



XBiotech Achieves Milestone for Production of its New Potential Blockbuster Anti-IL-1 α Therapy

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After Sale of its Previous Anti-IL-1a True Human Antibody, Company Now Has Production Cell to Manufacture New Molecule for Launch of Clinical Studies in 2021

AUSTIN, Texas, July 22, 2020 (GLOBE NEWSWIRE) -- XBiotech Inc. (NASDAQ: XBIT) announced today it has achieved a crucial milestone in the development of its next generation inflammation-fighting True Human antibodies. The Company is developing a new antibody to replace a previous generation True Human anti-IL-1 α antibody that was sold in 2019 for \$750 million in cash and up to \$600 million in milestone payments. Under terms of the sale, XBiotech was permitted to pursue discovery of new True Human anti-IL-1 α antibodies for use in all areas of medicine with the exception of dermatology.

XBiotech's scientists first discovered and characterized a panel of new anti-IL-1 α antibodies from a human donor earlier this year. The team has worked diligently through the COVID-19 crisis to clone the genes for the antibodies into cells that can be used for production of these novel therapeutics. The antibody products will be used in human clinical trials and ultimately commercialized. The Research and Development team has now successfully engineered a cell-based production system for the first of its new anti-IL-1 α antibodies to enable the Company's drug manufacturing process at its state-of-the-art facility in Austin, Texas.

Sushma Shivaswamy, the Company's Chief Scientific Officer, said, "Our scientists and all members of the team have worked diligently to overcome the COVID-19 challenges, and to keep us on schedule to re-enter the clinic in 2021. We believe that the new molecule has the potential to be another blockbuster therapeutic with proven industry appeal. Having a production platform is a significant step toward realizing this goal."

The new antibody targets damaging inflammation by neutralizing interleukin-1alpha (IL-1 α), an inflammatory substance produced by the body, which is involved in diseases such as cancer, arthritis and cardiovascular indications. The Company [recently announced](#) promising new results that were [published in the American Heart Association's journal, Circulation](#), where antibody therapy targeting IL-1 α was found to significantly reduce stroke related brain injury and neurological deficit in animals. This discovery points to a potential blockbuster therapy for the Company's new anti-IL-1 α antibody product line.

Given the retained right to pursue the discovery and development of new True Human™ antibodies targeting IL-1 α outside of dermatology, this product candidate is the first in a line of new therapies being developed at XBiotech which will be pursued in major areas of medicine with unmet need.

About XBiotech

XBiotech is a fully integrated, global biopharmaceutical company dedicated to pioneering the discovery, development and commercialization of therapeutic antibodies. XBiotech currently is advancing a pipeline of therapies by harnessing naturally occurring antibodies from patients with immunity to certain diseases. Utilizing natural human immunity as a source of new medicines offers the potential to redefine the standards of care for a wide range of diseases.

On December 30, 2019 XBiotech sold an IL-1 α blocking True Human™ antibody that had been used successfully in a number of clinical trials. The sale of the antibody generated \$750 million in upfront cash and up to \$600 million in potential milestone payments. The Company retained the right to pursue the development of True Human™ antibodies targeting IL-1 α for all areas of medicine outside of dermatology. While the Company previously was focused on a single True Human™ antibody targeting IL-1 α , it now plans to develop multiple product candidates, which will target IL-1 α in specific areas of medicine.

In addition to the recent sale of its anti-IL-1 α antibody, XBiotech now has other revenue sources. Commencing January 1, 2020 XBiotech began using its proprietary manufacturing technology to produce clinical drug product for a major Pharmaceutical Company under a two-year supply agreement. In addition, XBiotech is providing clinical trial contract research operations to conduct two large, double-blind placebo-controlled Phase II clinical studies. The financial strength generated from the sale and contract operations is enabling XBiotech to expand both its anti-IL-1 α product development and infectious disease programs.

To accelerate the advance of the Company's pipeline, the Company is expanding its existing manufacturing and research center, and planning to build an additional 30,000ft² infectious disease research & development center on its 48-acre property in Austin, TX which is wholly owned by the Company. The expansion and new building will be in addition to the present custom-built 33,000ft² combined manufacturing and R&D facility that currently exists on the campus. XBiotech owns the 48-acre campus—and all structures on the property—debt-free and envisions further expansion of facilities. For more information, visit www.xbiotech.com.

About True Human™ Therapeutic Antibodies

XBiotech's True Human™ antibodies are the only available antibodies derived without modification from humans who possess natural immunity to certain diseases. (Unlike all commercially available antibodies, which are called "Humanized" or "Fully Human," XBiotech's True Human™ antibodies are directly sourced from the natural human immune response for specific diseases without modification.) XBiotech's True Human antibodies have the potential to harness the body's natural immunity to fight disease with unprecedented safety, efficacy, and tolerability.

Cautionary Note on Forward-Looking Statements

This press release contains forward-looking statements, including declarations regarding management's beliefs and expectations that involve substantial risks and uncertainties. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "would,"

"could," "expects," "plans," "contemplate," "anticipates," "believes," "estimates," "predicts," "projects," "intend" or "continue" or the negative of such terms or other comparable terminology, although not all forward-looking statements contain these identifying words. Forward-looking statements are subject to inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. These risks and uncertainties are subject to the disclosures set forth in the "Risk Factors" section of certain of our SEC filings. Forward-looking statements are not guarantees of future performance, and our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate, may differ materially from the forward-looking statements contained in this press release. Any forward-looking statements that we make in this press release speak only as of the date of this press release. We assume no obligation to update our forward-looking statements whether as a result of new information, future events or otherwise, after the date of this press release.

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