or as otherwise approved by the Board, based on the determination of the Compensation Committee, in its sole discretion.

C. Annual Review. The Company will conduct an annual review of your compensation package, including your salary and bonus percentage, in accordance with its policies. Any adjustment to the same is at the sole discretion of the Company provided that the Base Salary benchmarked in US dollars will not be reduced without your consent and subject to Sections L and M of this Agreement. You will be paid in Canadian dollars, but the Company may, at its sole discretion, benchmark your compensation in US dollars based on the peer group that is identified from time to time. You hereby agree and acknowledge that the Company has no control over the applicable foreign currency exchange rate and that your compensation in Canadian dollars may be reduced compared to the previous year because of such applicable exchange rate. You further agree and acknowledge that such lower compensation will not constitute constructive dismissal if solely due to the then applicable foreign currency exchange rate.

D. Expense Reimbursement. In accordance with its expense policy, as amended from time to time, the Company will reimburse any authorized expenses actually and reasonably incurred in the course of performing your employment duties. The Company will also provide to you, for the duration of your employment, any necessary work tools, such as a laptop computer and mobile phone. Subject to approval by the Company, you will also be reimbursed for out-of-pocket expenses incurred for attending courses or workshops related to your employment duties.

E. Reporting Structure/Responsibilities. You will report to the Chair of the Board of Directors. You agree that the Company may change the reporting structure, including the person and position to whom you report, and the people and positions who report to you. You will perform the responsibilities and duties of your position, as described in Schedule A, and such other responsibilities and duties as may be reasonably requested by the Company from time to time. You will at all times: (i) conform to the reasonable and lawful directions of the Company and the Board; (ii) adhere to all applicable Company policies; (iii) give the Company the full benefit of your knowledge, expertise, skill and ingenuity; (iv) well and faithfully serve the Company; (v) devote your best efforts to furthering the interests of the Company; and (vi) exercise the degree of care, diligence and skill that a prudent executive would exercise in comparable circumstances.

You will not during your employment with the Company, be employed by, or provide products or services of any nature whatsoever to, any other person, company, organization or other entity without prior written permission from the Company. This does not restrict you from performing reasonable volunteer activities; however, you must obtain the consent of the Company if you wish to serve on a board of directors or advisory board, or if you perform any paid work or services for other organizations. Schedule B contains a description of all such appointments and positions that you currently occupy, and all paid work and services you currently provide to outside organizations, to which the Company confirms that it provides its permission. The Company retains the right to revoke any consent for such outside services, especially in the event where any such services may create a conflict of interest.

F. Vacation and Sick Days. In accordance with the Company's policies, you will earn twenty (20) days of paid vacation per calendar year on a pro rata basis. You may also be entitled to other leaves, including without limitation, an additional allotment of paid sick days and statutory holidays, as provided in the Company's policies during the applicable period. Accrued but unused paid time off and sick days will expire in accordance with the Company's policies, as amended from time to time.

G. Non-Disclosure, Non-Solicitation & Non-Competition Agreement; Clawback Policy. You hereby reaffirm the terms of your previously signed Employee Non-Disclosure, Non-Solicitation & Non-Competition Agreement. Additionally, you acknowledge that as a condition of your employment under this Agreement, you have signed and agreed to the Company's Clawback Policy, in the form as adopted by the Company as of November 20, 2023, and as may be amended from time to time, which is intended to comply with applicable securities laws and listing standards.

H. Equity. You will continue to be eligible to participate in the Company's equity program, as may be authorized by the Company's Compensation Committee. Any equity award granted to you will be granted pursuant to and subject to the terms of the applicable equity plan (the "**Plan**") and the award agreement to be entered into between you and the Company thereunder, which shall control in the event of any conflict with the Agreement. All equity awards granted prior to the effective date of this Agreement will continue to be governed by the applicable equity plan and award agreement.

I. Benefits. You will continue to be eligible to participate in the Company's employee group benefit plans, subject to the Company's policies, eligibility rules, and terms established by the service providers, as amended from time to time. You will continue to be eligible to participate in the Company's current Group RRSP Plan, under which the Company will match your contributions up to a maximum of 5% of your Base Salary, in the same currency in which your Base Salary is paid.

J. Taxes. Any taxes applicable to your employment compensation package with the Company will be deducted and remitted to the appropriate authorities in accordance with the Company's standard policies and the law.

If you work in a second tax jurisdiction at the Company's request, the Company will cover the reasonable costs for you to use the services of the Company's tax adviser or another adviser mutually agreed upon by the Parties to prepare your home and host country tax returns for any year during which you are required to file tax returns in more than one country as a result of your employment with the Company.

K. Insurance and Indemnification. As a corporate and/or executive officer of the Company, during your employment with the Company, you will be covered by its Directors' and Officers' Liability Insurance Policy and such other indemnity policy, agreement or commitment established by the Company, subject to the terms of the Insurance Policy and other policy, agreement or commitment and any amendments made from time to time at the Board's discretion provided that no amendment will substantially reduce your entitlements. Your coverage under such Insurance Policy and any other policy, agreement, or commitment, will continue after your employment ends in respect of your employment. The Indemnification Agreement that you signed dated November 4, 2014 continues to be in full force and effect.

L. Change of Control. In this Agreement:

a. **"Change of Control**" means:

(i) the acquisition by any person or persons acting jointly or in concert (as determined by the Securities Act (as defined in the Plan)) ("**Person**"), whether directly or indirectly, of voting securities of the Company that, together with all other voting securities of the Company held by such Person, constitute in the aggregate more than 50% of all outstanding voting securities of the Company; provided, however, that for purposes of this subsection, the acquisition of additional securities by any one Person, who owns more than 50% of all outstanding voting securities of the Company, will not be a Change of Control;

(ii) an amalgamation, arrangement or other form of business combination of the Company with another corporation that results in the holders of voting securities of that other corporation holding, in the aggregate, more than 50% of all outstanding voting securities of the corporation resulting from the business combination; provided, however, that for purposes of this subsection, the acquisition of additional securities by any one Person, who owns more than 50% of all outstanding voting securities of the Company, will not be a Change of Control; or

(iii)a change in the ownership of a substantial portion of the Company's assets, including the sale, lease, transfer or exchange of a substantial portion of the Company's assets, to another Person, other than in the ordinary course of business of the Company, which occurs on the date that such Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to a Related Entity (as defined in the Plan), or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity of which the Company has Control (as defined in the Plan), (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the all outstanding voting securities of the Company, or (4) an entity of which a Person described in this subsection (iii)(B)(3) has Control (as defined in the Plan). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets;

provided, however, that a Change of Control will not be deemed to have occurred if such Change of Control results solely from the issuance, in connection with a *bona fid*e public offering, financing or series of financings by the Company, of voting securities of the Company or any rights to acquire voting securities of the Company which are convertible into voting securities.

Further and for the avoidance of doubt, a transaction will not constitute a Change of Control if: (x) its sole purpose is to change the state or jurisdiction of the Parent's incorporation, or (y) its sole purpose is to create a holding company the voting securities of which will be owned in substantially the same proportions by the persons who held the Parent's voting securities immediately before such transaction.

b. **"Good Reason**" means any of the following:

(i) any unilateral change or series of changes to your employment responsibilities, reporting relationship, or status within the Company , such that immediately after such a change or series of changes to your responsibilities, reporting relationship, or status, taken as a whole, and taking into account the size and complexity of the business of the Company at that time, are substantially less than those assigned to you immediately prior to such change or series of changes; or

(ii) a material reduction in your Base Salary or other compensation as in effect prior to the Change of Control; or

(iii) the taking of any action by the Company, or the failure by the Company to take any action, that would materially adversely affect your participation in, or materially reduce your aggregate benefits under, the total package of long-term incentive, bonus, compensation, retirement savings plan, life insurance, health, accident disability and other similar plans in which you are participating prior to the action by the Company or the failure by the Company to take any action; or

(iv) the unilateral requirement that you relocate to a new location that is both (a) more than 60 kilometers from your previous work location and (b) more than 60 kilometers from your primary residence; it being understood that you shall not be considered to have been relocated for purposes of this subsection (iv) if you are providing services to the Company consistent with Section Q or R of this Agreement or you otherwise expressly consent to a change to Section Q or R; or

(v) failure or refusal of the Successor Company to offer you terms and conditions of employment, including the provisions of Section M of this Agreement, that are substantially the same as the provisions of this Agreement;

c. "**Successor Company**" means, in connection with a Change of Control, the surviving or acquiring company or entity.

M.Termination Without Cause or Resignation for Good Reason in Connection With or Following A Change of Control:

In the event of (i) the Company's termination of your employment without cause or (ii) your resignation for Good Reason, in either case, occurring within three (3) months prior to a Change of Control and related or connected to that Change of Control or occurring within twelve (12) months after the date of the Change of Control, the Company or Successor Company will provide you with the following :

a. a lump sum payment equal to (i) twenty-four (24) months of your Base Salary plus (ii) two (2) times the Target Bonus Amount;

b. a lump sum payment equal to your Target Bonus Amount for the fiscal year during which termination occurs, pro-rated based on the number of days you were employed during such fiscal year (the "**Pro-Rated Annual Bonus**");

c. payment of an amount equal to the contributions to your retirement savings plan the Company would have paid on your behalf for the twenty-four (24) months following your termination of employment;

d. notwithstanding any provision in the Plan to the contrary:
   (i) immediate vesting of all unvested stock options, restricted stock units, other equity or equity-based awards (with any performance-based awards vesting in full), and other deferred compensation awards granted to you by the Company or the Successor Company; and

(ii) with respect to stock options and other deferred compensation granted pursuant to the Plan and any subsequent deferred compensation plan, continued exercise rights for the longer of the period stipulated in the applicable plan or grant, or six (6) months from the termination of your employment.

e. subject to the applicable insurer's terms of coverage, at the Company's discretion, the Company will arrange for you to continue to receive group benefits insurance coverage up to the earlier of (i) the end of the twenty-four (24) month period following your termination of employment, or (ii) the date you commence new work or employment with comparable coverage. In the event the insurer does not continue coverage, the Company will pay you an amount equivalent to the cost of the monthly premiums the Company would have paid on your behalf for the group benefits insurance coverage that are terminated.

For your resignation to qualify as a resignation for "Good Reason," you must within three (3) months after the occurrence of Good Reason, provide the Company or Successor Company with written notice of the change or changes constituting Good Reason and, if the change or changes remain uncured by the Company for a period of thirty (30) days following the Company's receipt of such notice (the "**Cure Period**"), you must actually terminate your employment, if at all, not later than sixty (60) days after the expiration of such Cure Period. Where the Good Reason is based in whole or in part on a series of changes, the three (3)-month notice period will commence on the occurrence of the last change in the series. During the Cure Period, the Company or the Successor Company may correct, reverse, rectify or otherwise resolve the change or series of changes that constitute Good Reason, in which case you will not be entitled to resign for Good Reason.

The payments described above are inclusive of any termination or severance pay owing to you under applicable law, and will be subject to statutory withholdings and other regular payroll deductions. You further agree that you will not be eligible for any additional severance or separation payments under any other Company policy or practice. You will also receive all wages earned up to the termination of your employment for any reason as well as any accrued but unused vacation pay and any other payment or benefit required to be provided pursuant to applicable employment or labour standards legislation. In the event you trigger termination under the Change of Control/Good Reason terms above or are entitled to the termination provisions above as a result of the termination of your employment without cause, you will not be eligible for any payment pursuant to the termination sections below.

The receipt of any vesting acceleration, severance payments and benefits in excess of those required to be provided by applicable employment or labour standards legislation as set out in this Section M are subject to you signing and returning a separation agreement and release of claims related to your service with the Company (which may include an agreement not to disparage the Company, affirmation of your obligations under the Confidentiality Agreement and other standard terms and conditions) in a form reasonably satisfactory to the Company).

N. Resignation. If for any reason you should wish to leave the Company, you will provide the Company with three (3) months' prior written notice of your intention (the "**Resignation Period**"). You agree that the Company may, in its sole and unfettered discretion, waive the Resignation Period in whole or in part and end your employment immediately by delivering to you a written notice promptly followed by payment of the Base Salary due to you during the remainder of the Resignation Period and any pay accrued and owing under this Agreement up to the date of such notice. It is further expressly agreed that you will not be entitled to any bonus or pro rata bonus after you give notice of resignation. For example, if you give notice of resignation partway during the calendar year, or any time prior to the bonus payment date following that calendar year, you will not be entitled to any bonus for that calendar year.

O. Termination for Cause. The Company may terminate your employment at any time for cause, effective upon delivery by the Company to you of a written notice of termination of your employment for cause. You will not be entitled to receive any further pay or compensation (except for pay, if any, accrued and owing under this Agreement up to the date of termination of your employment), severance pay, notice, payment in lieu of notice, benefits or damages of any kind, and for clarity, without limiting the foregoing, you will not be entitled to any bonus or pro rata bonus payment that has not already been awarded by the Company.

P. Termination Without Cause.

(This Section P does not apply to a "Termination without cause" that occurs within three (3) months prior to a Change of Control and in relation or connection to that Change of Control or within twelve (12) months after a Change of Control – such terminations are covered by Section M).

The Company may terminate your employment without cause upon providing you with the notice or pay in lieu of notice to which you are entitled under applicable employment or labour standards legislation (the "**Statutory Notice**"). In exchange for and conditional upon you signing and returning a separation agreement and release of claims related to your service with the Company (which may include an agreement not to disparage the Company, affirmation of your obligations under the Confidentiality Agreement and other standard terms and conditions) in a form reasonably satisfactory to the Company, the Company will provide you with notice or pay in lieu of notice beyond that required by the Statutory Notice – in particular, the Company will provide you with working notice of termination (in which case all of your terms and conditions of employment including compensation and benefits, subject to the applicable insurer's terms of coverage, will continue during the working notice period, or Base Salary continuance, or a lump sum payment of Base Salary, or an equivalent combination of any of the foregoing, in the amount of eighteen (18) months (the "**Notice Period**").

It is within the Company's sole discretion to decide whether to provide working notice, Base Salary continuance, or a lump sum payment of Base Salary, or a combination of the foregoing, for the Notice Period.

The Notice Period is inclusive of, and not in addition to, the Statutory Notice. If the Company elects to provide Base Salary continuance or a lump sum payment of Base Salary for all or part of the Notice Period, the portion of the Notice Period covered by such payment(s) shall be defined as the "**Payment Period**".

The parties further agree as follows, also conditional upon you signing and returning the settlement agreement and release described above:

(i) subject to the applicable insurer's terms of coverage, the Company will arrange for you to continue to receive group benefits insurance coverage up to the earlier of (i) the end of the Notice Period, or (ii) the date you commence full-time employment. In the event the insurer does not continue coverage, the Company will pay you an amount equivalent to the cost of the monthly premiums the Company would have paid on your behalf for the group benefits insurance coverage that are terminated;

(ii) a payment equal to your Target Bonus Amount for the fiscal year during which termination occurs, pro-rated on the number of days you were employed during such fiscal year (the "**Pro-Rated Annual Bonus**").

(iii) the Company will pay the contributions to your retirement savings plan the Company would have paid on your behalf during the Notice Period; and

(iv) notwithstanding any provision in this Agreement or in the Plan to the contrary, all options, restricted stock units, other equity or equity based awards, and any other deferred compensation granted to you will continue to vest for a period of three (3) months after the date your employment terminates and all vested stock options and other deferred compensation will be exercisable until the earlier of the original expiry date of the stock options and deferred compensation and the date that is six (6) months after the date your employment terminates.

Any payment in lieu of notice provided to you will be inclusive of any termination or severance pay owing to you under applicable employment standards legislation and subject to statutory withholdings and other regular payroll deductions. You will not be entitled to receive any further pay or compensation except (i) as expressly set out in this Agreement, and (ii) the pay, if any, accrued and owing under this Agreement up to the date of termination of your employment.

Regardless of the reason for termination, you will receive all wages earned to date of termination, any accrued but unused vacation pay and any other payments or benefits required pursuant to applicable employment or labour standards legislation, as amended from time to time.

In the event your employment is terminated as a result of a constructive dismissal of your employment by an act or omission of the Company, your entitlements on termination shall continue to be governed by Section P of this Agreement.

Q. Principal Employment Location and On-Site Expectations. Your principal employment location will be Burnaby, BC and you will be expected to be on-site at our Burnaby office as required by the nature of your position and in accordance with Company policy.

R. Work Permit. As a condition of your employment, you may become required to work in other jurisdictions where the Company or the Company's affiliates maintain an office. In that event, the continuance of your employment with the Company will become contingent upon your signing and complying with an Employee Secondment Agreement Letter, receiving authorization to work in that or those other jurisdiction(s), and to your maintaining such status. The Company will support your application for any such authorization(s).

S. FDA Debarment. As a condition of your employment, you must certify that you are not under investigation by the FDA for debarment action, have not been debarred under the Generic Drug Enforcement Act of 1992 (21 U.S.C. 301 et seq.), and are not otherwise being investigated, restricted or disqualified from performing services relating to clinical trials by the FDA or any other regulatory authority or professional body in any other jurisdiction. If, during the course of your employment with Xenon, you become subject to such investigation or otherwise are restricted or disqualified, you will promptly inform Xenon's Legal Department of such event.

T. Miscellaneous

No Implied Entitlement. Other than as expressly provided herein or in any of the Company's policies, as amended from time to time at the Company's sole discretion, you will not be entitled to receive any further pay or compensation, severance pay, notice, payment in lieu of notice, incentives, bonuses, benefits or damages of any kind.

Continued Effect. Notwithstanding any changes in the terms and conditions of your employment which may occur in the future, including any changes in position, duties or compensation, the termination provisions in this Agreement will continue to be in effect for the duration of your employment with the Company unless otherwise amended in writing and signed by the Company.

Authorization to Deduct Debts. If, on the date you leave employment, you owe the Company any money, you hereby authorize the Company to deduct any such debt from your final pay or any other payment due to you to the extent permitted by the *BC Employment Standards Act* if applicable. Any remaining debt will be immediately payable to the Company and you agree to satisfy such debt within fourteen (14) days after any demand for repayment.

Dispute Resolution. In the event of a dispute arising out of or in connection with this Agreement, or in respect of any legal relationship associated with it or from it, which does not involve the Company seeking a court injunction or other injunctive or equitable relief to protect its business, confidential information or intellectual property, or enforce the covenants hereunder, that dispute will be resolved confidentially as follows:

a. *Amicable Negotiation* – The parties agree that, both during and after the performance of their responsibilities under this Agreement, each of them will make *bona fide* efforts to resolve any disputes arising between them by amicable and expeditious negotiations.

b. *Mediation* – If the parties are unable to negotiate resolution of a dispute, either party may with the agreement of the other party refer the dispute to mediation by providing written notice to the other party. If the parties cannot agree on a mediator within fifteen (15) days after receipt of the notice to mediate, then either party may make application to the British Columbia Arbitration and Mediation Society to have one appointed. The mediation will be held in Vancouver, BC, in accordance with the British Columbia International Commercial Arbitration Centre's (the "**BCICAC**") Commercial Mediation Rules, and each party will bear its own costs, including one-half share of the mediator's fees.

c. *Arbitration* – If, after mediation, the parties have been unable to resolve a dispute or at any time if mediation is not undertaken, either party may refer the dispute for final and binding arbitration by providing written notice to the other party. If the parties cannot agree on an arbitrator within fifteen (15) days after receipt of the notice to arbitrate, then either party may make application to the British Columbia Arbitration and Mediation Society to appoint one. The arbitration will be held in Vancouver, BC, in accordance with the BCICAC's Shorter Rules for Domestic Commercial Arbitration. Each party will bear its own costs, including one-half share of the arbitrator's fees, provided that the arbitrator will have discretion to award costs against either party.

Legal Counsel. You have been advised by the Company to retain independent legal advice with respect to this Employment Agreement.

Employment Standards Act. The parties hereby agree that if any provision in this Employment Agreement, in any circumstance, provides for less than what is required by the *BC Employment Standards Act*, such provision shall be replaced with the minimum provision(s) of the *BC Employment Standards Act.*

Currency. Except as otherwise specifically indicated, all monetary amounts referenced herein are in Canadian dollars.

Severability. If any part, article, section, clause, paragraph or subparagraph of this Agreement is held to be indefinite, invalid, illegal or otherwise voidable or unenforceable for any reason, the entire Agreement will not fail on the account thereof and the validity, legality and enforceability of the remaining provisions will in no way be affected or impaired thereby.

Entire Understanding. We also confirm that this Agreement and the other agreements, documents, and plans that are referred to in this Agreement (including the Non-Disclosure, Non-Solicitation and Non-Competition Agreement and Clawback Policy agreement (if applicable)) set forth our entire understanding of the terms of your employment with the Company, and cancels and supersedes all previous invitations, proposals, letters, correspondence, negotiations, promises, agreements (including your former employment agreement), covenants, conditions, representations and warranties with respect to the subject matter of this Agreement. Any modifications to these employment terms must be made in writing and signed by both you and the Company.

Fresh Consideration. The Company is hereby providing you with one hundred dollars ($100) as fresh consideration for you entering into this Employment Agreement. You hereby accept the receipt and sufficiency of this fresh consideration.

Governing Law. This Agreement and all matters arising hereunder will be governed by and construed in accordance with the laws of the Province of British Columbia.

To accept this Agreement on the terms set out herein, please sign where indicated below, and return a signed copy of this Agreement to me by February 25, 2026.

Yours sincerely,

XENON PHARMACEUTICALS INC.

/s/ Shelley McClosekey

Shelley McCloskey
Executive Vice President, Human Resources

Attachments (as previously provided to you):

1) Employee Non-Disclosure, Non-Solicitation and Non-Competition Agreement previously executed between Xenon and Ian Mortimer as of October 3, 2014
2) Xenon Amended and Restated 2014 Equity Incentive Plan
3) Clawback Policy agreement

I hereby confirm that I have read, understand and voluntarily accept the terms of this Agreement:

/s/ Ian Mortimer	02/25/2026
Ian Mortimer	MM/DD/YYYY

SCHEDULE A

Duties and Responsibilities

Reporting to the Chair of the Board of Directors, the President and Chief Executive Officer ("CEO") is responsible for oversight of all aspects of the Company's business and directs the organization to ensure the attainment of strategic and financial goals and maximize return on invested capital. The CEO will provide corporate leadership and vision, overseeing the Company's scientific and technology research; product and clinical development; commercialization; in-licensing, out-licensing and partnering plans; merger and acquisition opportunities; and financial and organizational matters.

The Chief Executive Officer will:

1. Collaborate with the Chair of the Board of Directors and, if applicable, Lead Independent Director to plan agendas and materials for Board and Board Committee meetings to ensure the Board's ability to operate effectively in accordance with its' mandate
2. Build, lead and manage a cohesive Executive Leadership Team ("Management") with the skills and capacity to carry out the Company's business
3. Lead and work with the Management to develop, recommend and, as approved by the Board, execute on
    a. Company strategy and corporate objectives, including Company purpose and vision
    b. Corporate financial and operating performance with respect to capital and revenue strategies and plans, annual operating plans and budgets, resource allocation and risk management
    c. A robust research and product pipeline, including both in-house and externally acquired compounds
    d. Clinical development strategies and plans
    e. Commercialization strategies and plans, including partnering, for global marketing and sales of products and product candidates
    f. Organizational matters, including culture, hiring, talent and performance management, organizational capabilities and succession planning
4. Be responsible for all day to day operating decisions in execution of the Company's Board approved strategies and plans
5. Lead and work with the Management to ensure the Company's full compliance with legal, environmental, human rights and regulatory requirements in all of the jurisdictions in which it operates
6. Collaborate with relevant executives to identify, evaluate and plan strategic opportunities such as licensing opportunities and mergers and acquisitions
7. Act as the key spokesperson for the Company, ensuring clear, consistent and timely communication with the Company's Board of Directors, investors, bankers and others in the financial community, partners and potential partners, scientific and medical key opinion leaders, and all levels of internal staff
8. At all times, act in the best interest of the Company and its shareholders
9. International travel may be required
10. Plan and manage budget proposals and approved budgets in accordance with the Company's strategic and operating plans and Finance policies

11. Recruit, lead, direct, develop, coach and evaluate direct reports, if any, in accordance with the Company's Human Resource policies and practices
12. Act in accordance with Company policies, including, for example, the Code of Business Conduct and Ethics and ensure policies are understood and followed by direct reports, if any.
13. Other duties as assigned.

Date: February 25, 2026

SCHEDULE B

Disclosure of Volunteer, Board and Other External Commitments

Please complete only to reflect any updates to previously provided version.

Position	Organization	Length of Appointment/ Engagement

Exhibit 10.38

AMENDED & RESTATED OFFER LETTER

February 25, 2026

CONFIDENTIAL

Via Electronic Mail

Thomas (Tucker) Kelly

Dear Tucker,

Re: Offer of Employment – Amended and Restated

We are pleased to offer you this amended and restated offer of employment (this "**Agreement**") as Chief Financial Officer with Xenon Pharmaceuticals USA Inc. (the "**Company**"), a wholly owned subsidiary of Xenon Pharmaceuticals Inc. ("**Parent**"), which replaces and supersedes your earlier offer of employment dated October 1, 2025. The effective date of this Agreement shall be February 25, 2026. You will be credited for all purposes with your service to the Company back to your start date of October 15, 2025.

The Company agrees to employ you, and you agree to serve the Company, on an "at-will" basis, which means that either the Company or you may terminate your employment with the Company at any time and for any or no reason, in accordance with the terms of this Agreement.

A. **Base Salary**. Retroactive to January 1, 2026, you will earn a base salary at a rate of **$550,000** USD per year, less statutory and other applicable deductions as required, for all work and services you perform for the Company (the "**Base Salary**"). The Base Salary is payable semi-monthly in arrears in accordance with the Company's applicable payroll policies.

B. **Annual Discretionary Bonus**. In addition to your Base Salary, you are eligible to earn an annual discretionary bonus, less statutory and other applicable deductions as required, of up to **forty-five percent (45%)** of your annual base salary earnings in the applicable calendar year of service (the "**Target Bonus Amount**"). The payment and amount of the annual bonus is within the sole discretion of the Board of Directors of the Company (the "**Board**"), based on the determination of the Compensation Committee of the Board of Directors of Parent (the "**Compensation Committee**"), and will be evaluated in the first quarter of each year in relation to the achievement of corporate objectives for the previous year and subject to the terms and conditions of Appendix A hereto. Such objectives will be established annually by the Compensation Committee in its sole discretion. Bonuses are not earned until paid and are contingent upon your continued employment with the Company through the date the bonus is paid. No "pro-rated" or partial bonus will be provided unless provided for in Sections M through P below or as otherwise approved by the Board, based on the determination of the Compensation Committee, in its sole discretion.

C. **Annual Review**. Your compensation package is subject to periodic annual review, at the sole discretion of the Company, in accordance with its policies. Any adjustment to the same is at the sole discretion of the Company provided that the Base Salary will not be reduced without your consent.

D. Expense Reimbursement. In accordance with its expense policy, as amended from time to time, the Company will reimburse any authorized expenses actually and reasonably incurred in the course of performing your employment duties. The Company will also provide to you, for the duration of your employment, any necessary work tools and equipment, such as a laptop computer and mobile phone. Subject to advance approval by the Company, you will also be reimbursed for out-of-pocket expenses incurred for attending courses or workshops related to your employment duties.

E. Reporting Structure/Responsibilities. You will report to the CEO of Parent. You will perform the responsibilities and duties of your position, as described in the job description previously provided to you, and such other responsibilities and duties as may be reasonably requested by the Parent and/or the Company from time to time. You will at all times: (i) conform to the reasonable and lawful directions of the Parent, the Company and the Board; (ii) adhere to all applicable Company and Parent policies; (iii) give the Company and Parent the full benefit of your knowledge, expertise, skill and ingenuity; (iv) well and faithfully serve the Company and Parent; (v) devote your full time and best efforts to furthering the interests of the Company and Parent; and (vi) exercise the degree of care, diligence and skill that a prudent executive would exercise in comparable circumstances.

You will not during your employment with the Company be employed by, or provide products or services of any nature whatsoever to, any other person, company, organization or other entity without prior written permission from the Company, provided that you may provide services to Parent as agreed between Parent and Company as part of your duties under this Agreement (with the understanding that the compensation provided to you under this Agreement shall fully compensate you for any such services to Parent). This does not restrict you from performing reasonable volunteer activities; however, you must obtain the prior consent of the Company if you wish to serve on a board of directors or advisory board, or if you perform any paid work or services for other organizations. Schedule B contains a description of all such appointments and positions that you currently occupy, and all paid work and services you currently provide to outside organizations, to which the Company confirms that it provides its permission. The Company retains the right to revoke any consent for such outside services, especially in the event where any such services may create a conflict of interest.

F. Paid Time Off. You will earn **twenty (20) days** of paid time off per calendar year on a pro rata basis. You may use paid time off for any purpose, including vacation, sick or personal days. You may also be entitled to other leaves, including without limitation, an additional allotment of paid sick days and statutory holidays in accordance with applicable law and the Company's applicable policies, as may be in effect from time to time. Accrued but unused paid time off and sick days is governed by the Company's policies, as amended from time to time.

G. Confidentiality Agreement; Clawback Policy. As a condition of your employment under this Agreement, you acknowledge that you have entered into and will continue to abide by the At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement (the "**Confidentiality Agreement**"). Please note that this agreement also deals with, among other things, confidentiality and the ownership of intellectual property developments, and contains non-solicitation, non-competition, and other restrictive covenants. By entering into the Confidentiality Agreement, you are agreeing that compliance with its provisions is reasonable and a necessary requirement in our highly competitive industry, and may be required by our agreements with our suppliers, customers, and distributors. In the event that you leave the employ of the Company, you consent to notification by the Company to your new employer about your rights and obligations under the Confidentiality Agreement. Additionally, you acknowledge that as a condition of your employment under this Agreement, you have signed and agreed to the Company's Clawback Policy, in the form as adopted by the Company as of November 20, 2023, and as may be amended from time to time, which is intended to comply with applicable securities laws and listing standards.

H. Equity. As a regular employee, you will be eligible to participate in Parent's equity program, as may be authorized by the Parent's Compensation Committee. Any equity award granted to you will be granted pursuant to and subject to the terms of the applicable equity plan (the "**Plan**") and the award agreement to be entered into between you and Parent thereunder, which shall control in the event of any conflict with this Agreement. All equity awards granted prior to the effective date of this Agreement will continue to be governed by the applicable equity plan and award agreement.

I. [REMOVED]

J. Benefits. You will be eligible to participate in the Company's employee benefits as may be established from time to time for the Company's employees, subject to the terms of the applicable plans, or as you are otherwise entitled to under federal, state, or local law. You will also be eligible to participate in Xenon USA's 401(k) Plan, which, subject to compliance with applicable U.S. laws, may include a Company matching contribution of up to the amount of your personal contributions to such retirement savings plan in a given tax year, subject to a cap of 5% of your Base Salary (the "**Matching Contribution**"). If you have contributed the maximum amount permitted by law in a given tax year and applicable U.S. law does not permit receipt of the full Matching Contribution, then the Company may pay you a bonus in an amount through the Company's regular payroll so that the aggregate amount you receive for a plan year (including any portion of the Matching Contribution) is economically equivalent to the full Matching Contribution. Applicable benefit plans and policies may be revised, amended, modified, or terminated by the Company at any time in its discretion, with or without notice to you, subject to applicable law.

K. Taxes, Insurance and Indemnification. Any taxes applicable to your employment compensation package with the Company and your secondment to the Parent will be deducted and remitted to the appropriate authorities in accordance with the Company's standard policies and applicable law. You acknowledge and agree that during your employment with the Company, you will be expected to provide services to the Parent pursuant to a secondment arrangement between the Company and the Parent, and that any such services may result in your owing taxes in Canada. You are advised to consult your own financial advisor.

If you work in a second tax jurisdiction at the Parent or Company's request, the Company will cover the reasonable costs for you to use the services of the Company's tax adviser or another tax adviser agreed upon by the Company and you to prepare your home and host country tax returns for any year during which you are required to file tax returns in more than one country as a result of your employment with the Company.

As a corporate and/or executive officer of the Company and/or of the Parent during your employment with the Company, you will continue to be covered by Parent's Directors' and Officers' Liability Insurance Policy and such other indemnity policy, agreement or commitment established by the Company or Parent, as may be in effect from time to time, subject to the terms of the Insurance Policy and other policy, agreement or commitment and any amendments made from time to time at the discretion of the Parent's Board of Directors, provided that no amendment will substantially reduce your entitlements. Your coverage under such insurance policy and any other policy, agreement or commitment will continue after your employment with the Company ends in respect of your employment with the Company.

L. Change of Control. In this Agreement:

a. **"Change of Control**" means:

(i) the acquisition by any person or persons acting jointly or in concert (as determined by the Securities Act (as defined in the Plan)) ("**Person**"), whether directly or indirectly, of voting securities of the Parent that, together with all other voting securities of the Parent held by such Person, constitute in the aggregate more than 50% of all outstanding voting securities of the Parent; provided, however, that for purposes of this subsection, the acquisition of additional securities by any one Person, who owns more than 50% of all outstanding voting securities of the Parent, will not be a Change of Control;

(ii) an amalgamation, arrangement or other form of business combination of the Parent with another corporation that results in the holders of voting securities of that other corporation holding, in the aggregate, more than 50% of all outstanding voting securities of the corporation resulting from the business combination; provided, however, that for purposes of this subsection, the acquisition of additional securities by any one Person, who owns more than 50% of all outstanding voting securities of the Parent, will not be a Change of Control; or

(iii) a change in the ownership of a substantial portion of the Parent's assets, including the sale, lease, transfer or exchange of a substantial portion of the Parent's assets, to another Person, other than in the ordinary course of business of the Parent, which occurs on the date that such Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Parent that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Parent immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Parent's assets: (A) a transfer to a Related Entity (as defined in the Plan), or (B) a transfer of assets by the Parent to: (1) a stockholder of the Parent (immediately before the asset transfer) in exchange for or with respect to the Parent's stock, (2) an entity of which the Parent has Control (as defined in the Plan), (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the all outstanding voting securities of the Parent, or (4) an entity of which a Person described in this subsection (iii)(B)(3) has Control (as defined in the Plan). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Parent, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets;

provided, however, that a Change of Control will not be deemed to have occurred if such Change of Control results solely from the issuance, in connection with a *bona fid*e public offering, financing or series of financings by the Parent, of voting securities of the Parent or any rights to acquire voting securities of the Parent which are convertible into voting securities.

Further and for the avoidance of doubt, a transaction will not constitute a Change of Control if: (x) its sole purpose is to change the state or jurisdiction of the Parent's incorporation, or (y) its sole purpose is to create a holding company the voting securities of which will be owned in substantially the same proportions by the persons who held the Parent's voting securities immediately before such transaction.

Notwithstanding the foregoing, in any case where the occurrence of a Change of Control could affect the vesting of or payment of an amount or award subject to the requirements of Section 409A (as defined on Appendix A), to the extent required to comply with Section 409A, the term "Change of Control" shall mean an occurrence that both (i) satisfies the requirements set forth above in this definition and (ii) is a "change of control event" as that term is defined in the regulations under Section 409A.

b. **"Good Reason**" means any of the following:

(i) any unilateral change or series of changes to your employment responsibilities, reporting relationship, or status within the Company or Parent, such that immediately after such a change or series of changes to your responsibilities, reporting relationship, or status, taken as a whole, and taking into account the size and complexity of the business of the Company or Parent at that time, are substantially less than those assigned to you immediately prior to such change or series of changes; or

(ii) a material reduction in your Base Salary or other compensation as in effect prior to the Change of Control; or

(iii) the taking of any action by the Company or Parent, or the failure by the Company or Parent to take any action, that would materially adversely affect your participation in, or materially reduce your aggregate benefits under, the total package of long-term incentive, bonus, compensation, retirement savings plan, life insurance, health, accident disability and other similar plans in which you are participating prior to the action by the Company or Parent or the failure by the Company or Parent to take any action; or

(iv) the unilateral requirement that you relocate to a new location that is both (a) more than 60 kilometers from your previous work location and (b) more than 60 kilometers from your primary residence; it being understood that you shall not be considered to have been relocated for purposes of this subsection (iv) if you are providing services to the Company consistent with Section Q or R of this Agreement or you otherwise expressly consent to a change to Section Q or R; or

(v) failure or refusal of the Successor Company to offer you terms and conditions of employment, including the provisions of Section M of this Agreement, that are substantially the same as the provisions of this Agreement;

c. "**Successor Company**" means, in connection with a Change of Control, the surviving or acquiring company or entity.

d. "**Cause**" has the meaning set forth in Appendix A.

M. Termination Without Cause or Resignation for Good Reason in Connection With or Following a Change of Control:

In the event of (i) the Company's termination of your employment without Cause or (ii) your resignation for Good Reason, in either case, occurring (A) within three (3) months prior to a Change of Control and related or connected to that Change of Control, or (B) within twelve (12) months after the date of the Change of Control, the Company or Successor Company will provide you with the following, subject to Appendix A and the conditions precedent therein:

a. a lump sum payment equal to the product obtained by multiplying (i) the sum of your Base Salary plus your Target Bonus Amount, by (ii) a fraction, the numerator of which is the sum of twelve (12) plus the number of full years of consecutive service you have completed with the Company as of your termination date, including any service with Parent, and Successor Company, up to a combined maximum of eighteen (18) (such numerator, the "**COC Numerator**"), and the denominator of which is twelve (12);

b. a lump sum payment equal to your Target Bonus Amount for the fiscal year during which termination occurs, pro-rated based on the number of days you were employed during such fiscal year (the "**Pro-Rated Annual Bonus**");

c. payment of an amount equal to the contributions to your retirement savings plan the Company would have paid on your behalf for a number of months following your termination of employment equal to the COC Numerator (the "**COC Payment Period**");

d. notwithstanding any provision in the Plan to the contrary:

i. immediate vesting of all unvested stock options, restricted stock units, other equity or equity-based awards (with any performance-based awards vesting in full), and other deferred compensation awards granted to you by the Parent or the Successor Company; and

ii. with respect to stock options and other deferred compensation granted pursuant to the Plan and any subsequent deferred compensation plan, continued exercise rights for the longer of the period stipulated in the applicable plan or grant, or six (6) months from the termination of your employment.

e. provided that you timely elect to continue coverage and that of any eligible dependents in the Company's group health plans under the federal law known as "COBRA" or similar state law, payment directly on your behalf or reimbursement to you for the cost of the monthly premiums for you and your eligible dependents to continue your health care benefits pursuant to COBRA (the "**COBRA Payments**") until the earliest of (I) the end of the COC Payment Period, (II) the date you commence full-time employment, or (III) the date that you and your eligible dependents cease to be eligible for such COBRA coverage under applicable law or plan terms.

Subject to Appendix A attached hereto, (i) the cash severance payments described above (except for the COBRA Payments) will be paid on the first practicable regularly scheduled payroll date following the Release Effective Date (as defined in Appendix A), and (ii) the COBRA Payments will be paid in substantially equal installments, commencing as soon as practicable following the Release Effective Date, but will be retroactive to the day following your termination of employment. In no event shall any reduction in Base Salary or Target Bonus Amount giving rise to Good Reason be taken into account when determining cash severance payments hereunder.

For your resignation to qualify as a resignation for "Good Reason," you must within three (3) months after the occurrence of Good Reason, provide the Company or Successor Company with written notice of the change or changes constituting Good Reason and, if the change or changes remain uncured by the Company for a period of thirty (30) days following the Company's receipt of such notice (the "**Cure Period**"), you must actually terminate your employment, if at all, not later than sixty (60) days after the expiration of such Cure Period. Where the Good Reason is based in whole or in part on a series of changes, the three (3)-month notice period will commence on the occurrence of the last change in the series. During the Cure Period, the Company or the Successor Company may correct, reverse, rectify or otherwise resolve the change or series of changes that constitute Good Reason, in which case you will not be entitled to resign for Good Reason.

Subject to Appendix A, the payments described above are inclusive of any termination or severance pay owing to you under applicable law, and will be subject to statutory withholdings and other regular payroll deductions. You further agree that you will not be eligible for any additional severance or separation payments under any other Company policy or practice. You will be entitled to the pay, if any, accrued and owing under this Agreement up to the date of termination of your employment. In the event you trigger termination under the Change of Control/Good Reason terms above or are entitled to the termination provisions above as a result of the termination of your employment without Cause, you will not be eligible for any payment pursuant to the termination sections below.

N. Resignation. If for any reason you should wish to leave the Company, other than a termination for Good Reason, you will provide the Company with three (3) months' prior written notice of your intention (the "**Resignation Period**"). You agree that in order to protect the Company's interests, the Company may, in its sole and unfettered discretion, waive the Resignation Period and end your employment prior to the conclusion of the Resignation Period by delivering to you a written notice, which shall cease any further pay or compensation obligations of the Company (except for pay, if any, accrued and owing under this Agreement up to the date of termination of your employment). Nothing in this provision is intended to alter the at-will nature of your employment with the Company.

O. Termination for Cause. The Company may terminate your employment at any time for Cause. You will not be entitled to receive any further pay or compensation (except for pay, if any, accrued and owing under this Agreement up to the date of termination of your employment), severance pay, notice, payment in lieu of notice, benefits or damages of any kind, and for clarity, without limiting the foregoing, you will not be entitled to any bonus or pro rata bonus payment that has not already been paid by the Company.

P. Termination Without Cause.

The Company may terminate your employment without Cause at any time. If the Company terminates your employment without Cause (i) not within three (3) months prior to a Change of Control and in relation or connection to that Change of Control, and (ii) not within twelve (12) months following a Change of Control, the Company will provide you with the following, subject to Appendix A and the conditions precedent therein:

(i) a lump sum severance payment in the amount equal to the product obtained by multiplying (i) your Base Salary, by (ii) a fraction, the numerator of which is the sum of twelve (12) plus the number of full years of consecutive service you have completed with the Company or Parent as of your termination date, up to a maximum of eighteen (18) (such numerator, the "**Non-COC Numerator**"), and the denominator of which is twelve (12);

(ii) the Pro-Rated Annual Bonus;

(iii) provided that you timely elect to continue coverage and that of any eligible dependents in the Company's group health plans under the federal law known as "COBRA" or similar state law, the Company will pay the COBRA Payments until the earliest of (I) the expiration of a number of months following your termination of employment equal to the Non-COC Numerator (the "**Payment Period**"), (II) the date you commence full-time employment, or (III) the date that you and your eligible dependents cease to be eligible for such COBRA coverage under applicable law or plan terms;

(iv) the Company will pay an amount equal to the contributions to your retirement savings plan it would have paid on your behalf for the Payment Period;

(v) notwithstanding any provision in the Plan to the contrary, all options, restricted stock units, other equity or equity-based awards, and any other deferred compensation granted to you will continue to vest for a period of three (3) months after the date your employment terminates and all vested stock options and other deferred compensation will be exercisable until the earlier of the original expiry day of the stock options and deferred compensation and the date that is six (6) months after the date your employment terminates.

Subject to Appendix A, (i) the cash severance payments described above (except for the COBRA Payments) will be paid on the first practicable regularly scheduled payroll date following the Release Effective Date, and (ii) the COBRA Payments will be paid in substantially equal installments, commencing as soon as practicable following the Release Effective Date, but will be retroactive to the day following your termination of employment.

Any payments, severance, or other benefits hereunder will be subject to applicable withholdings and deductions. You will not be entitled to receive any further pay or compensation except (i) as expressly set out in this Agreement, and (ii) the pay, if any, accrued and owing under this Agreement up to the date of termination of your employment.

On termination of your employment, regardless of the reason for such termination, you shall immediately (and with contemporaneous effect) be deemed to have resigned any directorships, offices or other positions that you may hold, if any, in the Company, Parent or any affiliate, with no further action required on the part of the Company, Parent or such affiliate, in each case unless otherwise agreed in writing by the Company and Parent.

Q. Work Permit. You will be required to work in the Parent's Canadian office while fulfilling your on-site presence expectations, as further described in your existing Employee Secondment Agreement Letter. As such, your employment with the Company is contingent upon complying with the Employee Secondment Agreement Letter and maintaining your authorization to work in Canada. If you fail to maintain such status at any point after commencing your employment with the Company, that will be considered a frustration of your employment agreement and the Company will then be able to terminate your employment agreement with no severance payment to you. The Company will support your application for any such authorization.

R. On-Site Expectations. Your principal employment location will be Massachusetts, USA and you will be expected to be on-site at the Parent's US office (Boston, MA, USA area) on a regular basis. Unless prohibited by travel restrictions outside of your control, you will be expected to be on-site at Parent's place of business in the Vancouver, BC, Canada area on an as-needed basis to perform the requirements of your role as mutually agreed with the CEO. Business travel on behalf of Parent will be considered as time spent on-site at Parent. The requirements for your on-site presence will be reviewed with the Parent on an ongoing basis. In order to support your on-site presence, the Company will pay for your flights to and from Vancouver, BC and your accommodation during your travel to Vancouver, BC. All eligible expenses for authorized Xenon business travel will be reimbursed in accordance with our Travel and Expense Policy.

S. FDA Debarment. As a condition of your employment with the Company, you must certify and reaffirm that you are not under investigation by the FDA for debarment action, have not been debarred under the Generic Drug Enforcement Act of 1992 (21 U.S.C. 301 et seq.), and are not otherwise being investigated, restricted or disqualified from performing services relating to clinical trials by the FDA or any other regulatory authority or professional body in any other jurisdiction. If, during the course of your employment with the Company, you become subject to such investigation or otherwise are restricted or disqualified, you will promptly inform Parent's Legal Department of such event.

T. Miscellaneous

No Implied Entitlement. Other than as expressly provided herein, you will not be entitled to receive any further pay or compensation, severance pay, notice, payment in lieu of notice, incentives, bonuses, benefits or damages of any kind.

Continued Effect. Notwithstanding any changes in the terms and conditions of your employment which may occur in the future, including any changes in position, duties or compensation, the termination provisions in this Agreement will continue to be in effect for the duration of your employment with the Company unless otherwise amended in writing and signed by the Company.

Authorization to Deduct Debts. If, on the date you leave employment, you owe the Company any money, you hereby authorize the Company to deduct any such debt from your final pay or any other payment due to you to the extent permitted by applicable law. Any remaining debt will be immediately payable to the Company and you agree to satisfy such debt within fourteen (14) days after any demand for repayment, to the extent permitted by applicable law.

Dispute Resolution. IN CONSIDERATION OF YOUR EMPLOYMENT WITH THE COMPANY, ITS PROMISE TO ARBITRATE ALL EMPLOYMENT-RELATED DISPUTES AND YOUR RECEIPT OF THE COMPENSATION AND OTHER BENEFITS PAID TO YOU BY THE COMPANY, AT PRESENT AND IN THE FUTURE, YOU AGREE THAT ANY AND ALL CONTROVERSIES, CLAIMS, OR DISPUTES WITH ANYONE (INCLUDING THE COMPANY AND ANY EMPLOYEE, OFFICER, DIRECTOR, SHAREHOLDER OR BENEFIT PLAN OF THE COMPANY, IN THEIR CAPACITY AS SUCH OR OTHERWISE), ARISING OUT OF, RELATING TO, OR RESULTING FROM YOUR EMPLOYMENT WITH THE COMPANY OR THE TERMINATION OF YOUR EMPLOYMENT WITH THE COMPANY, INCLUDING ANY BREACH OF THIS AGREEMENT, SHALL BE SUBJECT TO BINDING ARBITRATION, AS SET FORTH IN THE CONFIDENTIALITY AGREEMENT.

Legal Counsel. You have been advised by the Company to retain independent legal advice with respect to this Agreement.

Currency. Except as otherwise specifically indicated, all monetary amounts referenced herein are in U.S. dollars.

Severability. If any part, article, section, clause, paragraph or subparagraph of this Agreement is held to be indefinite, invalid, illegal or otherwise voidable or unenforceable for any reason, the entire Agreement will not fail on the account thereof and the validity, legality and enforceability of the remaining provisions will in no way be affected or impaired thereby.

Entire Understanding. We also confirm that this Agreement (including the appendixes and schedules hereto) and the Confidentiality Agreement, Employee Secondment Agreement Letter, Clawback Policy agreement (if applicable), and related documentation set forth our entire understanding of the terms of your employment with the Company, and cancels and supersedes all previous invitations, proposals, letters, correspondence, negotiations, promises, agreements with the Parent, the Company, or any related entity, covenants, conditions, representations and warranties with respect to the subject matter of this Agreement. Any modifications to these employment terms must be made in writing and signed by both you and the Company. For the avoidance of doubt, any amendment to or restatement of this Agreement will not, by itself, rescind or modify in any respect any other existing agreement relating to your employment, including any Confidentiality Agreement or Employee Secondment Agreement Letter to which you are a party, unless expressly provided in the terms of such amendment and/or restatement.
Governing Law. This Agreement and all matters arising hereunder will be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, without regard for conflict of law provisions.

Protected Activity Not Prohibited. You understand that nothing in this Agreement shall in any way limit or prohibit you from engaging in any Protected Activity. For purposes of this Agreement, "Protected Activity" means filing a charge or complaint with, or otherwise communicating or cooperating with or participating in any investigation or proceeding that may be conducted by any federal, state or local government agency or commission, including the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, and the National Labor Relations Board ("**Government Agencies**"). You understand that in connection with such Protected Activity, you are permitted to disclose documents or other information as permitted by law, and without giving notice to, or receiving authorization from, the Company or Parent. Notwithstanding the foregoing, in making any such disclosures or communications, you agree to take all reasonable precautions to prevent any unauthorized use or disclosure of any information that may constitute Company Confidential Information to any parties other than the Government Agencies. You further understand that Protected Activity does not include the disclosure of any Company or Parent attorney-client privileged communications. In addition, you hereby acknowledge that the Company has provided you with notice in compliance with the Defend Trade Secrets Act of 2016 regarding immunity from liability for limited disclosures of trade secrets. The full text of the notice is attached in Appendix B.

If you have any questions or concerns regarding the above, please do not hesitate to contact the undersigned.

To accept this Agreement on the terms set out herein, please sign where indicated below, and return a signed copy of this Agreement to me by February 25, 2026.

Yours sincerely,

XENON PHARMACEUTICALS USA INC.

/s/ Ian Mortimer

Ian Mortimer
President and Chief Executive Officer, Xenon Pharmaceuticals Inc.

Attachment(s) (as previously provided to you):
1. At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement
2. Xenon's Amended and Restated 2014 Equity Incentive Plan and Xenon's 2025 Inducement Equity Incentive Plan
3. Employee Secondment Agreement Letter
4. U.S. Benefits Summary
5. Clawback Policy agreement

I hereby confirm that I have read, understand and voluntarily accept the terms of this Agreement:

/s/ Thomas P. Kelly	02/25/2026
Thomas (Tucker) Kelly	MM/DD/YYYY

APPENDIX A

ADDITIONAL TERMS TO EMPLOYMENT AGREEMENT

Unless otherwise defined below, capitalized terms used herein will have the meanings set forth in the Agreement.

A. Conditions to Receipt of Annual Bonus. Your annual bonus must be paid no later than March 15th of the year following the year to which such bonus relates. You must be employed on the date of payment to receive any annual bonus payment, except as provided in Sections M and P of the Agreement.

B. Conditions to Receipt of Severance.

a. *Release of Claims.* The receipt of any vesting acceleration, severance payments and benefits pursuant to Sections M or P of the Agreement will be subject to you signing and not revoking a separation agreement and release of claims related to your service with the Company (which may include an agreement not to disparage the Company, affirmation of your obligations under the Confidentiality Agreement (as defined above), and other standard terms and conditions) in a form reasonably satisfactory to the Company (the "**Release**") and provided that such Release becomes effective and irrevocable no later than sixty (60) days (or such longer time as may be required by applicable law) following the date of your termination of employment (such deadline, the "**Release Deadline**" and the date on which the Release becomes effective and irrevocable, the "**Release Effective Date**"). If the Release does not become effective and irrevocable by the Release Deadline, you will forfeit any rights to severance or benefits under this Agreement. In no event will severance payments or benefits be paid or provided until the Release becomes effective and irrevocable. Notwithstanding anything to the contrary contained in the Agreement, in the event that the Release Deadline spans two (2) calendar years, then any severance payments or benefits payable under Sections M or P that otherwise constitute Deferred Payments (as defined below) will be paid no earlier than the first day of the second calendar year, subject to any delayed as may be required for Section 409A.

b. *Section 409A*

(i) Notwithstanding anything to the contrary in this Agreement, no Deferred Payments will be paid or otherwise provided until you have a "separation from service" (within the meaning of Section 409A) from the relevant position or positions. Similarly, no severance payable to you, if any, pursuant to this Agreement that otherwise would be exempt from Section 409A solely pursuant to Treasury Regulation Section 1.409A-1(b)(9) will be payable until you have a "separation from service" (within the meaning of Section 409A).

(ii) Notwithstanding anything to the contrary in this Agreement, if you are a "specified employee" within the meaning of Section 409A at the time of your termination of employment (other than due to death), then the Deferred Payments that are payable within the first six (6) months following your separation from service, will, to the extent required to be delayed pursuant to Section 409A(a)(2)(B) of the Code, become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of your separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if you die following your separation from service, but prior to the six (6)-month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of your death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit. In no event will the Company reimburse you for any taxes that may be imposed on you as a result of Section 409A. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the U.S. Treasury Regulations.

(iii) Any amount paid under this Agreement that satisfies the requirements of the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the U.S. Treasury Regulations will not constitute Deferred Payments for purposes of this Agreement.

(iv) Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the U.S. Treasury Regulations that does not exceed the Section 409A Limit (as defined below) will not constitute Deferred Payments for purposes of this Agreement.

(v) With respect to any expense reimbursements which are not otherwise excludible from your gross taxable income, to the extent required to comply with the provisions of Section 409A, no reimbursement of expenses incurred by you during any taxable year shall be made after the last day of the following taxable year, the right to reimbursement of any such expenses shall not be subject to liquidation or exchange for another benefit, and the amount of expenses eligible for reimbursement during any taxable year may not affect the expenses eligible for reimbursement in any other taxable year.

(vi) The provisions of this Agreement and the payments and benefits hereunder are intended to be exempt from or comply with the requirements of Section 409A so that none of the severance or other payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to be so exempt or so comply. The Company and you agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to you under Section 409A.

(vii) In no event shall the Company, Parent, or any of their affiliates have any liability relating to the failure or alleged failure of any payment or benefit under the Agreement to comply with, or be exempt from, the requirements of Section 409A.

(viii) Definitions:

(A) "**Deferred Payment**" means any severance pay or benefits to be paid or provided to you (or your estate or beneficiaries) pursuant to this Agreement and any other severance payments or separation benefits to be paid or provided to you (or your estate or beneficiaries), that in each case, when considered together, are considered deferred compensation under Section 409A.

(B) "**Section 409A**" means Section 409A of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), and the final regulations and any guidance thereunder and any applicable state law equivalent, as each may be amended or promulgated from time to time.

(C) "**Section 409A Limit**" means two (2) times the lesser of: (i) your annualized compensation based upon the annual rate of pay paid to you during your taxable year preceding the taxable year of your separation from service as determined under U.S. Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(1) and any U.S. Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which your separation from service occurred.

C. **"Cause"** shall mean: (i) your continued failure to substantially perform the material duties and obligations under this Agreement (for reasons other than death or disability), which failure, if curable within the discretion of the Company, is not cured to the reasonable satisfaction of the Company within thirty (30) days after receipt of written notice from the Company of such failure; (ii) your failure or refusal to comply with the policies, standards and regulations established by the Company from time to time which failure, if curable in the discretion of the Company, is not cured to the reasonable satisfaction of the Company within thirty (30) days after receipt of written notice of such failure from the Company; (iii) any act of personal dishonesty, fraud, embezzlement, misrepresentation, or other unlawful act committed by you that benefits you at the expense of the Company; (iv) your violation of a U.S. or Canadian federal, provincial or state law or regulation applicable to the Company's business; (v) your violation of, or a plea of nolo contendere or guilty to, a felony under the laws of the United States or any state or Canada or any province; (vi) your material breach of the terms of this Agreement or the Confidentiality Agreement; or (vii) the Company's severe financial distress, whereby the Company is in the process of winding down its business and your employment is terminated in connection with such winding down.

D. ***Section 280G.*** If at any time it is determined that all or any portion of the payments or benefits provided under this Agreement and/or any other payment or benefit which you receive or are entitled to receive from the Company, Parent or any of their affiliates, would constitute an "excess parachute payment" within the meaning of Section 280G of the Code ("**Section 280G**") but for this paragraph, then, notwithstanding anything in this Agreement or any other agreement or plan to the contrary, you will be entitled to receive: (i) the amount of such payments or benefits, reduced such that no portion thereof shall fail to be tax deductible under Section 280G (the "**Limited Amount**") or (ii) if the amounts otherwise payable hereunder and under any other agreement or plan of the Company, Parent or any of their affiliates (without regard to clause (i)), reduced by all taxes applicable thereto (including, for the avoidance of doubt, the excise tax imposed by Section 4999 of the Code), would be greater than the Limited Amount reduced by all taxes applicable thereto, the amounts otherwise payable hereunder.

SCHEDULE A

Duties and Responsibilities

[As previously agreed and filed.]

Your duties and responsibilities in this position will include those listed below:

- In collaboration with other members of the Senior Executive Team, lead and support the development and updating of the Company's 5-year strategic plan and Annual Operating Plan, including product portfolio, financial strategies and plans, human resource strategies and plans, and Company operations
- Perform a key role in developing proposals and presentations to and interactions with the Board of Directors; act as a primary management representative to the Audit Committee and support the Nominating and Governance Committee and Compensation Committee
- Oversee all accounting, finance and related functions within the Company; including budget planning and reporting to the Senior Executive Team and department heads on results; build and maintain multi-year cash runway and other financial models and forecasts, including revenue as applicable
- Act as a Company key risk manager; ensure necessary compliance on all tax, reporting, regulatory and financial obligations in Canada and the US
- Oversee the treasury function
- Lead all capital markets strategies and activities including equity and debt financings and other financial arrangements as required; act as a primary point of contact with investment community including sell-side analysts, institutional investors and bankers
- Oversee corporate positioning, investor and public relations, and other internal and external communications
- Collaborate with Business Development and other senior colleagues to evaluate, transact and manage partnering and in-licensing and out-licensing opportunities
- Develop and propose short- and long-term objectives for reporting departments in accordance with overall Company strategies
- Oversee reporting department budget proposals and approved budgets in accordance with the Company's strategic and operating plans and Finance policies
- Plan, recruit, lead, direct, develop, coach and evaluate direct reports in accordance with the Company's Human Resource policies and practices; as this position will have employees in Canada and the US, will require compliance with both Canada and US immigration and tax laws
- Travel for meetings, conferences, and other applicable business
- Act in accordance with Company policies, including, for example, the Code of Business Conduct and Ethics and ensure policies are understood and followed by employees in reporting and other departments
- Other duties as required from time to time

SCHEDULE B

Please complete only to reflect any updates to previously provided version.

Disclosure of Volunteer, Board and Other External Commitments

Position	Organization	Length of Appointment/ Engagement

APPENDIX B

Section 7 of The Defend Trade Secrets Act of 2016

" . . . An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that—(A) is made—(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. . . . An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual—(A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order."

Exhibit 10.39

AMENDED & RESTATED OFFER LETTER

February 25, 2026

CONFIDENTIAL

Via Electronic Mail

Andrea DiFabio

Dear Andrea,

Re: Offer of Employment – Amended and Restated

We are pleased to offer you this amended and restated offer of employment (this "**Agreement**") as Chief Legal Officer and Corporate Secretary with Xenon Pharmaceuticals USA Inc. (the "**Company**"), a wholly owned subsidiary of Xenon Pharmaceuticals Inc. ("**Parent**"), which replaces and supersedes your earlier offer of employment dated November 4, 2022. The effective date of this Agreement shall be February 25, 2026. You will be credited for all purposes with your service to the Company back to your start date of November 7, 2022.

The Company agrees to employ you, and you agree to serve the Company, on an "at-will" basis, which means that either the Company or you may terminate your employment with the Company at any time and for any or no reason, in accordance with the terms of this Agreement.

A. Base Salary. Retroactive to January 1, 2026, you will earn a base salary at a rate of **$530,000** USD per year, less statutory and other applicable deductions as required, for all work and services you perform for the Company (the "**Base Salary**"). The Base Salary is payable semi-monthly in arrears in accordance with the Company's applicable payroll policies.

B. Annual Discretionary Bonus. In addition to your Base Salary, you are eligible to earn an annual discretionary bonus, less statutory and other applicable deductions as required, of up to **forty-five percent (45%)** of your annual base salary earnings in the applicable calendar year of service (the "**Target Bonus Amount**"). The payment and amount of the annual bonus is within the sole discretion of the Board of Directors of the Company (the "**Board**"), based on the determination of the Compensation Committee of the Board of Directors of Parent (the "**Compensation Committee**"), and will be evaluated in the first quarter of each year in relation to the achievement of corporate objectives for the previous year and subject to the terms and conditions of Appendix A hereto. Such objectives will be established annually by the Compensation Committee in its sole discretion. Bonuses are not earned until paid and are contingent upon your continued employment with the Company through the date the bonus is paid. No "pro-rated" or partial bonus will be provided unless provided for in Sections M through P below or as otherwise approved by the Board, based on the determination of the Compensation Committee, in its sole discretion.

C. Annual Review. Your compensation package is subject to periodic annual review, at the sole discretion of the Company, in accordance with its policies. Any adjustment to the same is at the sole discretion of the Company provided that the Base Salary will not be reduced without your consent.

D. Expense Reimbursement. In accordance with its expense policy, as amended from time to time, the Company will reimburse any authorized expenses actually and reasonably incurred in the course of performing your employment duties. The Company will also provide to you, for the duration of your employment, any necessary work tools and equipment, such as a laptop computer and mobile phone. Subject to advance approval by the Company, you will also be reimbursed for out-of-pocket expenses incurred for attending courses or workshops related to your employment duties.

E. Reporting Structure/Responsibilities. You will report to the CEO of Parent. You will perform the responsibilities and duties of your position, as described in the job description previously provided to you, and such other responsibilities and duties as may be reasonably requested by the Parent and/or the Company from time to time. You will at all times: (i) conform to the reasonable and lawful directions of the Parent, the Company and the Board; (ii) adhere to all applicable Company and Parent policies; (iii) give the Company and Parent the full benefit of your knowledge, expertise, skill and ingenuity; (iv) well and faithfully serve the Company and Parent; (v) devote your full time and best efforts to furthering the interests of the Company and Parent; and (vi) exercise the degree of care, diligence and skill that a prudent executive would exercise in comparable circumstances.

You will not during your employment with the Company be employed by, or provide products or services of any nature whatsoever to, any other person, company, organization or other entity without prior written permission from the Company, provided that you may provide services to Parent as agreed between Parent and Company as part of your duties under this Agreement (with the understanding that the compensation provided to you under this Agreement shall fully compensate you for any such services to Parent). This does not restrict you from performing reasonable volunteer activities; however, you must obtain the prior consent of the Company if you wish to serve on a board of directors or advisory board, or if you perform any paid work or services for other organizations. Schedule B contains a description of all such appointments and positions that you currently occupy, and all paid work and services you currently provide to outside organizations, to which the Company confirms that it provides its permission. The Company retains the right to revoke any consent for such outside services, especially in the event where any such services may create a conflict of interest.

F. Paid Time Off. You will earn **twenty (20) days** of paid time off per calendar year on a pro rata basis. You may use paid time off for any purpose, including vacation, sick or personal days. You may also be entitled to other leaves, including without limitation, an additional allotment of paid sick days and statutory holidays in accordance with applicable law and the Company's applicable policies, as may be in effect from time to time. Accrued but unused paid time off and sick days is governed by the Company's policies, as amended from time to time.

G. Confidentiality Agreement; Clawback Policy. As a condition of your employment under this Agreement, you acknowledge that you have entered into and will continue to abide by the At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement (the "**Confidentiality Agreement**"). Please note that this agreement also deals with, among other things, confidentiality and the ownership of intellectual property developments, and contains non-solicitation, non-competition, and other restrictive covenants. By entering into the Confidentiality Agreement, you are agreeing that compliance with its provisions is reasonable and a necessary requirement in our highly competitive industry, and may be required by our agreements with our suppliers, customers, and distributors. In the event that you leave the employ of the Company, you consent to notification by the Company to your new employer about your rights and obligations under the Confidentiality Agreement. Additionally, you acknowledge that as a condition of your employment under this Agreement, you have signed and agreed to the Company's Clawback Policy, in the form as adopted by the Company as of November 20, 2023, and as may be amended from time to time, which is intended to comply with applicable securities laws and listing standards.

H. Equity. As a regular employee, you will be eligible to participate in Parent's equity program, as may be authorized by the Parent's Compensation Committee. Any equity award granted to you will be granted pursuant to and subject to the terms of the applicable equity plan (the "**Plan**") and the award agreement to be entered into between you and Parent thereunder, which shall control in the event of any conflict with this Agreement. All equity awards granted prior to the effective date of this Agreement will continue to be governed by the applicable equity plan and award agreement.

I. [REMOVED]

J. Benefits. You will be eligible to participate in the Company's employee benefits as may be established from time to time for the Company's employees, subject to the terms of the applicable plans, or as you are otherwise entitled to under federal, state, or local law. You will also be eligible to participate in Xenon USA's 401(k) Plan, which, subject to compliance with applicable U.S. laws, may include a Company matching contribution of up to the amount of your personal contributions to such retirement savings plan in a given tax year, subject to a cap of 5% of your Base Salary (the "**Matching Contribution**"). If you have contributed the maximum amount permitted by law in a given tax year and applicable U.S. law does not permit receipt of the full Matching Contribution, then the Company may pay you a bonus in an amount through the Company's regular payroll so that the aggregate amount you receive for a plan year (including any portion of the Matching Contribution) is economically equivalent to the full Matching Contribution. Applicable benefit plans and policies may be revised, amended, modified, or terminated by the Company at any time in its discretion, with or without notice to you, subject to applicable law.

K. Taxes, Insurance and Indemnification. Any taxes applicable to your employment compensation package with the Company and your secondment to the Parent will be deducted and remitted to the appropriate authorities in accordance with the Company's standard policies and applicable law. You acknowledge and agree that during your employment with the Company, you will be expected to provide services to the Parent pursuant to a secondment arrangement between the Company and the Parent, and that any such services may result in your owing taxes in Canada. You are advised to consult your own financial advisor.

If you work in a second tax jurisdiction at the Parent or Company's request, the Company will cover the reasonable costs for you to use the services of the Company's tax adviser or another tax adviser agreed upon by the Company and you to prepare your home and host country tax returns for any year during which you are required to file tax returns in more than one country as a result of your employment with the Company.

As a corporate and/or executive officer of the Company and/or of the Parent during your employment with the Company, you will continue to be covered by Parent's Directors' and Officers' Liability Insurance Policy and such other indemnity policy, agreement or commitment established by the Company or Parent, as may be in effect from time to time, subject to the terms of the Insurance Policy and other policy, agreement or commitment and any amendments made from time to time at the discretion of the Parent's Board of Directors, provided that no amendment will substantially reduce your entitlements. Your coverage under such insurance policy and any other policy, agreement or commitment will continue after your employment with the Company ends in respect of your employment with the Company.

L. Change of Control. In this Agreement:

a. **"Change of Control**" means:

(i) the acquisition by any person or persons acting jointly or in concert (as determined by the Securities Act (as defined in the Plan)) ("**Person**"), whether directly or indirectly, of voting securities of the Parent that, together with all other voting securities of the Parent held by such Person, constitute in the aggregate more than 50% of all outstanding voting securities of the Parent; provided, however, that for purposes of this subsection, the acquisition of additional securities by any one Person, who owns more than 50% of all outstanding voting securities of the Parent, will not be a Change of Control;

(ii) an amalgamation, arrangement or other form of business combination of the Parent with another corporation that results in the holders of voting securities of that other corporation holding, in the aggregate, more than 50% of all outstanding voting securities of the corporation resulting from the business combination; provided, however, that for purposes of this subsection, the acquisition of additional securities by any one Person, who owns more than 50% of all outstanding voting securities of the Parent, will not be a Change of Control; or

(iii) a change in the ownership of a substantial portion of the Parent's assets, including the sale, lease, transfer or exchange of a substantial portion of the Parent's assets, to another Person, other than in the ordinary course of business of the Parent, which occurs on the date that such Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Parent that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Parent immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Parent's assets: (A) a transfer to a Related Entity (as defined in the Plan), or (B) a transfer of assets by the Parent to: (1) a stockholder of the Parent (immediately before the asset transfer) in exchange for or with respect to the Parent's stock, (2) an entity of which the Parent has Control (as defined in the Plan), (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the all outstanding voting securities of the Parent, or (4) an entity of which a Person described in this subsection (iii)(B)(3) has Control (as defined in the Plan). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Parent, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets;

provided, however, that a Change of Control will not be deemed to have occurred if such Change of Control results solely from the issuance, in connection with a *bona fid*e public offering, financing or series of financings by the Parent, of voting securities of the Parent or any rights to acquire voting securities of the Parent which are convertible into voting securities.

Further and for the avoidance of doubt, a transaction will not constitute a Change of Control if: (x) its sole purpose is to change the state or jurisdiction of the Parent's incorporation, or (y) its sole purpose is to create a holding company the voting securities of which will be owned in substantially the same proportions by the persons who held the Parent's voting securities immediately before such transaction.

Notwithstanding the foregoing, in any case where the occurrence of a Change of Control could affect the vesting of or payment of an amount or award subject to the requirements of Section 409A (as defined on Appendix A), to the extent required to comply with Section 409A, the term "Change of Control" shall mean an occurrence that both (i) satisfies the requirements set forth above in this definition and (ii) is a "change of control event" as that term is defined in the regulations under Section 409A.

b. **"Good Reason**" means any of the following:

(i) any unilateral change or series of changes to your employment responsibilities, reporting relationship, or status within the Company or Parent, such that immediately after such a change or series of changes to your responsibilities, reporting relationship, or status, taken as a whole, and taking into account the size and complexity of the business of the Company or Parent at that time, are substantially less than those assigned to you immediately prior to such change or series of changes; or

(ii) a material reduction in your Base Salary or other compensation as in effect prior to the Change of Control; or

(iii) the taking of any action by the Company or Parent, or the failure by the Company or Parent to take any action, that would materially adversely affect your participation in, or materially reduce your aggregate benefits under, the total package of long-term incentive, bonus, compensation, retirement savings plan, life insurance, health, accident disability and other similar plans in which you are participating prior to the action by the Company or Parent or the failure by the Company or Parent to take any action; or

(iv) the unilateral requirement that you relocate to a new location that is both (a) more than 60 kilometers from your previous work location and (b) more than 60 kilometers from your primary residence; it being understood that you shall not be considered to have been relocated for purposes of this subsection (iv) if you are providing services to the Company consistent with Section Q or R of this Agreement or you otherwise expressly consent to a change to Section Q or R; or

(v) failure or refusal of the Successor Company to offer you terms and conditions of employment, including the provisions of Section M of this Agreement, that are substantially the same as the provisions of this Agreement;

c. "**Successor Company**" means, in connection with a Change of Control, the surviving or acquiring company or entity.

d. "**Cause**" has the meaning set forth in Appendix A.

M. Termination Without Cause or Resignation for Good Reason in Connection With or Following a Change of Control:

In the event of (i) the Company's termination of your employment without Cause or (ii) your resignation for Good Reason, in either case, occurring (A) within three (3) months prior to a Change of Control and related or connected to that Change of Control, or (B) within twelve (12) months after the date of the Change of Control, the Company or Successor Company will provide you with the following, subject to Appendix A and the conditions precedent therein:

a. a lump sum payment equal to the product obtained by multiplying (i) the sum of your Base Salary plus your Target Bonus Amount, by (ii) a fraction, the numerator of which is the sum of twelve (12) plus the number of full years of consecutive service you have completed with the Company as of your termination date, including any service with Parent, and Successor Company, up to a combined maximum of eighteen (18) (such numerator, the "**COC Numerator**"), and the denominator of which is twelve (12);

b. a lump sum payment equal to your Target Bonus Amount for the fiscal year during which termination occurs, pro-rated based on the number of days you were employed during such fiscal year (the "**Pro-Rated Annual Bonus**");

c. payment of an amount equal to the contributions to your retirement savings plan the Company would have paid on your behalf for a number of months following your termination of employment equal to the COC Numerator (the "**COC Payment Period**");

d. notwithstanding any provision in the Plan to the contrary:

i. immediate vesting of all unvested stock options, restricted stock units, other equity or equity-based awards (with any performance-based awards vesting in full), and other deferred compensation awards granted to you by the Parent or the Successor Company; and

ii. with respect to stock options and other deferred compensation granted pursuant to the Plan and any subsequent deferred compensation plan, continued exercise rights for the longer of the period stipulated in the applicable plan or grant, or six (6) months from the termination of your employment.

e. provided that you timely elect to continue coverage and that of any eligible dependents in the Company's group health plans under the federal law known as "COBRA" or similar state law, payment directly on your behalf or reimbursement to you for the cost of the monthly premiums for you and your eligible dependents to continue your health care benefits pursuant to COBRA (the "**COBRA Payments**") until the earliest of (I) the end of the COC Payment Period, (II) the date you commence full-time employment, or (III) the date that you and your eligible dependents cease to be eligible for such COBRA coverage under applicable law or plan terms.

Subject to Appendix A attached hereto, (i) the cash severance payments described above (except for the COBRA Payments) will be paid on the first practicable regularly scheduled payroll date following the Release Effective Date (as defined in Appendix A), and (ii) the COBRA Payments will be paid in substantially equal installments, commencing as soon as practicable following the Release Effective Date, but will be retroactive to the day following your termination of employment. In no event shall any reduction in Base Salary or Target Bonus Amount giving rise to Good Reason be taken into account when determining cash severance payments hereunder.

For your resignation to qualify as a resignation for "Good Reason," you must within three (3) months after the occurrence of Good Reason, provide the Company or Successor Company with written notice of the change or changes constituting Good Reason and, if the change or changes remain uncured by the Company for a period of thirty (30) days following the Company's receipt of such notice (the "**Cure Period**"), you must actually terminate your employment, if at all, not later than sixty (60) days after the expiration of such Cure Period. Where the Good Reason is based in whole or in part on a series of changes, the three (3)-month notice period will commence on the occurrence of the last change in the series. During the Cure Period, the Company or the Successor Company may correct, reverse, rectify or otherwise resolve the change or series of changes that constitute Good Reason, in which case you will not be entitled to resign for Good Reason.

Subject to Appendix A, the payments described above are inclusive of any termination or severance pay owing to you under applicable law, and will be subject to statutory withholdings and other regular payroll deductions. You further agree that you will not be eligible for any additional severance or separation payments under any other Company policy or practice. You will be entitled to the pay, if any, accrued and owing under this Agreement up to the date of termination of your employment. In the event you trigger termination under the Change of Control/Good Reason terms above or are entitled to the termination provisions above as a result of the termination of your employment without Cause, you will not be eligible for any payment pursuant to the termination sections below.

N. Resignation. If for any reason you should wish to leave the Company, other than a termination for Good Reason, you will provide the Company with three (3) months' prior written notice of your intention (the "**Resignation Period**"). You agree that in order to protect the Company's interests, the Company may, in its sole and unfettered discretion, waive the Resignation Period and end your employment prior to the conclusion of the Resignation Period by delivering to you a written notice, which shall cease any further pay or compensation obligations of the Company (except for pay, if any, accrued and owing under this Agreement up to the date of termination of your employment). Nothing in this provision is intended to alter the at-will nature of your employment with the Company.

O. Termination for Cause. The Company may terminate your employment at any time for Cause. You will not be entitled to receive any further pay or compensation (except for pay, if any, accrued and owing under this Agreement up to the date of termination of your employment), severance pay, notice, payment in lieu of notice, benefits or damages of any kind, and for clarity, without limiting the foregoing, you will not be entitled to any bonus or pro rata bonus payment that has not already been paid by the Company.

P. Termination Without Cause.

The Company may terminate your employment without Cause at any time. If the Company terminates your employment without Cause (i) not within three (3) months prior to a Change of Control and in relation or connection to that Change of Control, and (ii) not within twelve (12) months following a Change of Control, the Company will provide you with the following, subject to Appendix A and the conditions precedent therein:

(i) a lump sum severance payment in the amount equal to the product obtained by multiplying (i) your Base Salary, by (ii) a fraction, the numerator of which is the sum of twelve (12) plus the number of full years of consecutive service you have completed with the Company or Parent as of your termination date, up to a maximum of eighteen (18) (such numerator, the "**Non-COC Numerator**"), and the denominator of which is twelve (12);

(ii) the Pro-Rated Annual Bonus;

(iii) provided that you timely elect to continue coverage and that of any eligible dependents in the Company's group health plans under the federal law known as "COBRA" or similar state law, the Company will pay the COBRA Payments until the earliest of (I) the expiration of a number of months following your termination of employment equal to the Non-COC Numerator (the "**Payment Period**"), (II) the date you commence full-time employment, or (III) the date that you and your eligible dependents cease to be eligible for such COBRA coverage under applicable law or plan terms;

(iv) the Company will pay an amount equal to the contributions to your retirement savings plan it would have paid on your behalf for the Payment Period;

(v) notwithstanding any provision in the Plan to the contrary, all options, restricted stock units, other equity or equity-based awards, and any other deferred compensation granted to you will continue to vest for a period of three (3) months after the date your employment terminates and all vested stock options and other deferred compensation will be exercisable until the earlier of the original expiry day of the stock options and deferred compensation and the date that is six (6) months after the date your employment terminates.

Subject to Appendix A, (i) the cash severance payments described above (except for the COBRA Payments) will be paid on the first practicable regularly scheduled payroll date following the Release Effective Date, and (ii) the COBRA Payments will be paid in substantially equal installments, commencing as soon as practicable following the Release Effective Date, but will be retroactive to the day following your termination of employment.

Any payments, severance, or other benefits hereunder will be subject to applicable withholdings and deductions. You will not be entitled to receive any further pay or compensation except (i) as expressly set out in this Agreement, and (ii) the pay, if any, accrued and owing under this Agreement up to the date of termination of your employment.

On termination of your employment, regardless of the reason for such termination, you shall immediately (and with contemporaneous effect) be deemed to have resigned any directorships, offices or other positions that you may hold, if any, in the Company, Parent or any affiliate, with no further action required on the part of the Company, Parent or such affiliate, in each case unless otherwise agreed in writing by the Company and Parent.

Q. Work Permit. You will be required to work in the Parent's Canadian office while fulfilling your on-site presence expectations, as further described in your existing Employee Secondment Agreement Letter. As such, your employment with the Company is contingent upon complying with the Employee Secondment Agreement Letter and maintaining your authorization to work in Canada. If you fail to maintain such status at any point after commencing your employment with the Company, that will be considered a frustration of your employment agreement and the Company will then be able to terminate your employment agreement with no severance payment to you. The Company will support your application for any such authorization.

R. On-Site Expectations. Your principal employment location will be Massachusetts, USA and you will be expected to be on-site at the Parent's US office (Boston, MA, USA area) on a regular basis. Unless prohibited by travel restrictions outside of your control, you will be expected to be on-site at Parent's place of business in the Vancouver, BC, Canada area on an as-needed basis to perform the requirements of your role as mutually agreed with the CEO. Business travel on behalf of Parent will be considered as time spent on-site at Parent. The requirements for your on-site presence will be reviewed with the Parent on an ongoing basis. In order to support your on-site presence, the Company will pay for your flights to and from Vancouver, BC and your accommodation during your travel to Vancouver, BC. All eligible expenses for authorized Xenon business travel will be reimbursed in accordance with our Travel and Expense Policy.

S. FDA Debarment. As a condition of your employment with the Company, you must certify and reaffirm that you are not under investigation by the FDA for debarment action, have not been debarred under the Generic Drug Enforcement Act of 1992 (21 U.S.C. 301 et seq.), and are not otherwise being investigated, restricted or disqualified from performing services relating to clinical trials by the FDA or any other regulatory authority or professional body in any other jurisdiction. If, during the course of your employment with the Company, you become subject to such investigation or otherwise are restricted or disqualified, you will promptly inform Parent's Legal Department of such event.

T. Miscellaneous

No Implied Entitlement. Other than as expressly provided herein, you will not be entitled to receive any further pay or compensation, severance pay, notice, payment in lieu of notice, incentives, bonuses, benefits or damages of any kind.

Continued Effect. Notwithstanding any changes in the terms and conditions of your employment which may occur in the future, including any changes in position, duties or compensation, the termination provisions in this Agreement will continue to be in effect for the duration of your employment with the Company unless otherwise amended in writing and signed by the Company.

Authorization to Deduct Debts. If, on the date you leave employment, you owe the Company any money, you hereby authorize the Company to deduct any such debt from your final pay or any other payment due to you to the extent permitted by applicable law. Any remaining debt will be immediately payable to the Company and you agree to satisfy such debt within fourteen (14) days after any demand for repayment, to the extent permitted by applicable law.

Dispute Resolution. IN CONSIDERATION OF YOUR EMPLOYMENT WITH THE COMPANY, ITS PROMISE TO ARBITRATE ALL EMPLOYMENT-RELATED DISPUTES AND YOUR RECEIPT OF THE COMPENSATION AND OTHER BENEFITS PAID TO YOU BY THE COMPANY, AT PRESENT AND IN THE FUTURE, YOU AGREE THAT ANY AND ALL CONTROVERSIES, CLAIMS, OR DISPUTES WITH ANYONE (INCLUDING THE COMPANY AND ANY EMPLOYEE, OFFICER, DIRECTOR, SHAREHOLDER OR BENEFIT PLAN OF THE COMPANY, IN THEIR CAPACITY AS SUCH OR OTHERWISE), ARISING OUT OF, RELATING TO, OR RESULTING FROM YOUR EMPLOYMENT WITH THE COMPANY OR THE TERMINATION OF YOUR EMPLOYMENT WITH THE COMPANY, INCLUDING ANY BREACH OF THIS AGREEMENT, SHALL BE SUBJECT TO BINDING ARBITRATION, AS SET FORTH IN THE CONFIDENTIALITY AGREEMENT.

Legal Counsel. You have been advised by the Company to retain independent legal advice with respect to this Agreement.

Currency. Except as otherwise specifically indicated, all monetary amounts referenced herein are in U.S. dollars.

Severability. If any part, article, section, clause, paragraph or subparagraph of this Agreement is held to be indefinite, invalid, illegal or otherwise voidable or unenforceable for any reason, the entire Agreement will not fail on the account thereof and the validity, legality and enforceability of the remaining provisions will in no way be affected or impaired thereby.

Entire Understanding. We also confirm that this Agreement (including the appendixes and schedules hereto) and the Confidentiality Agreement, Employee Secondment Agreement Letter, and Clawback Policy agreement (if applicable), and related documentation set forth our entire understanding of the terms of your employment with the Company, and cancels and supersedes all previous invitations, proposals, letters, correspondence, negotiations, promises, agreements with the Parent, the Company, or any related entity, covenants, conditions, representations and warranties with respect to the subject matter of this Agreement. Any modifications to these employment terms must be made in writing and signed by both you and the Company. For the avoidance of doubt, any amendment to or restatement of this Agreement will not, by itself, rescind or modify in any respect any other existing agreement relating to your employment, including any Confidentiality Agreement or Employee Secondment Agreement Letter to which you are a party, unless expressly provided in the terms of such amendment and/or restatement.

Governing Law. This Agreement and all matters arising hereunder will be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, without regard for conflict of law provisions.

Protected Activity Not Prohibited. You understand that nothing in this Agreement shall in any way limit or prohibit you from engaging in any Protected Activity. For purposes of this Agreement, "Protected Activity" means filing a charge or complaint with, or otherwise communicating or cooperating with or participating in any investigation or proceeding that may be conducted by any federal, state or local government agency or commission, including the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, and the National Labor Relations Board ("**Government Agencies**"). You understand that in connection with such Protected Activity, you are permitted to disclose documents or other information as permitted by law, and without giving notice to, or receiving authorization from, the Company or Parent. Notwithstanding the foregoing, in making any such disclosures or communications, you agree to take all reasonable precautions to prevent any unauthorized use or disclosure of any information that may constitute Company Confidential Information to any parties other than the Government Agencies. You further understand that Protected Activity does not include the disclosure of any Company or Parent attorney-client privileged communications. In addition, you hereby acknowledge that the Company has provided you with notice in compliance with the Defend Trade Secrets Act of 2016 regarding immunity from liability for limited disclosures of trade secrets. The full text of the notice is attached in Appendix B.

If you have any questions or concerns regarding the above, please do not hesitate to contact the undersigned.

To accept this Agreement on the terms set out herein, please sign where indicated below, and return a signed copy of this Agreement to me February 25, 2026.

Yours sincerely,

XENON PHARMACEUTICALS USA INC.

/s/ Ian Mortimer

Ian Mortimer
President and Chief Executive Officer, Xenon Pharmaceuticals Inc.

Attachment(s) (as previously provided to you):
1. At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement
2. Xenon's Amended and Restated 2014 Equity Incentive Plan
3. Employee Secondment Agreement Letter
4. U.S. Benefits Summary
5. Clawback Policy agreement

I hereby confirm that I have read, understand and voluntarily accept the terms of this Agreement:

/s/ Andrea DiFabio	02/25/2026
Andrea DiFabio	MM/DD/YYYY

APPENDIX A

ADDITIONAL TERMS TO EMPLOYMENT AGREEMENT

Unless otherwise defined below, capitalized terms used herein will have the meanings set forth in the Agreement.

A. Conditions to Receipt of Annual Bonus. Your annual bonus must be paid no later than March 15th of the year following the year to which such bonus relates. You must be employed on the date of payment to receive any annual bonus payment, except as provided in Sections M and P of the Agreement.

B. Conditions to Receipt of Severance.

a. *Release of Claims.* The receipt of any vesting acceleration, severance payments and benefits pursuant to Sections M or P of the Agreement will be subject to you signing and not revoking a separation agreement and release of claims related to your service with the Company (which may include an agreement not to disparage the Company, affirmation of your obligations under the Confidentiality Agreement (as defined above), and other standard terms and conditions) in a form reasonably satisfactory to the Company (the "**Release**") and provided that such Release becomes effective and irrevocable no later than sixty (60) days (or such longer time as may be required by applicable law) following the date of your termination of employment (such deadline, the "**Release Deadline**" and the date on which the Release becomes effective and irrevocable, the "**Release Effective Date**"). If the Release does not become effective and irrevocable by the Release Deadline, you will forfeit any rights to severance or benefits under this Agreement. In no event will severance payments or benefits be paid or provided until the Release becomes effective and irrevocable. Notwithstanding anything to the contrary contained in the Agreement, in the event that the Release Deadline spans two (2) calendar years, then any severance payments or benefits payable under Sections M or P that otherwise constitute Deferred Payments (as defined below) will be paid no earlier than the first day of the second calendar year, subject to any delayed as may be required for Section 409A.

b. *Section 409A*

(i) Notwithstanding anything to the contrary in this Agreement, no Deferred Payments will be paid or otherwise provided until you have a "separation from service" (within the meaning of Section 409A) from the relevant position or positions. Similarly, no severance payable to you, if any, pursuant to this Agreement that otherwise would be exempt from Section 409A solely pursuant to Treasury Regulation Section 1.409A-1(b)(9) will be payable until you have a "separation from service" (within the meaning of Section 409A).

(ii) Notwithstanding anything to the contrary in this Agreement, if you are a "specified employee" within the meaning of Section 409A at the time of your termination of employment (other than due to death), then the Deferred Payments that are payable within the first six (6) months following your separation from service, will, to the extent required to be delayed pursuant to Section 409A(a)(2)(B) of the Code, become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of your separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if you die following your separation from service, but prior to the six (6)-month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of your death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit. In no event will the Company reimburse you for any taxes that may be imposed on you as a result of Section 409A. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the U.S. Treasury Regulations.

(iii) Any amount paid under this Agreement that satisfies the requirements of the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the U.S. Treasury Regulations will not constitute Deferred Payments for purposes of this Agreement.

(iv) Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the U.S. Treasury Regulations that does not exceed the Section 409A Limit (as defined below) will not constitute Deferred Payments for purposes of this Agreement.

(v) With respect to any expense reimbursements which are not otherwise excludible from your gross taxable income, to the extent required to comply with the provisions of Section 409A, no reimbursement of expenses incurred by you during any taxable year shall be made after the last day of the following taxable year, the right to reimbursement of any such expenses shall not be subject to liquidation or exchange for another benefit, and the amount of expenses eligible for reimbursement during any taxable year may not affect the expenses eligible for reimbursement in any other taxable year.

(vi) The provisions of this Agreement and the payments and benefits hereunder are intended to be exempt from or comply with the requirements of Section 409A so that none of the severance or other payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to be so exempt or so comply. The Company and you agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to you under Section 409A.

(vii) In no event shall the Company, Parent, or any of their affiliates have any liability relating to the failure or alleged failure of any payment or benefit under the Agreement to comply with, or be exempt from, the requirements of Section 409A.

(viii) Definitions:

(A) "**Deferred Payment**" means any severance pay or benefits to be paid or provided to you (or your estate or beneficiaries) pursuant to this Agreement and any other severance payments or separation benefits to be paid or provided to you (or your estate or beneficiaries), that in each case, when considered together, are considered deferred compensation under Section 409A.

(B) "**Section 409A**" means Section 409A of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), and the final regulations and any guidance thereunder and any applicable state law equivalent, as each may be amended or promulgated from time to time.

(C) "**Section 409A Limit**" means two (2) times the lesser of: (i) your annualized compensation based upon the annual rate of pay paid to you during your taxable year preceding the taxable year of your separation from service as determined under U.S. Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(1) and any U.S. Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which your separation from service occurred.

C. **"Cause"** shall mean: (i) your continued failure to substantially perform the material duties and obligations under this Agreement (for reasons other than death or disability), which failure, if curable within the discretion of the Company, is not cured to the reasonable satisfaction of the Company within thirty (30) days after receipt of written notice from the Company of such failure; (ii) your failure or refusal to comply with the policies, standards and regulations established by the Company from time to time which failure, if curable in the discretion of the Company, is not cured to the reasonable satisfaction of the Company within thirty (30) days after receipt of written notice of such failure from the Company; (iii) any act of personal dishonesty, fraud, embezzlement, misrepresentation, or other unlawful act committed by you that benefits you at the expense of the Company; (iv) your violation of a U.S. or Canadian federal, provincial or state law or regulation applicable to the Company's business; (v) your violation of, or a plea of nolo contendere or guilty to, a felony under the laws of the United States or any state or Canada or any province; (vi) your material breach of the terms of this Agreement or the Confidentiality Agreement; or (vii) the Company's severe financial distress, whereby the Company is in the process of winding down its business and your employment is terminated in connection with such winding down.

D. ***Section 280G.*** If at any time it is determined that all or any portion of the payments or benefits provided under this Agreement and/or any other payment or benefit which you receive or are entitled to receive from the Company, Parent or any of their affiliates, would constitute an "excess parachute payment" within the meaning of Section 280G of the Code ("**Section 280G**") but for this paragraph, then, notwithstanding anything in this Agreement or any other agreement or plan to the contrary, you will be entitled to receive: (i) the amount of such payments or benefits, reduced such that no portion thereof shall fail to be tax deductible under Section 280G (the "**Limited Amount**") or (ii) if the amounts otherwise payable hereunder and under any other agreement or plan of the Company, Parent or any of their affiliates (without regard to clause (i)), reduced by all taxes applicable thereto (including, for the avoidance of doubt, the excise tax imposed by Section 4999 of the Code), would be greater than the Limited Amount reduced by all taxes applicable thereto, the amounts otherwise payable hereunder.

SCHEDULE A

Duties and Responsibilities

[As previously agreed and filed.]

The Chief Legal Officer serves as a member of the Senior Executive Team and collaborates closely with senior executive colleagues to propose and contribute to overall Company strategy, product strategies, and financial and operational planning, including development of the 5 Year Plan and Annual Operating Plan.

The Chief Legal Officer interacts with a variety of key external stakeholders, including, but not limited to the Company's Board of Directors, investors, bankers, regulators, partners, potential partners, expert advisors, and all levels of internal staff.

Specific duties and responsibilities in this position include those listed below:

1. Develop and propose functional plans for managing legal matters, including activities to be performed in-house or through third-party providers, to efficiently manage Xenon's legal activities and risk mitigation strategies in a manner appropriate for the stage and growing complexity of the business.
2. Ensure compliance with securities regulations, corporate governance requirements, and other relevant legal and statutory requirements.
3. Lead and manage legal aspects of Xenon's financing activities and corporate structure considerations, including assessing and advising on current and future business structures and legal entities.
4. Draft, review, and/or negotiate a wide variety of agreements including confidentiality, material transfer, clinical trial, licensing, collaboration, advisory board, market research, leases, and other intellectual-property-related matters with Canadian, US and international parties including for example, partners, vendors, clinical trial sites, and landlords.
5. Provide strategic guidance on interactions with patients, healthcare professionals, institutions, and regulatory agencies; lead in the areas of healthcare law and applicable pharmaceutical marketing, anti-kickback, privacy, fraud and abuse, anti-bribery, Sunshine Act and product liability statutes and regulations.
6. Oversee the development of global ethics and compliance programs to prevent and detect violations of laws, company policies, and other misconduct; promote ethical practices; and ensure the implementation of the compliance program throughout the organization.
7. Coordinate board of director meetings and board committee meetings and act as the corporate secretary preparing meeting minutes and maintaining appropriate corporate records.
8. Proactively address rapidly evolving regulatory and governance compliance environment including changes in laws and regulations, regulatory focus areas, and industry best practices.
9. Develop and propose short- and long-term goals for the Legal function in accordance with overall Company strategies.
10. Recruit, lead, direct, develop, coach, and evaluate direct reports in accordance with the Company's Human Resource policies and practices.
11. Plan and manage budget proposals and approved budgets in accordance with the Company's strategic and operating plans and Finance policies.
12. Travel internationally for meetings, conferences, and the like.
13. Act in accordance with Company policies, including, for example, the Code of Business Conduct and

Ethics and ensure policies are understood and followed by direct reports, if any.

14. Other duties as required from time to time.

SCHEDULE B

Please complete only to reflect any updates to previously provided version.

Disclosure of Volunteer, Board and Other External Commitments

Position	Organization	Length of Appointment/ Engagement

APPENDIX B

Section 7 of The Defend Trade Secrets Act of 2016

" . . . An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that—(A) is made—(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. . . . An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual—(A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order."

Exhibit 10.40

AMENDED & RESTATED OFFER LETTER

February 25, 2026

CONFIDENTIAL

Via Electronic Mail

Christopher (Chris) Kenney

Dear Chris,

Re: Offer of Employment – Amended and Restated

We are pleased to offer you this amended and restated offer of employment (this "**Agreement**") as Chief Medical Officer with Xenon Pharmaceuticals USA Inc. (the "**Company**"), a wholly owned subsidiary of Xenon Pharmaceuticals Inc. ("**Parent**"), which replaces and supersedes your earlier offer of employment dated August 18, 2021. The effective date of this Agreement shall be February 25, 2026. You will be credited for all purposes with your service to the Company back to your start date of August 23, 2021.

The Company agrees to employ you, and you agree to serve the Company, on an "at-will" basis, which means that either the Company or you may terminate your employment with the Company at any time and for any or no reason, in accordance with the terms of this Agreement.

A. **Base Salary**. Retroactive to January 1, 2026, you will earn a base salary at a rate of **$590,000** USD per year, less statutory and other applicable deductions as required, for all work and services you perform for the Company (the "**Base Salary**"). The Base Salary is payable semi-monthly in arrears in accordance with the Company's applicable payroll policies.

B. **Annual Discretionary Bonus**. In addition to your Base Salary, you are eligible to earn an annual discretionary bonus, less statutory and other applicable deductions as required, of up to **forty-five percent (45%)** of your annual base salary earnings in the applicable calendar year of service (the "**Target Bonus Amount**"). The payment and amount of the annual bonus is within the sole discretion of the Board of Directors of the Company (the "**Board**"), based on the determination of the Compensation Committee of the Board of Directors of Parent (the "**Compensation Committee**"), and will be evaluated in the first quarter of each year in relation to the achievement of corporate objectives for the previous year and subject to the terms and conditions of Appendix A hereto. Such objectives will be established annually by the Compensation Committee in its sole discretion. Bonuses are not earned until paid and are contingent upon your continued employment with the Company through the date the bonus is paid. No "pro-rated" or partial bonus will be provided unless provided for in Sections M through P below or as otherwise approved by the Board, based on the determination of the Compensation Committee, in its sole discretion.

C. **Annual Review**. Your compensation package is subject to periodic annual review, at the sole discretion of the Company, in accordance with its policies. Any adjustment to the same is at the sole discretion of the Company provided that the Base Salary will not be reduced without your consent.

D. Expense Reimbursement. In accordance with its expense policy, as amended from time to time, the Company will reimburse any authorized expenses actually and reasonably incurred in the course of performing your employment duties. The Company will also provide to you, for the duration of your employment, any necessary work tools and equipment, such as a laptop computer and mobile phone. Subject to advance approval by the Company, you will also be reimbursed for out-of-pocket expenses incurred for attending courses or workshops related to your employment duties.

E. Reporting Structure/Responsibilities. You will report to the CEO of Parent. You will perform the responsibilities and duties of your position, as described in the job description previously provided to you, and such other responsibilities and duties as may be reasonably requested by the Parent and/or the Company from time to time. You will at all times: (i) conform to the reasonable and lawful directions of the Parent, the Company and the Board; (ii) adhere to all applicable Company and Parent policies; (iii) give the Company and Parent the full benefit of your knowledge, expertise, skill and ingenuity; (iv) well and faithfully serve the Company and Parent; (v) devote your full time and best efforts to furthering the interests of the Company and Parent; and (vi) exercise the degree of care, diligence and skill that a prudent executive would exercise in comparable circumstances.

You will not during your employment with the Company be employed by, or provide products or services of any nature whatsoever to, any other person, company, organization or other entity without prior written permission from the Company, provided that you may provide services to Parent as agreed between Parent and Company as part of your duties under this Agreement (with the understanding that the compensation provided to you under this Agreement shall fully compensate you for any such services to Parent). This does not restrict you from performing reasonable volunteer activities; however, you must obtain the prior consent of the Company if you wish to serve on a board of directors or advisory board, or if you perform any paid work or services for other organizations. Schedule B contains a description of all such appointments and positions that you currently occupy, and all paid work and services you currently provide to outside organizations, to which the Company confirms that it provides its permission. The Company retains the right to revoke any consent for such outside services, especially in the event where any such services may create a conflict of interest.

F. Paid Time Off. You will earn **twenty (20) days** of paid time off per calendar year on a pro rata basis. You may use paid time off for any purpose, including vacation, sick or personal days. You may also be entitled to other leaves, including without limitation, an additional allotment of paid sick days and statutory holidays in accordance with applicable law and the Company's applicable policies, as may be in effect from time to time. Accrued but unused paid time off and sick days is governed by the Company's policies, as amended from time to time.

G. Confidentiality Agreement; Clawback Policy. As a condition of your employment under this Agreement, you acknowledge that you have entered into and will continue to abide by the At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement (the "**Confidentiality Agreement**"). Please note that this agreement also deals with, among other things, confidentiality and the ownership of intellectual property developments, and contains non-solicitation, non-competition, and other restrictive covenants. By entering into the Confidentiality Agreement, you are agreeing that compliance with its provisions is reasonable and a necessary requirement in our highly competitive industry, and may be required by our agreements with our suppliers, customers, and distributors. In the event that you leave the employ of the Company, you consent to notification by the Company to your new employer about your rights and obligations under the Confidentiality Agreement. Additionally, you acknowledge that as a condition of your employment under this Agreement, you have signed and agreed to the Company's Clawback Policy, in the form as adopted by the Company as of November 20, 2023, and as may be amended from time to time, which is intended to comply with applicable securities laws and listing standards.

H. Equity. As a regular employee, you will be eligible to participate in Parent's equity program, as may be authorized by the Parent's Compensation Committee. Any equity award granted to you will be granted pursuant to and subject to the terms of the applicable equity plan (the "**Plan**") and the award agreement to be entered into between you and Parent thereunder, which shall control in the event of any conflict with this Agreement. All equity awards granted prior to the effective date of this Agreement will continue to be governed by the applicable equity plan and award agreement.

I. [REMOVED]

J. Benefits. You will be eligible to participate in the Company's employee benefits as may be established from time to time for the Company's employees, subject to the terms of the applicable plans, or as you are otherwise entitled to under federal, state, or local law. You will also be eligible to participate in Xenon USA's 401(k) Plan, which, subject to compliance with applicable U.S. laws, may include a Company matching contribution of up to the amount of your personal contributions to such retirement savings plan in a given tax year, subject to a cap of 5% of your Base Salary (the "**Matching Contribution**"). If you have contributed the maximum amount permitted by law in a given tax year and applicable U.S. law does not permit receipt of the full Matching Contribution, then the Company may pay you a bonus in an amount through the Company's regular payroll so that the aggregate amount you receive for a plan year (including any portion of the Matching Contribution) is economically equivalent to the full Matching Contribution. Applicable benefit plans and policies may be revised, amended, modified, or terminated by the Company at any time in its discretion, with or without notice to you, subject to applicable law.

K. Taxes, Insurance and Indemnification. Any taxes applicable to your employment compensation package with the Company and your secondment to the Parent will be deducted and remitted to the appropriate authorities in accordance with the Company's standard policies and applicable law. You acknowledge and agree that during your employment with the Company, you will be expected to provide services to the Parent pursuant to a secondment arrangement between the Company and the Parent, and that any such services may result in your owing taxes in Canada. You are advised to consult your own financial advisor.

If you work in a second tax jurisdiction at the Parent or Company's request, the Company will cover the reasonable costs for you to use the services of the Company's tax adviser or another tax adviser agreed upon by the Company and you to prepare your home and host country tax returns for any year during which you are required to file tax returns in more than one country as a result of your employment with the Company.

As a corporate and/or executive officer of the Company and/or of the Parent during your employment with the Company, you will continue to be covered by Parent's Directors' and Officers' Liability Insurance Policy and such other indemnity policy, agreement or commitment established by the Company or Parent, as may be in effect from time to time, subject to the terms of the Insurance Policy and other policy, agreement or commitment and any amendments made from time to time at the discretion of the Parent's Board of Directors, provided that no amendment will substantially reduce your entitlements. Your coverage under such insurance policy and any other policy, agreement or commitment will continue after your employment with the Company ends in respect of your employment with the Company.

L. Change of Control. In this Agreement:

a. **"Change of Control**" means:

(i) the acquisition by any person or persons acting jointly or in concert (as determined by the Securities Act (as defined in the Plan)) ("**Person**"), whether directly or indirectly, of voting securities of the Parent that, together with all other voting securities of the Parent held by such Person, constitute in the aggregate more than 50% of all outstanding voting securities of the Parent; provided, however, that for purposes of this subsection, the acquisition of additional securities by any one Person, who owns more than 50% of all outstanding voting securities of the Parent, will not be a Change of Control;

(ii) an amalgamation, arrangement or other form of business combination of the Parent with another corporation that results in the holders of voting securities of that other corporation holding, in the aggregate, more than 50% of all outstanding voting securities of the corporation resulting from the business combination; provided, however, that for purposes of this subsection, the acquisition of additional securities by any one Person, who owns more than 50% of all outstanding voting securities of the Parent, will not be a Change of Control; or

(iii) a change in the ownership of a substantial portion of the Parent's assets, including the sale, lease, transfer or exchange of a substantial portion of the Parent's assets, to another Person, other than in the ordinary course of business of the Parent, which occurs on the date that such Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Parent that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Parent immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Parent's assets: (A) a transfer to a Related Entity (as defined in the Plan), or (B) a transfer of assets by the Parent to: (1) a stockholder of the Parent (immediately before the asset transfer) in exchange for or with respect to the Parent's stock, (2) an entity of which the Parent has Control (as defined in the Plan), (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the all outstanding voting securities of the Parent, or (4) an entity of which a Person described in this subsection (iii)(B)(3) has Control (as defined in the Plan). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Parent, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets;

provided, however, that a Change of Control will not be deemed to have occurred if such Change of Control results solely from the issuance, in connection with a *bona fid*e public offering, financing or series of financings by the Parent, of voting securities of the Parent or any rights to acquire voting securities of the Parent which are convertible into voting securities.

Further and for the avoidance of doubt, a transaction will not constitute a Change of Control if: (x) its sole purpose is to change the state or jurisdiction of the Parent's incorporation, or (y) its sole purpose is to create a holding company the voting securities of which will be owned in substantially the same proportions by the persons who held the Parent's voting securities immediately before such transaction.

Notwithstanding the foregoing, in any case where the occurrence of a Change of Control could affect the vesting of or payment of an amount or award subject to the requirements of Section 409A (as defined on Appendix A), to the extent required to comply with Section 409A, the term "Change of Control" shall mean an occurrence that both (i) satisfies the requirements set forth above in this definition and (ii) is a "change of control event" as that term is defined in the regulations under Section 409A.

b. **"Good Reason**" means any of the following:

(i) any unilateral change or series of changes to your employment responsibilities, reporting relationship, or status within the Company or Parent, such that immediately after such a change or series of changes to your responsibilities, reporting relationship, or status, taken as a whole, and taking into account the size and complexity of the business of the Company or Parent at that time, are substantially less than those assigned to you immediately prior to such change or series of changes; or

(ii) a material reduction in your Base Salary or other compensation as in effect prior to the Change of Control; or

(iii) the taking of any action by the Company or Parent, or the failure by the Company or Parent to take any action, that would materially adversely affect your participation in, or materially reduce your aggregate benefits under, the total package of long-term incentive, bonus, compensation, retirement savings plan, life insurance, health, accident disability and other similar plans in which you are participating prior to the action by the Company or Parent or the failure by the Company or Parent to take any action; or

(iv) the unilateral requirement that you relocate to a new location that is both (a) more than 60 kilometers from your previous work location and (b) more than 60 kilometers from your primary residence; it being understood that you shall not be considered to have been relocated for purposes of this subsection (iv) if you are providing services to the Company consistent with Section Q or R of this Agreement or you otherwise expressly consent to a change to Section Q or R; or

(v) failure or refusal of the Successor Company to offer you terms and conditions of employment, including the provisions of Section M of this Agreement, that are substantially the same as the provisions of this Agreement;

c. "**Successor Company**" means, in connection with a Change of Control, the surviving or acquiring company or entity.

d. "**Cause**" has the meaning set forth in Appendix A.

M. Termination Without Cause or Resignation for Good Reason in Connection With or Following a Change of Control:

In the event of (i) the Company's termination of your employment without Cause or (ii) your resignation for Good Reason, in either case, occurring (A) within three (3) months prior to a Change of Control and related or connected to that Change of Control, or (B) within twelve (12) months after the date of the Change of Control, the Company or Successor Company will provide you with the following, subject to Appendix A and the conditions precedent therein:

a. a lump sum payment equal to the product obtained by multiplying (i) the sum of your Base Salary plus your Target Bonus Amount, by (ii) a fraction, the numerator of which is the sum of twelve (12) plus the number of full years of consecutive service you have completed with the Company as of your termination date, including any service with Parent, and Successor Company, up to a combined maximum of eighteen (18) (such numerator, the "**COC Numerator**"), and the denominator of which is twelve (12);

b. a lump sum payment equal to your Target Bonus Amount for the fiscal year during which termination occurs, pro-rated based on the number of days you were employed during such fiscal year (the "**Pro-Rated Annual Bonus**");

c. payment of an amount equal to the contributions to your retirement savings plan the Company would have paid on your behalf for a number of months following your termination of employment equal to the COC Numerator (the "**COC Payment Period**");

d. notwithstanding any provision in the Plan to the contrary:

i. immediate vesting of all unvested stock options, restricted stock units, other equity or equity-based awards (with any performance-based awards vesting in full), and other deferred compensation awards granted to you by the Parent or the Successor Company; and

ii. with respect to stock options and other deferred compensation granted pursuant to the Plan and any subsequent deferred compensation plan, continued exercise rights for the longer of the period stipulated in the applicable plan or grant, or six (6) months from the termination of your employment.

e. provided that you timely elect to continue coverage and that of any eligible dependents in the Company's group health plans under the federal law known as "COBRA" or similar state law, payment directly on your behalf or reimbursement to you for the cost of the monthly premiums for you and your eligible dependents to continue your health care benefits pursuant to COBRA (the "**COBRA Payments**") until the earliest of (I) the end of the COC Payment Period, (II) the date you commence full-time employment, or (III) the date that you and your eligible dependents cease to be eligible for such COBRA coverage under applicable law or plan terms.

Subject to Appendix A attached hereto, (i) the cash severance payments described above (except for the COBRA Payments) will be paid on the first practicable regularly scheduled payroll date following the Release Effective Date (as defined in Appendix A), and (ii) the COBRA Payments will be paid in substantially equal installments, commencing as soon as practicable following the Release Effective Date, but will be retroactive to the day following your termination of employment. In no event shall any reduction in Base Salary or Target Bonus Amount giving rise to Good Reason be taken into account when determining cash severance payments hereunder.

For your resignation to qualify as a resignation for "Good Reason," you must within three (3) months after the occurrence of Good Reason, provide the Company or Successor Company with written notice of the change or changes constituting Good Reason and, if the change or changes remain uncured by the Company for a period of thirty (30) days following the Company's receipt of such notice (the "**Cure Period**"), you must actually terminate your employment, if at all, not later than sixty (60) days after the expiration of such Cure Period. Where the Good Reason is based in whole or in part on a series of changes, the three (3)-month notice period will commence on the occurrence of the last change in the series. During the Cure Period, the Company or the Successor Company may correct, reverse, rectify or otherwise resolve the change or series of changes that constitute Good Reason, in which case you will not be entitled to resign for Good Reason.

Subject to Appendix A, the payments described above are inclusive of any termination or severance pay owing to you under applicable law, and will be subject to statutory withholdings and other regular payroll deductions. You further agree that you will not be eligible for any additional severance or separation payments under any other Company policy or practice. You will be entitled to the pay, if any, accrued and owing under this Agreement up to the date of termination of your employment. In the event you trigger termination under the Change of Control/Good Reason terms above or are entitled to the termination provisions above as a result of the termination of your employment without Cause, you will not be eligible for any payment pursuant to the termination sections below.

N. Resignation. If for any reason you should wish to leave the Company, other than a termination for Good Reason, you will provide the Company with three (3) months' prior written notice of your intention (the "**Resignation Period**"). You agree that in order to protect the Company's interests, the Company may, in its sole and unfettered discretion, waive the Resignation Period and end your employment prior to the conclusion of the Resignation Period by delivering to you a written notice, which shall cease any further pay or compensation obligations of the Company (except for pay, if any, accrued and owing under this Agreement up to the date of termination of your employment). Nothing in this provision is intended to alter the at-will nature of your employment with the Company.

O. Termination for Cause. The Company may terminate your employment at any time for Cause. You will not be entitled to receive any further pay or compensation (except for pay, if any, accrued and owing under this Agreement up to the date of termination of your employment), severance pay, notice, payment in lieu of notice, benefits or damages of any kind, and for clarity, without limiting the foregoing, you will not be entitled to any bonus or pro rata bonus payment that has not already been paid by the Company.

P. Termination Without Cause.

The Company may terminate your employment without Cause at any time. If the Company terminates your employment without Cause (i) not within three (3) months prior to a Change of Control and in relation or connection to that Change of Control, and (ii) not within twelve (12) months following a Change of Control, the Company will provide you with the following, subject to Appendix A and the conditions precedent therein:

(i) a lump sum severance payment in the amount equal to the product obtained by multiplying (i) your Base Salary, by (ii) a fraction, the numerator of which is the sum of twelve (12) plus the number of full years of consecutive service you have completed with the Company or Parent as of your termination date, up to a maximum of eighteen (18) (such numerator, the "**Non-COC Numerator**"), and the denominator of which is twelve (12);

(ii) the Pro-Rated Annual Bonus;

(iii) provided that you timely elect to continue coverage and that of any eligible dependents in the Company's group health plans under the federal law known as "COBRA" or similar state law, the Company will pay the COBRA Payments until the earliest of (I) the expiration of a number of months following your termination of employment equal to the Non-COC Numerator (the "**Payment Period**"), (II) the date you commence full-time employment, or (III) the date that you and your eligible dependents cease to be eligible for such COBRA coverage under applicable law or plan terms;

(iv) the Company will pay an amount equal to the contributions to your retirement savings plan it would have paid on your behalf for the Payment Period;

(v) notwithstanding any provision in the Plan to the contrary, all options, restricted stock units, other equity or equity-based awards, and any other deferred compensation granted to you will continue to vest for a period of three (3) months after the date your employment terminates and all vested stock options and other deferred compensation will be exercisable until the earlier of the original expiry day of the stock options and deferred compensation and the date that is six (6) months after the date your employment terminates.

Subject to Appendix A, (i) the cash severance payments described above (except for the COBRA Payments) will be paid on the first practicable regularly scheduled payroll date following the Release Effective Date, and (ii) the COBRA Payments will be paid in substantially equal installments, commencing as soon as practicable following the Release Effective Date, but will be retroactive to the day following your termination of employment.

Any payments, severance, or other benefits hereunder will be subject to applicable withholdings and deductions. You will not be entitled to receive any further pay or compensation except (i) as expressly set out in this Agreement, and (ii) the pay, if any, accrued and owing under this Agreement up to the date of termination of your employment.

On termination of your employment, regardless of the reason for such termination, you shall immediately (and with contemporaneous effect) be deemed to have resigned any directorships, offices or other positions that you may hold, if any, in the Company, Parent or any affiliate, with no further action required on the part of the Company, Parent or such affiliate, in each case unless otherwise agreed in writing by the Company and Parent.

Q. Work Permit. You will be required to work in the Parent's Canadian office while fulfilling your on-site presence expectations, as further described in your existing Employee Secondment Agreement Letter. As such, your employment with the Company is contingent upon complying with the Employee Secondment Agreement Letter and maintaining your authorization to work in Canada. If you fail to maintain such status at any point after commencing your employment with the Company, that will be considered a frustration of your employment agreement and the Company will then be able to terminate your employment agreement with no severance payment to you. The Company will support your application for any such authorization.

R. On-Site Expectations. Your principal employment location will be Massachusetts, USA and you will be expected to be on-site at the Parent's US office (Boston, MA, USA area) on a regular basis. Unless prohibited by travel restrictions outside of your control, you will be expected to be on-site at Parent's place of business in the Vancouver, BC, Canada area on an as-needed basis to perform the requirements of your role as mutually agreed with the CEO. Business travel on behalf of Parent will be considered as time spent on-site at Parent. The requirements for your on-site presence will be reviewed with the Parent on an ongoing basis. In order to support your on-site presence, the Company will pay for your flights to and from Vancouver, BC and your accommodation during your travel to Vancouver, BC. All eligible expenses for authorized Xenon business travel will be reimbursed in accordance with our Travel and Expense Policy.

S. FDA Debarment. As a condition of your employment with the Company, you must certify and reaffirm that you are not under investigation by the FDA for debarment action, have not been debarred under the Generic Drug Enforcement Act of 1992 (21 U.S.C. 301 et seq.), and are not otherwise being investigated, restricted or disqualified from performing services relating to clinical trials by the FDA or any other regulatory authority or professional body in any other jurisdiction. If, during the course of your employment with the Company, you become subject to such investigation or otherwise are restricted or disqualified, you will promptly inform Parent's Legal Department of such event.

T. Miscellaneous

No Implied Entitlement. Other than as expressly provided herein, you will not be entitled to receive any further pay or compensation, severance pay, notice, payment in lieu of notice, incentives, bonuses, benefits or damages of any kind.

Continued Effect. Notwithstanding any changes in the terms and conditions of your employment which may occur in the future, including any changes in position, duties or compensation, the termination provisions in this Agreement will continue to be in effect for the duration of your employment with the Company unless otherwise amended in writing and signed by the Company.

Authorization to Deduct Debts. If, on the date you leave employment, you owe the Company any money, you hereby authorize the Company to deduct any such debt from your final pay or any other payment due to you to the extent permitted by applicable law. Any remaining debt will be immediately payable to the Company and you agree to satisfy such debt within fourteen (14) days after any demand for repayment, to the extent permitted by applicable law.

Dispute Resolution. IN CONSIDERATION OF YOUR EMPLOYMENT WITH THE COMPANY, ITS PROMISE TO ARBITRATE ALL EMPLOYMENT-RELATED DISPUTES AND YOUR RECEIPT OF THE COMPENSATION AND OTHER BENEFITS PAID TO YOU BY THE COMPANY, AT PRESENT AND IN THE FUTURE, YOU AGREE THAT ANY AND ALL CONTROVERSIES, CLAIMS, OR DISPUTES WITH ANYONE (INCLUDING THE COMPANY AND ANY EMPLOYEE, OFFICER, DIRECTOR, SHAREHOLDER OR BENEFIT PLAN OF THE COMPANY, IN THEIR CAPACITY AS SUCH OR OTHERWISE), ARISING OUT OF, RELATING TO, OR RESULTING FROM YOUR EMPLOYMENT WITH THE COMPANY OR THE TERMINATION OF YOUR EMPLOYMENT WITH THE COMPANY, INCLUDING ANY BREACH OF THIS AGREEMENT, SHALL BE SUBJECT TO BINDING ARBITRATION, AS SET FORTH IN THE CONFIDENTIALITY AGREEMENT.

Legal Counsel. You have been advised by the Company to retain independent legal advice with respect to this Agreement.

Currency. Except as otherwise specifically indicated, all monetary amounts referenced herein are in U.S. dollars.

Severability. If any part, article, section, clause, paragraph or subparagraph of this Agreement is held to be indefinite, invalid, illegal or otherwise voidable or unenforceable for any reason, the entire Agreement will not fail on the account thereof and the validity, legality and enforceability of the remaining provisions will in no way be affected or impaired thereby.

Entire Understanding. We also confirm that this Agreement (including the appendixes and schedules hereto) and the Confidentiality Agreement, Employee Secondment Agreement Letter, Clawback Policy agreement (if applicable), and related documentation set forth our entire understanding of the terms of your employment with the Company, and cancels and supersedes all previous invitations, proposals, letters, correspondence, negotiations, promises, agreements with the Parent, the Company, or any related entity, covenants, conditions, representations and warranties with respect to the subject matter of this Agreement. Any modifications to these employment terms must be made in writing and signed by both you and the Company. For the avoidance of doubt, any amendment to or restatement of this Agreement will not, by itself, rescind or modify in any respect any other existing agreement relating to your employment, including any Confidentiality Agreement or Employee Secondment Agreement Letter to which you are a party, unless expressly provided in the terms of such amendment and/or restatement.

Governing Law. This Agreement and all matters arising hereunder will be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, without regard for conflict of law provisions.

Protected Activity Not Prohibited. You understand that nothing in this Agreement shall in any way limit or prohibit you from engaging in any Protected Activity. For purposes of this Agreement, "Protected Activity" means filing a charge or complaint with, or otherwise communicating or cooperating with or participating in any investigation or proceeding that may be conducted by any federal, state or local government agency or commission, including the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, and the National Labor Relations Board ("**Government Agencies**"). You understand that in connection with such Protected Activity, you are permitted to disclose documents or other information as permitted by law, and without giving notice to, or receiving authorization from, the Company or Parent. Notwithstanding the foregoing, in making any such disclosures or communications, you agree to take all reasonable precautions to prevent any unauthorized use or disclosure of any information that may constitute Company Confidential Information to any parties other than the Government Agencies. You further understand that Protected Activity does not include the disclosure of any Company or Parent attorney-client privileged communications. In addition, you hereby acknowledge that the Company has provided you with notice in compliance with the Defend Trade Secrets Act of 2016 regarding immunity from liability for limited disclosures of trade secrets. The full text of the notice is attached in Appendix B.

If you have any questions or concerns regarding the above, please do not hesitate to contact the undersigned.

To accept this Agreement on the terms set out herein, please sign where indicated below, and return a signed copy of this Agreement to me by February 25, 2026.

Yours sincerely,

XENON PHARMACEUTICALS USA INC.

/s/ Ian Mortimer

Ian Mortimer
President and Chief Executive Officer, Xenon Pharmaceuticals Inc.

Attachment(s) (as previously provided to you):
1. At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement
2. Xenon's Amended and Restated 2014 Equity Incentive Plan
3. Employee Secondment Agreement Letter
4. U.S. Benefits Summary
5. Clawback Policy agreement

I hereby confirm that I have read, understand and voluntarily accept the terms of this Agreement:

/s/ Christopher Kenney 02/25/2026

Christopher (Chris) Kenney MM/DD/YYYY

APPENDIX A

ADDITIONAL TERMS TO EMPLOYMENT AGREEMENT

Unless otherwise defined below, capitalized terms used herein will have the meanings set forth in the Agreement.

A. Conditions to Receipt of Annual Bonus. Your annual bonus must be paid no later than March 15th of the year following the year to which such bonus relates. You must be employed on the date of payment to receive any annual bonus payment, except as provided in Sections M and P of the Agreement.

B. Conditions to Receipt of Severance.

a. *Release of Claims.* The receipt of any vesting acceleration, severance payments and benefits pursuant to Sections M or P of the Agreement will be subject to you signing and not revoking a separation agreement and release of claims related to your service with the Company (which may include an agreement not to disparage the Company, affirmation of your obligations under the Confidentiality Agreement (as defined above), and other standard terms and conditions) in a form reasonably satisfactory to the Company (the "**Release**") and provided that such Release becomes effective and irrevocable no later than sixty (60) days (or such longer time as may be required by applicable law) following the date of your termination of employment (such deadline, the "**Release Deadline**" and the date on which the Release becomes effective and irrevocable, the "**Release Effective Date**"). If the Release does not become effective and irrevocable by the Release Deadline, you will forfeit any rights to severance or benefits under this Agreement. In no event will severance payments or benefits be paid or provided until the Release becomes effective and irrevocable. Notwithstanding anything to the contrary contained in the Agreement, in the event that the Release Deadline spans two (2) calendar years, then any severance payments or benefits payable under Sections M or P that otherwise constitute Deferred Payments (as defined below) will be paid no earlier than the first day of the second calendar year, subject to any delayed as may be required for Section 409A.

b. *Section 409A*

(i) Notwithstanding anything to the contrary in this Agreement, no Deferred Payments will be paid or otherwise provided until you have a "separation from service" (within the meaning of Section 409A) from the relevant position or positions. Similarly, no severance payable to you, if any, pursuant to this Agreement that otherwise would be exempt from Section 409A solely pursuant to Treasury Regulation Section 1.409A-1(b)(9) will be payable until you have a "separation from service" (within the meaning of Section 409A).

(ii) Notwithstanding anything to the contrary in this Agreement, if you are a "specified employee" within the meaning of Section 409A at the time of your termination of employment (other than due to death), then the Deferred Payments that are payable within the first six (6) months following your separation from service, will, to the extent required to be delayed pursuant to Section 409A(a)(2)(B) of the Code, become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of your separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if you die following your separation from service, but prior to the six (6)-month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of your death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit. In no event will the Company reimburse you for any taxes that may be imposed on you as a result of Section 409A. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the U.S. Treasury Regulations.

(iii) Any amount paid under this Agreement that satisfies the requirements of the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the U.S. Treasury Regulations will not constitute Deferred Payments for purposes of this Agreement.

(iv) Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the U.S. Treasury Regulations that does not exceed the Section 409A Limit (as defined below) will not constitute Deferred Payments for purposes of this Agreement.

(v) With respect to any expense reimbursements which are not otherwise excludible from your gross taxable income, to the extent required to comply with the provisions of Section 409A, no reimbursement of expenses incurred by you during any taxable year shall be made after the last day of the following taxable year, the right to reimbursement of any such expenses shall not be subject to liquidation or exchange for another benefit, and the amount of expenses eligible for reimbursement during any taxable year may not affect the expenses eligible for reimbursement in any other taxable year.

(vi) The provisions of this Agreement and the payments and benefits hereunder are intended to be exempt from or comply with the requirements of Section 409A so that none of the severance or other payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to be so exempt or so comply. The Company and you agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to you under Section 409A.

(vii) In no event shall the Company, Parent, or any of their affiliates have any liability relating to the failure or alleged failure of any payment or benefit under the Agreement to comply with, or be exempt from, the requirements of Section 409A.

(viii) Definitions:

(A) "**Deferred Payment**" means any severance pay or benefits to be paid or provided to you (or your estate or beneficiaries) pursuant to this Agreement and any other severance payments or separation benefits to be paid or provided to you (or your estate or beneficiaries), that in each case, when considered together, are considered deferred compensation under Section 409A.

(B) "**Section 409A**" means Section 409A of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), and the final regulations and any guidance thereunder and any applicable state law equivalent, as each may be amended or promulgated from time to time.

(C) "**Section 409A Limit**" means two (2) times the lesser of: (i) your annualized compensation based upon the annual rate of pay paid to you during your taxable year preceding the taxable year of your separation from service as determined under U.S. Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(1) and any U.S. Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which your separation from service occurred.

C. **"Cause"** shall mean: (i) your continued failure to substantially perform the material duties and obligations under this Agreement (for reasons other than death or disability), which failure, if curable within the discretion of the Company, is not cured to the reasonable satisfaction of the Company within thirty (30) days after receipt of written notice from the Company of such failure; (ii) your failure or refusal to comply with the policies, standards and regulations established by the Company from time to time which failure, if curable in the discretion of the Company, is not cured to the reasonable satisfaction of the Company within thirty (30) days after receipt of written notice of such failure from the Company; (iii) any act of personal dishonesty, fraud, embezzlement, misrepresentation, or other unlawful act committed by you that benefits you at the expense of the Company; (iv) your violation of a U.S. or Canadian federal, provincial or state law or regulation applicable to the Company's business; (v) your violation of, or a plea of nolo contendere or guilty to, a felony under the laws of the United States or any state or Canada or any province; (vi) your material breach of the terms of this Agreement or the Confidentiality Agreement; or (vii) the Company's severe financial distress, whereby the Company is in the process of winding down its business and your employment is terminated in connection with such winding down.

D. ***Section 280G.*** If at any time it is determined that all or any portion of the payments or benefits provided under this Agreement and/or any other payment or benefit which you receive or are entitled to receive from the Company, Parent or any of their affiliates, would constitute an "excess parachute payment" within the meaning of Section 280G of the Code ("**Section 280G**") but for this paragraph, then, notwithstanding anything in this Agreement or any other agreement or plan to the contrary, you will be entitled to receive: (i) the amount of such payments or benefits, reduced such that no portion thereof shall fail to be tax deductible under Section 280G (the "**Limited Amount**") or (ii) if the amounts otherwise payable hereunder and under any other agreement or plan of the Company, Parent or any of their affiliates (without regard to clause (i)), reduced by all taxes applicable thereto (including, for the avoidance of doubt, the excise tax imposed by Section 4999 of the Code), would be greater than the Limited Amount reduced by all taxes applicable thereto, the amounts otherwise payable hereunder.

SCHEDULE A

Duties and Responsibilities

[As previously agreed and filed.]

Your duties and responsibilities in this position will include those listed below:

1. Develop and propose strategic clinical development plans for the Company's portfolio of products and product candidates in accordance with Company strategy and in compliance with relevant regulatory standards.
2. Manage and oversee the execution of clinical development programs, including trial designs, protocols, statistical analysis plans, trial operations and trial analysis in accordance with clinical development plans.
3. Act as an author and reviewer of key documents and submissions to global health regulatory authorities; act as a Company representative in key interactions with health regulatory authorities.
4. Act as an author and reviewer of key documents and other forms of communication to the scientific and medical communities, including papers, posters, and presentations; act as a Company representative at scientific and medical meetings, including, for example, Investigator meetings, Clinical and Commercial Advisory Boards, and other interactions with Key Opinion Leaders.
5. Manage and oversee pharmacovigilance and safety activities for clinical stage and eventually commercial products.
6. Manage and oversee medical affairs activities, including Key Opinion Leader identification and engagement strategies, medical information and publication plans, and in future, a field Medical Science Liaison team.
7. Collaborate with CEO and other senior executives to plan and execute communication plans with investors and media.
8. Collaborate with CCO to plan and execute US commercial launch plans.
9. Collaborate with current and future partners on global development and commercialization plans.
10. Develop and propose short and long term goals for the Development group in accordance with overall Company strategies.
11. Recruit, lead, direct, develop, coach and evaluate direct reports, if any, in accordance with the Company's Human Resource policies and practices.
12. Plan and manage budget proposals and approved budgets in accordance with the Company's strategic and operating plans and Finance policies.
13. Travel internationally for meetings, conferences and the like.
14. Other duties as required from time to time.
15. Act in Accordance with Company policies, including, for example, the Code of Business Conduct and Ethics and ensure policies are understood and followed by director reports, if any.

SCHEDULE B

Please complete only to reflect any updates to previously provided version.

Disclosure of Volunteer, Board and Other External Commitments

Position	Organization	Length of Appointment/ Engagement

APPENDIX B

Section 7 of The Defend Trade Secrets Act of 2016

" . . . An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that—(A) is made—(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. . . . An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual—(A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order."

Exhibit 10.41

AMENDED & RESTATED OFFER LETTER

February 25, 2026

CONFIDENTIAL

Via Electronic Mail

Darren Cline

Dear Darren,

Re: Offer of Employment – Amended and Restated

We are pleased to offer you this amended and restated offer of employment (this "**Agreement**") as Chief Commercial Officer with Xenon Pharmaceuticals USA Inc. (the "**Company**"), a wholly owned subsidiary of Xenon Pharmaceuticals Inc. ("**Parent**"), which replaces and supersedes your earlier offer of employment dated June 2, 2025. The effective date of this Agreement shall be February 25, 2026. You will be credited for all purposes with your service to the Company back to your start date of June 23, 2025.

The Company agrees to employ you, and you agree to serve the Company, on an "at-will" basis, which means that either the Company or you may terminate your employment with the Company at any time and for any or no reason, in accordance with the terms of this Agreement.

A. **Base Salary**. Retroactive to January 1, 2026, you will earn a base salary at a rate of **$545,000** USD per year, less statutory and other applicable deductions as required, for all work and services you perform for the Company (the "**Base Salary**"). The Base Salary is payable semi-monthly in arrears in accordance with the Company's applicable payroll policies.

B. **Annual Discretionary Bonus**. In addition to your Base Salary, you are eligible to earn an annual discretionary bonus, less statutory and other applicable deductions as required, of up to **forty-five percent (45%)** of your annual base salary earnings in the applicable calendar year of service (the "**Target Bonus Amount**"). The payment and amount of the annual bonus is within the sole discretion of the Board of Directors of the Company (the "**Board**"), based on the determination of the Compensation Committee of the Board of Directors of Parent (the "**Compensation Committee**"), and will be evaluated in the first quarter of each year in relation to the achievement of corporate objectives for the previous year and subject to the terms and conditions of Appendix A hereto. Such objectives will be established annually by the Compensation Committee in its sole discretion. Bonuses are not earned until paid and are contingent upon your continued employment with the Company through the date the bonus is paid. No "pro-rated" or partial bonus will be provided unless provided for in Sections M through P below or as otherwise approved by the Board, based on the determination of the Compensation Committee, in its sole discretion.

C. **Annual Review**. Your compensation package is subject to periodic annual review, at the sole discretion of the Company, in accordance with its policies. Any adjustment to the same is at the sole discretion of the Company provided that the Base Salary will not be reduced without your consent.

D. Expense Reimbursement. In accordance with its expense policy, as amended from time to time, the Company will reimburse any authorized expenses actually and reasonably incurred in the course of performing your employment duties. The Company will also provide to you, for the duration of your employment, any necessary work tools and equipment, such as a laptop computer and mobile phone. Subject to advance approval by the Company, you will also be reimbursed for out-of-pocket expenses incurred for attending courses or workshops related to your employment duties.

E. Reporting Structure/Responsibilities. You will report to the CEO of Parent. You will perform the responsibilities and duties of your position, as described in the job description previously provided to you, and such other responsibilities and duties as may be reasonably requested by the Parent and/or the Company from time to time. You will at all times: (i) conform to the reasonable and lawful directions of the Parent, the Company and the Board; (ii) adhere to all applicable Company and Parent policies; (iii) give the Company and Parent the full benefit of your knowledge, expertise, skill and ingenuity; (iv) well and faithfully serve the Company and Parent; (v) devote your full time and best efforts to furthering the interests of the Company and Parent; and (vi) exercise the degree of care, diligence and skill that a prudent executive would exercise in comparable circumstances.

You will not during your employment with the Company be employed by, or provide products or services of any nature whatsoever to, any other person, company, organization or other entity without prior written permission from the Company, provided that you may provide services to Parent as agreed between Parent and Company as part of your duties under this Agreement (with the understanding that the compensation provided to you under this Agreement shall fully compensate you for any such services to Parent). This does not restrict you from performing reasonable volunteer activities; however, you must obtain the prior consent of the Company if you wish to serve on a board of directors or advisory board, or if you perform any paid work or services for other organizations. Schedule B contains a description of all such appointments and positions that you currently occupy, and all paid work and services you currently provide to outside organizations, to which the Company confirms that it provides its permission. The Company retains the right to revoke any consent for such outside services, especially in the event where any such services may create a conflict of interest.

F. Paid Time Off. You will earn **twenty (20) days** of paid time off per calendar year on a pro rata basis. You may use paid time off for any purpose, including vacation, sick or personal days. You may also be entitled to other leaves, including without limitation, an additional allotment of paid sick days and statutory holidays in accordance with applicable law and the Company's applicable policies, as may be in effect from time to time. Accrued but unused paid time off and sick days is governed by the Company's policies, as amended from time to time.

G. Confidentiality Agreement; Clawback Policy. As a condition of your employment under this Agreement, you acknowledge that you have entered into and will continue to abide by the At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement (the "**Confidentiality Agreement**"). Please note that this agreement also deals with, among other things, confidentiality and the ownership of intellectual property developments, and contains non-solicitation, non-competition, and other restrictive covenants. By entering into the Confidentiality Agreement, you are agreeing that compliance with its provisions is reasonable and a necessary requirement in our highly competitive industry, and may be required by our agreements with our suppliers, customers, and distributors. In the event that you leave the employ of the Company, you consent to notification by the Company to your new employer about your rights and obligations under the Confidentiality Agreement. Additionally, you acknowledge that as a condition of your employment under this Agreement, you have signed and agreed to the Company's Clawback Policy, in the form as adopted by the Company as of November 20, 2023, and as may be amended from time to time, which is intended to comply with applicable securities laws and listing standards.

H. Equity. As a regular employee, you will be eligible to participate in Parent's equity program, as may be authorized by the Parent's Compensation Committee. Any equity award granted to you will be granted pursuant to and subject to the terms of the applicable equity plan (the "**Plan**") and the award agreement to be entered into between you and Parent thereunder, which shall control in the event of any conflict with this Agreement. All equity awards granted prior to the effective date of this Agreement will continue to be governed by the applicable equity plan and award agreement.

I. [REMOVED]

J. Benefits. You will be eligible to participate in the Company's employee benefits as may be established from time to time for the Company's employees, subject to the terms of the applicable plans, or as you are otherwise entitled to under federal, state, or local law. You will also be eligible to participate in Xenon USA's 401(k) Plan, which, subject to compliance with applicable U.S. laws, may include a Company matching contribution of up to the amount of your personal contributions to such retirement savings plan in a given tax year, subject to a cap of 5% of your Base Salary (the "**Matching Contribution**"). If you have contributed the maximum amount permitted by law in a given tax year and applicable U.S. law does not permit receipt of the full Matching Contribution, then the Company may pay you a bonus in an amount through the Company's regular payroll so that the aggregate amount you receive for a plan year (including any portion of the Matching Contribution) is economically equivalent to the full Matching Contribution. Applicable benefit plans and policies may be revised, amended, modified, or terminated by the Company at any time in its discretion, with or without notice to you, subject to applicable law.

K. Taxes, Insurance and Indemnification. Any taxes applicable to your employment compensation package with the Company and your secondment to the Parent will be deducted and remitted to the appropriate authorities in accordance with the Company's standard policies and applicable law. You acknowledge and agree that during your employment with the Company, you will be expected to provide services to the Parent pursuant to a secondment arrangement between the Company and the Parent, and that any such services may result in your owing taxes in Canada. You are advised to consult your own financial advisor.

If you work in a second tax jurisdiction at the Parent or Company's request, the Company will cover the reasonable costs for you to use the services of the Company's tax adviser or another tax adviser agreed upon by the Company and you to prepare your home and host country tax returns for any year during which you are required to file tax returns in more than one country as a result of your employment with the Company.

As a corporate and/or executive officer of the Company and/or of the Parent during your employment with the Company, you will continue to be covered by Parent's Directors' and Officers' Liability Insurance Policy and such other indemnity policy, agreement or commitment established by the Company or Parent, as may be in effect from time to time, subject to the terms of the Insurance Policy and other policy, agreement or commitment and any amendments made from time to time at the discretion of the Parent's Board of Directors, provided that no amendment will substantially reduce your entitlements. Your coverage under such insurance policy and any other policy, agreement or commitment will continue after your employment with the Company ends in respect of your employment with the Company.

L. Change of Control. In this Agreement:

a. **"Change of Control**" means:

(i) the acquisition by any person or persons acting jointly or in concert (as determined by the Securities Act (as defined in the Plan)) ("**Person**"), whether directly or indirectly, of voting securities of the Parent that, together with all other voting securities of the Parent held by such Person, constitute in the aggregate more than 50% of all outstanding voting securities of the Parent; provided, however, that for purposes of this subsection, the acquisition of additional securities by any one Person, who owns more than 50% of all outstanding voting securities of the Parent, will not be a Change of Control;

(ii) an amalgamation, arrangement or other form of business combination of the Parent with another corporation that results in the holders of voting securities of that other corporation holding, in the aggregate, more than 50% of all outstanding voting securities of the corporation resulting from the business combination; provided, however, that for purposes of this subsection, the acquisition of additional securities by any one Person, who owns more than 50% of all outstanding voting securities of the Parent, will not be a Change of Control; or

(iii) a change in the ownership of a substantial portion of the Parent's assets, including the sale, lease, transfer or exchange of a substantial portion of the Parent's assets, to another Person, other than in the ordinary course of business of the Parent, which occurs on the date that such Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Parent that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Parent immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Parent's assets: (A) a transfer to a Related Entity (as defined in the Plan), or (B) a transfer of assets by the Parent to: (1) a stockholder of the Parent (immediately before the asset transfer) in exchange for or with respect to the Parent's stock, (2) an entity of which the Parent has Control (as defined in the Plan), (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the all outstanding voting securities of the Parent, or (4) an entity of which a Person described in this subsection (iii)(B)(3) has Control (as defined in the Plan). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Parent, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets;

provided, however, that a Change of Control will not be deemed to have occurred if such Change of Control results solely from the issuance, in connection with a *bona fid*e public offering, financing or series of financings by the Parent, of voting securities of the Parent or any rights to acquire voting securities of the Parent which are convertible into voting securities.

Further and for the avoidance of doubt, a transaction will not constitute a Change of Control if: (x) its sole purpose is to change the state or jurisdiction of the Parent's incorporation, or (y) its sole purpose is to create a holding company the voting securities of which will be owned in substantially the same proportions by the persons who held the Parent's voting securities immediately before such transaction.

Notwithstanding the foregoing, in any case where the occurrence of a Change of Control could affect the vesting of or payment of an amount or award subject to the requirements of Section 409A (as defined on Appendix A), to the extent required to comply with Section 409A, the term "Change of Control" shall mean an occurrence that both (i) satisfies the requirements set forth above in this definition and (ii) is a "change of control event" as that term is defined in the regulations under Section 409A.

b. **"Good Reason**" means any of the following:

(i) any unilateral change or series of changes to your employment responsibilities, reporting relationship, or status within the Company or Parent, such that immediately after such a change or series of changes to your responsibilities, reporting relationship, or status, taken as a whole, and taking into account the size and complexity of the business of the Company or Parent at that time, are substantially less than those assigned to you immediately prior to such change or series of changes; or

(ii) a material reduction in your Base Salary or other compensation as in effect prior to the Change of Control; or

(iii) the taking of any action by the Company or Parent, or the failure by the Company or Parent to take any action, that would materially adversely affect your participation in, or materially reduce your aggregate benefits under, the total package of long-term incentive, bonus, compensation, retirement savings plan, life insurance, health, accident disability and other similar plans in which you are participating prior to the action by the Company or Parent or the failure by the Company or Parent to take any action; or

(iv) the unilateral requirement that you relocate to a new location that is both (a) more than 60 kilometers from your previous work location and (b) more than 60 kilometers from your primary residence; it being understood that you shall not be considered to have been relocated for purposes of this subsection (iv) if you are providing services to the Company consistent with Section Q or R of this Agreement or you otherwise expressly consent to a change to Section Q or R; or

(v) failure or refusal of the Successor Company to offer you terms and conditions of employment, including the provisions of Section M of this Agreement, that are substantially the same as the provisions of this Agreement;

c. "**Successor Company**" means, in connection with a Change of Control, the surviving or acquiring company or entity.

d. "**Cause**" has the meaning set forth in Appendix A.

M. Termination Without Cause or Resignation for Good Reason in Connection With or Following a Change of Control:

In the event of (i) the Company's termination of your employment without Cause or (ii) your resignation for Good Reason, in either case, occurring (A) within three (3) months prior to a Change of Control and related or connected to that Change of Control, or (B) within twelve (12) months after the date of the Change of Control, the Company or Successor Company will provide you with the following, subject to Appendix A and the conditions precedent therein:

a. a lump sum payment equal to the product obtained by multiplying (i) the sum of your Base Salary plus your Target Bonus Amount, by (ii) a fraction, the numerator of which is the sum of twelve (12) plus the number of full years of consecutive service you have completed with the Company as of your termination date, including any service with Parent, and Successor Company, up to a combined maximum of eighteen (18) (such numerator, the "**COC Numerator**"), and the denominator of which is twelve (12);

b. a lump sum payment equal to your Target Bonus Amount for the fiscal year during which termination occurs, pro-rated based on the number of days you were employed during such fiscal year (the "**Pro-Rated Annual Bonus**");

c. payment of an amount equal to the contributions to your retirement savings plan the Company would have paid on your behalf for a number of months following your termination of employment equal to the COC Numerator (the "**COC Payment Period**");

d. notwithstanding any provision in the Plan to the contrary:

i. immediate vesting of all unvested stock options, restricted stock units, other equity or equity-based awards (with any performance-based awards vesting in full), and other deferred compensation awards granted to you by the Parent or the Successor Company; and

ii. with respect to stock options and other deferred compensation granted pursuant to the Plan and any subsequent deferred compensation plan, continued exercise rights for the longer of the period stipulated in the applicable plan or grant, or six (6) months from the termination of your employment.

e. provided that you timely elect to continue coverage and that of any eligible dependents in the Company's group health plans under the federal law known as "COBRA" or similar state law, payment directly on your behalf or reimbursement to you for the cost of the monthly premiums for you and your eligible dependents to continue your health care benefits pursuant to COBRA (the "**COBRA Payments**") until the earliest of (I) the end of the COC Payment Period, (II) the date you commence full-time employment, or (III) the date that you and your eligible dependents cease to be eligible for such COBRA coverage under applicable law or plan terms.

Subject to Appendix A attached hereto, (i) the cash severance payments described above (except for the COBRA Payments) will be paid on the first practicable regularly scheduled payroll date following the Release Effective Date (as defined in Appendix A), and (ii) the COBRA Payments will be paid in substantially equal installments, commencing as soon as practicable following the Release Effective Date, but will be retroactive to the day following your termination of employment. In no event shall any reduction in Base Salary or Target Bonus Amount giving rise to Good Reason be taken into account when determining cash severance payments hereunder.

For your resignation to qualify as a resignation for "Good Reason," you must within three (3) months after the occurrence of Good Reason, provide the Company or Successor Company with written notice of the change or changes constituting Good Reason and, if the change or changes remain uncured by the Company for a period of thirty (30) days following the Company's receipt of such notice (the "**Cure Period**"), you must actually terminate your employment, if at all, not later than sixty (60) days after the expiration of such Cure Period. Where the Good Reason is based in whole or in part on a series of changes, the three (3)-month notice period will commence on the occurrence of the last change in the series. During the Cure Period, the Company or the Successor Company may correct, reverse, rectify or otherwise resolve the change or series of changes that constitute Good Reason, in which case you will not be entitled to resign for Good Reason.

Subject to Appendix A, the payments described above are inclusive of any termination or severance pay owing to you under applicable law, and will be subject to statutory withholdings and other regular payroll deductions. You further agree that you will not be eligible for any additional severance or separation payments under any other Company policy or practice. You will be entitled to the pay, if any, accrued and owing under this Agreement up to the date of termination of your employment. In the event you trigger termination under the Change of Control/Good Reason terms above or are entitled to the termination provisions above as a result of the termination of your employment without Cause, you will not be eligible for any payment pursuant to the termination sections below.

N. Resignation. If for any reason you should wish to leave the Company, other than a termination for Good Reason, you will provide the Company with three (3) months' prior written notice of your intention (the "**Resignation Period**"). You agree that in order to protect the Company's interests, the Company may, in its sole and unfettered discretion, waive the Resignation Period and end your employment prior to the conclusion of the Resignation Period by delivering to you a written notice, which shall cease any further pay or compensation obligations of the Company (except for pay, if any, accrued and owing under this Agreement up to the date of termination of your employment). Nothing in this provision is intended to alter the at-will nature of your employment with the Company.

O. Termination for Cause. The Company may terminate your employment at any time for Cause. You will not be entitled to receive any further pay or compensation (except for pay, if any, accrued and owing under this Agreement up to the date of termination of your employment), severance pay, notice, payment in lieu of notice, benefits or damages of any kind, and for clarity, without limiting the foregoing, you will not be entitled to any bonus or pro rata bonus payment that has not already been paid by the Company.

P. Termination Without Cause.

The Company may terminate your employment without Cause at any time. If the Company terminates your employment without Cause (i) not within three (3) months prior to a Change of Control and in relation or connection to that Change of Control, and (ii) not within twelve (12) months following a Change of Control, the Company will provide you with the following, subject to Appendix A and the conditions precedent therein:

(i) a lump sum severance payment in the amount equal to the product obtained by multiplying (i) your Base Salary, by (ii) a fraction, the numerator of which is the sum of twelve (12) plus the number of full years of consecutive service you have completed with the Company or Parent as of your termination date, up to a maximum of eighteen (18) (such numerator, the "**Non-COC Numerator**"), and the denominator of which is twelve (12);

(ii) the Pro-Rated Annual Bonus;

(iii) provided that you timely elect to continue coverage and that of any eligible dependents in the Company's group health plans under the federal law known as "COBRA" or similar state law, the Company will pay the COBRA Payments until the earliest of (I) the expiration of a number of months following your termination of employment equal to the Non-COC Numerator (the "**Payment Period**"), (II) the date you commence full-time employment, or (III) the date that you and your eligible dependents cease to be eligible for such COBRA coverage under applicable law or plan terms;

(iv) the Company will pay an amount equal to the contributions to your retirement savings plan it would have paid on your behalf for the Payment Period;

(v) notwithstanding any provision in the Plan to the contrary, all options, restricted stock units, other equity or equity-based awards, and any other deferred compensation granted to you will continue to vest for a period of three (3) months after the date your employment terminates and all vested stock options and other deferred compensation will be exercisable until the earlier of the original expiry day of the stock options and deferred compensation and the date that is six (6) months after the date your employment terminates.

Subject to Appendix A, (i) the cash severance payments described above (except for the COBRA Payments) will be paid on the first practicable regularly scheduled payroll date following the Release Effective Date, and (ii) the COBRA Payments will be paid in substantially equal installments, commencing as soon as practicable following the Release Effective Date, but will be retroactive to the day following your termination of employment.

Any payments, severance, or other benefits hereunder will be subject to applicable withholdings and deductions. You will not be entitled to receive any further pay or compensation except (i) as expressly set out in this Agreement, and (ii) the pay, if any, accrued and owing under this Agreement up to the date of termination of your employment.

On termination of your employment, regardless of the reason for such termination, you shall immediately (and with contemporaneous effect) be deemed to have resigned any directorships, offices or other positions that you may hold, if any, in the Company, Parent or any affiliate, with no further action required on the part of the Company, Parent or such affiliate, in each case unless otherwise agreed in writing by the Company and Parent.

Q. Work Permit. You will be required to work in the Parent's Canadian office while fulfilling your on-site presence expectations, as further described in your existing Employee Secondment Agreement Letter. As such, your employment with the Company is contingent upon complying with the Employee Secondment Agreement Letter and maintaining your authorization to work in Canada. If you fail to maintain such status at any point after commencing your employment with the Company, that will be considered a frustration of your employment agreement and the Company will then be able to terminate your employment agreement with no severance payment to you. The Company will support your application for any such authorization.

R. On-Site Expectations. Your principal employment location will be Massachusetts, USA and Washington State, USA, and you will be expected to be on-site at the Parent's US office (Boston, MA, USA area) on a regular basis. Unless prohibited by travel restrictions outside of your control, you will be expected to be on-site at Parent's place of business in the Vancouver, BC, Canada area on an as-needed basis to perform the requirements of your role as mutually agreed with the CEO. Business travel on behalf of Parent will be considered as time spent on-site at Parent. The requirements for your on-site presence will be reviewed with the Parent on an ongoing basis. In order to support your on-site presence, the Company will pay for your flights to and from Vancouver, BC and your accommodation during your travel to Vancouver, BC, as well as your flights to and from Boston, MA and your accommodation during your travel to Boston, MA. All eligible expenses for authorized Xenon business travel will be reimbursed in accordance with our Travel and Expense Policy.

S. FDA Debarment. As a condition of your employment with the Company, you must certify and reaffirm that you are not under investigation by the FDA for debarment action, have not been debarred under the Generic Drug Enforcement Act of 1992 (21 U.S.C. 301 et seq.), and are not otherwise being investigated, restricted or disqualified from performing services relating to clinical trials by the FDA or any other regulatory authority or professional body in any other jurisdiction. If, during the course of your employment with the Company, you become subject to such investigation or otherwise are restricted or disqualified, you will promptly inform Parent's Legal Department of such event.

T. Miscellaneous

No Implied Entitlement. Other than as expressly provided herein, you will not be entitled to receive any further pay or compensation, severance pay, notice, payment in lieu of notice, incentives, bonuses, benefits or damages of any kind.

Continued Effect. Notwithstanding any changes in the terms and conditions of your employment which may occur in the future, including any changes in position, duties or compensation, the termination provisions in this Agreement will continue to be in effect for the duration of your employment with the Company unless otherwise amended in writing and signed by the Company.

Authorization to Deduct Debts. If, on the date you leave employment, you owe the Company any money, you hereby authorize the Company to deduct any such debt from your final pay or any other payment due to you to the extent permitted by applicable law. Any remaining debt will be immediately payable to the Company and you agree to satisfy such debt within fourteen (14) days after any demand for repayment, to the extent permitted by applicable law.

Dispute Resolution. IN CONSIDERATION OF YOUR EMPLOYMENT WITH THE COMPANY, ITS PROMISE TO ARBITRATE ALL EMPLOYMENT-RELATED DISPUTES AND YOUR RECEIPT OF THE COMPENSATION AND OTHER BENEFITS PAID TO YOU BY THE COMPANY, AT PRESENT AND IN THE FUTURE, YOU AGREE THAT ANY AND ALL CONTROVERSIES, CLAIMS, OR DISPUTES WITH ANYONE (INCLUDING THE COMPANY AND ANY EMPLOYEE, OFFICER, DIRECTOR, SHAREHOLDER OR BENEFIT PLAN OF THE COMPANY, IN THEIR CAPACITY AS SUCH OR OTHERWISE), ARISING OUT OF, RELATING TO, OR RESULTING FROM YOUR EMPLOYMENT WITH THE COMPANY OR THE TERMINATION OF YOUR EMPLOYMENT WITH THE COMPANY, INCLUDING ANY BREACH OF THIS AGREEMENT, SHALL BE SUBJECT TO BINDING ARBITRATION, AS SET FORTH IN THE CONFIDENTIALITY AGREEMENT.

Legal Counsel. You have been advised by the Company to retain independent legal advice with respect to this Agreement.

Currency. Except as otherwise specifically indicated, all monetary amounts referenced herein are in U.S. dollars.

Severability. If any part, article, section, clause, paragraph or subparagraph of this Agreement is held to be indefinite, invalid, illegal or otherwise voidable or unenforceable for any reason, the entire Agreement will not fail on the account thereof and the validity, legality and enforceability of the remaining provisions will in no way be affected or impaired thereby.

Entire Understanding. We also confirm that this Agreement (including the appendixes and schedules hereto) and the Confidentiality Agreement, Employee Secondment Agreement Letter, Clawback Policy agreement (if applicable), and related documentation set forth our entire understanding of the terms of your employment with the Company, and cancels and supersedes all previous invitations, proposals, letters, correspondence, negotiations, promises, agreements with the Parent, the Company, or any related entity, covenants, conditions, representations and warranties with respect to the subject matter of this Agreement. Any modifications to these employment terms must be made in writing and signed by both you and the Company. For the avoidance of doubt, any amendment to or restatement of this Agreement will not, by itself, rescind or modify in any respect any other existing agreement relating to your employment, including any Confidentiality Agreement or Employee Secondment Agreement Letter to which you are a party, unless expressly provided in the terms of such amendment and/or restatement.

Governing Law. This Agreement and all matters arising hereunder will be governed by and construed in accordance with the laws of the state of Washington, without regard for conflict of law provisions.

Protected Activity Not Prohibited. You understand that nothing in this Agreement shall in any way limit or prohibit you from engaging in any Protected Activity. For purposes of this Agreement, "Protected Activity" means filing a charge or complaint with, or otherwise communicating or cooperating with or participating in any investigation or proceeding that may be conducted by any federal, state or local government agency or commission, including the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, and the National Labor Relations Board ("**Government Agencies**"). You understand that in connection with such Protected Activity, you are permitted to disclose documents or other information as permitted by law, and without giving notice to, or receiving authorization from, the Company or Parent. Notwithstanding the foregoing, in making any such disclosures or communications, you agree to take all reasonable precautions to prevent any unauthorized use or disclosure of any information that may constitute Company Confidential Information to any parties other than the Government Agencies. You further understand that Protected Activity does not include the disclosure of any Company or Parent attorney-client privileged communications. In addition, you hereby acknowledge that the Company has provided you with notice in compliance with the Defend Trade Secrets Act of 2016 regarding immunity from liability for limited disclosures of trade secrets. The full text of the notice is attached in Appendix B.

If you have any questions or concerns regarding the above, please do not hesitate to contact the undersigned.

To accept this Agreement on the terms set out herein, please sign where indicated below, and return a signed copy of this Agreement to me by February 25, 2026.

Yours sincerely,

XENON PHARMACEUTICALS USA INC.

/s/ Ian Mortimer

Ian Mortimer
President and Chief Executive Officer, Xenon Pharmaceuticals Inc.

Attachment(s) (as previously provided to you):
1. At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement
2. Xenon's Amended and Restated 2014 Equity Incentive Plan and Xenon's 2025 Inducement Equity Incentive Plan
3. Employee Secondment Agreement Letter
4. U.S. Benefits Summary
5. Clawback Policy agreement

I hereby confirm that I have read, understand and voluntarily accept the terms of this Agreement:

/s/ Darren Cline — 02/25/2026

Darren Cline — MM/DD/YYYY

APPENDIX A

ADDITIONAL TERMS TO EMPLOYMENT AGREEMENT

Unless otherwise defined below, capitalized terms used herein will have the meanings set forth in the Agreement.

A. Conditions to Receipt of Annual Bonus. Your annual bonus must be paid no later than March 15th of the year following the year to which such bonus relates. You must be employed on the date of payment to receive any annual bonus payment, except as provided in Sections M and P of the Agreement.

B. Conditions to Receipt of Severance.

a. *Release of Claims.* The receipt of any vesting acceleration, severance payments and benefits pursuant to Sections M or P of the Agreement will be subject to you signing and not revoking a separation agreement and release of claims related to your service with the Company (which may include an agreement not to disparage the Company, affirmation of your obligations under the Confidentiality Agreement (as defined above), and other standard terms and conditions) in a form reasonably satisfactory to the Company (the "**Release**") and provided that such Release becomes effective and irrevocable no later than sixty (60) days (or such longer time as may be required by applicable law) following the date of your termination of employment (such deadline, the "**Release Deadline**" and the date on which the Release becomes effective and irrevocable, the "**Release Effective Date**"). If the Release does not become effective and irrevocable by the Release Deadline, you will forfeit any rights to severance or benefits under this Agreement. In no event will severance payments or benefits be paid or provided until the Release becomes effective and irrevocable. Notwithstanding anything to the contrary contained in the Agreement, in the event that the Release Deadline spans two (2) calendar years, then any severance payments or benefits payable under Sections M or P that otherwise constitute Deferred Payments (as defined below) will be paid no earlier than the first day of the second calendar year, subject to any delayed as may be required for Section 409A.

b. *Section 409A*

(i) Notwithstanding anything to the contrary in this Agreement, no Deferred Payments will be paid or otherwise provided until you have a "separation from service" (within the meaning of Section 409A) from the relevant position or positions. Similarly, no severance payable to you, if any, pursuant to this Agreement that otherwise would be exempt from Section 409A solely pursuant to Treasury Regulation Section 1.409A-1(b)(9) will be payable until you have a "separation from service" (within the meaning of Section 409A).

(ii) Notwithstanding anything to the contrary in this Agreement, if you are a "specified employee" within the meaning of Section 409A at the time of your termination of employment (other than due to death), then the Deferred Payments that are payable within the first six (6) months following your separation from service, will, to the extent required to be delayed pursuant to Section 409A(a)(2)(B) of the Code, become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of your separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if you die following your separation from service, but prior to the six (6)-month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of your death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit. In no event will the Company reimburse you for any taxes that may be imposed on you as a result of Section 409A. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the U.S. Treasury Regulations.

(iii) Any amount paid under this Agreement that satisfies the requirements of the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the U.S. Treasury Regulations will not constitute Deferred Payments for purposes of this Agreement.

(iv) Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the U.S. Treasury Regulations that does not exceed the Section 409A Limit (as defined below) will not constitute Deferred Payments for purposes of this Agreement.

(v) With respect to any expense reimbursements which are not otherwise excludible from your gross taxable income, to the extent required to comply with the provisions of Section 409A, no reimbursement of expenses incurred by you during any taxable year shall be made after the last day of the following taxable year, the right to reimbursement of any such expenses shall not be subject to liquidation or exchange for another benefit, and the amount of expenses eligible for reimbursement during any taxable year may not affect the expenses eligible for reimbursement in any other taxable year.

(vi) The provisions of this Agreement and the payments and benefits hereunder are intended to be exempt from or comply with the requirements of Section 409A so that none of the severance or other payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to be so exempt or so comply. The Company and you agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to you under Section 409A.

(vii) In no event shall the Company, Parent, or any of their affiliates have any liability relating to the failure or alleged failure of any payment or benefit under the Agreement to comply with, or be exempt from, the requirements of Section 409A.

(viii) Definitions:

(A) "**Deferred Payment**" means any severance pay or benefits to be paid or provided to you (or your estate or beneficiaries) pursuant to this Agreement and any other severance payments or separation benefits to be paid or provided to you (or your estate or beneficiaries), that in each case, when considered together, are considered deferred compensation under Section 409A.

(B) "**Section 409A**" means Section 409A of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), and the final regulations and any guidance thereunder and any applicable state law equivalent, as each may be amended or promulgated from time to time.

(C) "**Section 409A Limit**" means two (2) times the lesser of: (i) your annualized compensation based upon the annual rate of pay paid to you during your taxable year preceding the taxable year of your separation from service as determined under U.S. Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(1) and any U.S. Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which your separation from service occurred.

C. **"Cause"** shall mean: (i) your continued failure to substantially perform the material duties and obligations under this Agreement (for reasons other than death or disability), which failure, if curable within the discretion of the Company, is not cured to the reasonable satisfaction of the Company within thirty (30) days after receipt of written notice from the Company of such failure; (ii) your failure or refusal to comply with the policies, standards and regulations established by the Company from time to time which failure, if curable in the discretion of the Company, is not cured to the reasonable satisfaction of the Company within thirty (30) days after receipt of written notice of such failure from the Company; (iii) any act of personal dishonesty, fraud, embezzlement, misrepresentation, or other unlawful act committed by you that benefits you at the expense of the Company; (iv) your violation of a U.S. or Canadian federal, provincial or state law or regulation applicable to the Company's business; (v) your violation of, or a plea of nolo contendere or guilty to, a felony under the laws of the United States or any state or Canada or any province; (vi) your material breach of the terms of this Agreement or the Confidentiality Agreement; or (vii) the Company's severe financial distress, whereby the Company is in the process of winding down its business and your employment is terminated in connection with such winding down.

D. ***Section 280G.*** If at any time it is determined that all or any portion of the payments or benefits provided under this Agreement and/or any other payment or benefit which you receive or are entitled to receive from the Company, Parent or any of their affiliates, would constitute an "excess parachute payment" within the meaning of Section 280G of the Code ("**Section 280G**") but for this paragraph, then, notwithstanding anything in this Agreement or any other agreement or plan to the contrary, you will be entitled to receive: (i) the amount of such payments or benefits, reduced such that no portion thereof shall fail to be tax deductible under Section 280G (the "**Limited Amount**") or (ii) if the amounts otherwise payable hereunder and under any other agreement or plan of the Company, Parent or any of their affiliates (without regard to clause (i)), reduced by all taxes applicable thereto (including, for the avoidance of doubt, the excise tax imposed by Section 4999 of the Code), would be greater than the Limited Amount reduced by all taxes applicable thereto, the amounts otherwise payable hereunder.

SCHEDULE A

Duties and Responsibilities

[As previously agreed and filed.]

Your duties and responsibilities in this position will include those listed below:

Reporting to the President and Chief Executive Officer, the **Chief Commercial Officer (CCO)** provides strategic and operational commercial leadership for the Company's portfolio of products and product candidates at all stages from Discovery, through Development and Commercial.

The CCO serves as a member of the Senior Executive Team and collaborates closely with senior executive colleagues to propose and contribute to overall Company strategy, product strategies, culture, risk management and short and long term financial and operational planning. He or she will have a highly collaborative approach to working with others across a range of departments in Discovery, Development, Commercial and Corporate.

The CCO interacts with external stakeholders, including but not limited to Xenon's Board of Directors, investors, partners and potential partners, and contracted service providers and all levels of internal staff. The CCO leads and manages the following departments: New Products Marketing, Brand Marketing, Market Access, Commercial Operations and Analytics, and when appropriate, Sales.

RESPONSIBILITIES:

- Responsible for the U.S. commercial launch of Xenon's FDA-approved products, including sales, marketing, market access, patient services, commercial operations, and business analytics, with initial focus on proposing and building commercial functions and infrastructure to support the launch of azetukalner in focal onset seizure epilepsy
- Develop, propose and implement commercial strategic and tactical plans for the Company's portfolio of product candidates in collaboration with other key functional areas, external vendors and advisors
- Develop and recommend the Company's sales strategies and plans, including direct vs partnered sales in key markets; collaborate and plan with partners as appropriate for ex-US marketing and sales
- Oversee the development and execution of comprehensive US market access strategic and operational plans, including payers, pricing, patient services, and distribution
- Oversee the development and execution of health economics and outcome research activities in coordination with other internal functions including Medical Affairs
- Oversee brand marketing
- Oversee the development and execution of market research plans, including contributing to competitive intelligence, for the Company's pre-clinical and clinical stage and eventual commercial assets; use insights to collaborate with colleagues to build and evolve Target Product Profiles and Life Cycle Management Plans; build and maintain product revenue forecasts
- Collaborate with Discovery, Clinical Development, CMC and Business Development to ensure commercial considerations are incorporated into Company's product pipeline, research direction, in-licensing plans and clinical development and regulatory plans
- Acts as a key team member supporting Business Development; conduct due diligence activities for in-licensing and M&A opportunities
- Collaborate with other key functions to develop and propose plans for developing and managing Xenon's corporate brand

- Represent the Company in a manner allowed by law, at scientific and medical meetings, including, for example, Investigator Meetings, Advisory Boards, and other interactions with Key Opinion Leaders; represent the Company at banker, potential partner, investor and analyst presentations and meetings
- Develop, propose and manage short- and long-term objectives for reporting departments in accordance with overall Company strategies
- Oversee reporting department budget proposals and approved budgets in accordance with the Company's strategic and operating plans and Finance policies
- Plan, recruit, lead, direct, develop, coach and evaluate direct reports in accordance with the Company's Human Resource policies and practices; as this position will have employees in Canada and the US, will require compliance with both Canada and US immigration and tax laws
- Travel domestically and internationally for meetings, conferences, and other business as applicable
- Act in accordance with Company policies, including, for example, the Code of Business Conduct and Ethics and ensure policies are understood and followed by direct reports and reporting departments
- Other duties as required from time to time

SCHEDULE B

Please complete only to reflect any updates to previously provided version.

Disclosure of Volunteer, Board and Other External Commitments

Position	Organization	Length of Appointment/ Engagement

APPENDIX B

Section 7 of The Defend Trade Secrets Act of 2016

" . . . An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that—(A) is made—(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. . . . An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual—(A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order."

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-281451) and Form S-8 (Nos. 333-291868, 333-285382, 333-279962, 333-265377, 333-238895, 333-237036, 333-233758, 333-230103, 333-223497, 333-216543, 333-210050, 333-202765, 333-199860) of Xenon Pharmaceuticals Inc. of our report dated February 26, 2026 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
February 26, 2026

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Xenon Pharmaceuticals Inc.

We consent to the use of our report dated February 27, 2025 on the consolidated financial statements of Xenon Pharmaceuticals Inc. (the "Entity") which comprise the consolidated balance sheet as of December 31, 2024, the related consolidated statements of operations and comprehensive loss, shareholders' equity and cash flows for each of the years in the two-year period ended December 31, 2024, and the related notes (collectively the "consolidated financial statements"), which is included in the Annual Report on Form 10-K of the Entity for the fiscal year ended December 31, 2025.

We also consent to the incorporation by reference of such report in the Registration Statements (Nos. 333-279962, 333-265377, 333-238895, 333-237036, 333-233758, 333-230103, 333-223497, 333-216543, 333-210050, 333-202765, 333-199860, 333-291868, 333-285382) on Form S-8, and No. 333-281451 on Form S-3 of the Entity.

/s/ KPMG LLP
Chartered Professional Accountants

February 26, 2026
Vancouver, Canada

Exhibit 31.1

CERTIFICATIONS

I, Ian Mortimer, certify that:

1. I have reviewed this Annual Report on Form 10-K of Xenon Pharmaceuticals Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2026

By: /s/ Ian Mortimer
Ian Mortimer
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Thomas P. Kelly, certify that:

1. I have reviewed this Annual Report on Form 10-K of Xenon Pharmaceuticals Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2026

By: /s/ Thomas P. Kelly
Thomas P. Kelly
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

XENON PHARMACEUTICALS INC.
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Xenon Pharmaceuticals Inc. (the "Company") on Form 10-K for the year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ian Mortimer, President and Chief Executive Officer (Principal Executive Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 26, 2026

By: /s/ Ian Mortimer
Ian Mortimer
President and Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Xenon Pharmaceuticals Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

XENON PHARMACEUTICALS INC.
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Xenon Pharmaceuticals Inc. (the "Company") on Form 10-K for the year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas P. Kelly, Chief Financial Officer (Principal Financial and Accounting Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 26, 2026

By: /s/ Thomas P. Kelly
Thomas P. Kelly
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Xenon Pharmaceuticals Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.