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

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2025
☐ Transaction Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number 001-37437

XBIOTECH INC.
(Exact name of Registrant as specified in its charter)

British Columbia, Canada	**N/A**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

5217 Winnebago Ln, Austin, TX 78744
(Address of principal executive offices, including zip code)

Telephone Number (512) 386-2900
(Registrant's telephone number, including area code)

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

Title of each classu	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	XBIT	NASDAQ Global Select 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 Section 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 Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2025, was approximately $77,050,226, based upon the closing sales price for the registrant's common stock, as reported on the NASDAQ Global Market. The calculation of the aggregate market value of voting and non-voting common equity excludes 4,544,894 shares of common stock the registrant held by executive officers, directors and shareholders that the registrant concluded were affiliates of the registrant on that date. Exclusion of such shares should not be construed to indicate that any such person possesses the power, direct or indirect, to direct or cause the direction of management or policies of the registrant or that such person is controlled by or under common control with the registrant.

As of March 13, 2026, 30,487,731 shares of the registrant's Common Stock were outstanding.

Documents incorporated by reference:

Certain portions, as expressly described in this Annual Report on Form 10-K, of the registrant's Proxy Statement for the 2026 Annual Meeting of the Stockholders, to be filed not later than 120 days after the end of the year covered by this Annual Report, are incorporated by reference into Part III of this Annual Report where indicated.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is subject to the safe harbor created by those sections. All statements, other than statements of historical facts, included in this annual report, including, without limitation, statements regarding the assumptions we make about our business and economic model, our dividend policy, business strategy and other plans and objectives for our future operations, are forward-looking statements for purposes of federal and state securities laws.

Forward-looking statements involve risks and uncertainties, such as statements about our plans, objectives, expectations, assumptions or future events. 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 denoting uncertainty or an action that may, will or is expected to occur in the future, 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. Some, but not all, examples of the forward-looking statements contained in this annual report include, among other things, statements about the following:

- *our ability to obtain regulatory approval to market and sell our product candidates in the United States, Europe and elsewhere;*
- *the initiation, timing, cost, progress and success of our research and development programs, preclinical studies and clinical trials for our product candidates;*
- *our ability to advance product candidates into, and successfully complete, clinical trials;*
- *our ability to successfully commercialize the sale of our product candidates in the United States, Europe and elsewhere;*
- *our ability to recruit sufficient numbers of patients for our future clinical trials for our pharmaceutical products;*
- *our ability to achieve profitability;*
- *the implementation of our business model and strategic plans;*
- *our ability to develop and commercialize product candidates for orphan and niche indications independently;*
- *our commercialization, marketing and manufacturing capabilities and strategy;*
- *our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others;*

- *our expectations regarding federal, state and foreign regulatory requirements;*
- *the therapeutic benefits, effectiveness and safety of 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;*
- *the rate and degree of market acceptance and clinical utility of our future products, if any;*
- *our expectations regarding market risk, including interest rate changes, foreign currency fluctuations and regional or global economic impacts caused by public health threats, such as the outbreak of coronavirus or other infectious diseases;*
- *our ability to engage and retain the employees required to grow our business;*
- *our future financial performance and projected expenditures;*
- *developments relating to our competitors and our industry, including the success of competing therapies that are or become available; and*
- *estimates of our expenses, future revenue, capital requirements and our needs for additional financing.*

The ultimate correctness of these forward-looking statements depends upon a number of known and unknown risks and events. When reviewing the discussion below, you should keep in mind the substantial risks and uncertainties that impact our business. In particular, we encourage you to review the risks and uncertainties described in the "Risk Factors" and the other cautionary statements made in this annual report in our other SEC filings as being applicable to all related forward-looking statements wherever they appear in this annual report. We cannot assure you that the forward-looking statements in this annual report will prove to be accurate and therefore you are encouraged not to place undue reliance on forward-looking statements. You should read this annual report completely.

The forward-looking statements speak only as of the date on which they are made, and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Nonetheless, we reserve the right to make such updates from time to time by press release, periodic report, or other method of public disclosure without the need for specific reference to this Quarterly Report. No such update shall be deemed to indicate that other statements not addressed by such update is incorrect or create an obligation to provide any other updates.

The information included in this Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our audited consolidated financial statements and notes contained in this annual report.

PART I

ITEM 1. BUSINESS

Overview

XBiotech Inc. (“XBiotech” or the “Company”) is a biopharmaceutical company that discovers and develops True Human™ monoclonal antibodies for treating a variety of diseases. XBiotech was incorporated in Canada on March 22, 2005. The Company’s Internet address is www.xbiotech.com. The Company makes available free of charge on or through its website its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as well as proxy statements, as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the Securities and Exchange Commission. The Company’s website is included in this annual report on Form 10-K as an inactive textual reference only. The information on, or accessible through, the Company’s website is not a part of, or incorporated by reference in, this annual report on Form 10-K. The SEC maintains an Internet site that contains these reports at http://www.sec.gov.

XBiotech’s True Human™ monoclonal antibodies are derived from human donors that mount a natural human immune response. All other marketed antibody therapeutics are derived from animal immunization. It is intuitive that naturally occurring human antibodies have the potential to be safer, more effective and faster to develop than animal engineered counterparts. XBiotech has developed a pipeline of product candidates targeting both inflammatory and infectious diseases. The Company has also developed manufacturing technology that reduces the cost and time to launch new product candidates. The Company designed and built a state-of-the-art research and manufacturing center at its Company’s 48 acre research campus in Austin, Texas. XBiotech is thus a fully integrated developer of biopharmaceuticals.

An area of medical focus for XBiotech are therapies that block a potent substance, known as interleukin-1 alpha (IL-1a), that mediates a number of pathophysiological processes including tissue breakdown (ie. synovium, cartilage, bone), paraneoplastic angiogenesis and tumor stroma remodeling, formation of blood clots, malaise, muscle wasting and general inflammation. IL-1a is a protein that is on or in cells of the body and is involved in the body’s response to injury or trauma. In many chronic (eg. arthritis) and acute injury scenarios (eg. stroke), IL-1a may mediate harmful disease-related activity.

At the end of 2019, XBiotech sold a True Human™ antibody therapeutic it was developing that targeted IL-1a for $750 million in cash and $600 million potential milestone payments. In a unique deal structure, XBiotech agreed to not further develop any anti-IL-1a antibodies for dermatology, while XBiotech remained free to discover and develop new True Human™ anti-IL-1a antibodies for use in areas of medicine outside of dermatology. The Company quickly identified new IL-1a targeting product candidates and has already brought these into clinical studies under INDs in oncology, rheumatology and neurology. While the Company previously was focused on a single True Human™ antibody targeting IL-1a, it is now developing in parallel two anti-IL-1a product candidates and may develop one or more others. Since IL-1a is involved in the pathology of multiple diseases, the Company believes it makes business sense to use different anti-IL-1a antibodies for specific areas of medicine, allowing potential partnership or sale of each antibody separately for different disease indications.

Financial

XBiotech’s sale of its True Human™ antibody Bermekimab generated a total $750 million in income between December 30, 2019 and June 30, 2021. Since 2020, the Company has returned a total of $495 million to its shareholders through a combination of stock repurchase and dividends. The remaining cash is being used for ongoing operations as part of a multi-year business plan to identify and commercialize True Human™ antibodies, including new anti-Il-1a therapies.

Starting in 2020, XBiotech used its proprietary manufacturing technology, its manufacturing plant and infrastructure to produce drug product under a supply agreement for a world-leading pharmaceutical company. In addition, during 2020 and 2021 XBiotech provided clinical trial operations services for two Phase II clinical studies for the same drug company. In 2022 XBiotech extended the supply agreement. As of the end of 2023, these agreements concluded and XBiotech is no longer producing drug product or conducting contract clinical research under these agreements.

Development of IL-1*a *Therapies

IL-1a is a substance produced by the body that plays a key role in many disease processes. While it is naturally made by the body, when not properly controlled, and in situations of acute or chronic injury, IL-1a can contribute to the development and progression of a variety of medical conditions, such as cancer, stroke, heart attack or arthritis, to name a few. Completed clinical studies and myriad scientific research has shown that blocking IL-1a may have a beneficial effect in many medical conditions. The potential unmet medical need for blocking IL-1a is therefore very significant, on the scale of the anti-TNF therapies developed over the past twenty-five years.

In 2021, the Company commenced a clinical study with its Natrunix™ True Human™ antibody targeting IL-1α in oncology (Pancreatic Cancer). The study was randomized, double-blinded and placebo controlled to provide a preliminary assessment of efficacy and safety for Natrunix in combination with chemotherapy in an advanced cancer population. The study was sized to include 60 subjects, intended to provide a preliminary assessment of efficacy. Database lock was performed and an announcement of the preliminary analysis of the data was made June 18, 2024. The last subject in the study had their last open label extension dose in April of 2025, completing 120 weeks of total dosing with excellent safety and efficacy. The company believes the findings from the study represent a potentially transformative approach to cancer management. Subjects treated with Natrunix had reduced hospitalization, fewer serious adverse events, longer periods of progression free survival and less incidence of severe diarrhea, compared to patients receiving placebo. The company further believes that the treatment effect is not specific to pancreatic cancer, and a similar effect may be seen in other solid tumors being treated with chemotherapy. An analogous therapy is G-CSF, originally developed by Amgen and approved in 1991. The therapy helped recovery of patients undergoing myelosuppressive chemotherapy and has been widely used ever since as an adjunct. The Company has been carefully considering an FDA regulatory path based on historical approvals and discussions are ongoing with the FDA for the future of Natrunix in oncology.

The Company launched a clinical Rheumatology program in August, 2023. A total of 233 subjects were enrolled into a double blind, placebo-controlled study to investigate the efficacy of Natrunix as a treatment for rheumatoid arthritis in combination with a common prescription medication, methotrexate. The study was completed and an announcement of findings were made on December 23, 2024. The study aimed to demonstrate that Natrunix would significantly enhance treatment outcomes with reduced side effects of subjects already taking methotrexate. However, numerous enrollment irregularities were observed with major enrolling clinical sites. Further investigation of the sites led the Company to believe that widespread improprieties at clinical sites render the data uninterpretable. The Company continues to believe in the potential for Natrunix as a treatment for arthritic diseases.

XBiotech filed an investigational new drug application in 2022 for our True Human™ antibody Hutrukin. Hutrukin is a candidate therapeutic to reduce brain injury that occurs after reperfusion procedures used to treat stroke. The Company completed a phase I study at the end of 2023 that demonstrated high bolus doses of Hutrukin, similar to doses that would be given to prevent brain reperfusion injury in stroke therapy, are safe and well tolerated. Analysis of the data was completed in Q1 2024. The Company's plan to launch a Phase II study in stroke during 2024 was put on hold until its regulatory path for its cancer and arthritis programs are clarified with the FDA.

Infectious Disease Pipeline

While market potential keeps XBiotech focused on anti-IL-1a therapies, unmet medical need and the potential for uniquely effective product candidates keeps the Company dedicated to advancing its infectious disease pipeline. The Company has identified several major areas of urgent unmet medical need for True Human™ anti-infective antibody therapies. Human antibodies protect all of us on a daily basis from infectious disease—and the Company continues to believe that its True Human™ analogues of naturally immunity may serve as an extremely effective means for supplementing infectious immunity—in compromised individuals—against numerous related infectious diseases, such as shingles, influenza and C. difficile. The XBiotech discovery process involves procuring donations from blood banks and screening blood samples from healthy donors for antibodies that exhibit exceptionally strong immunity to specific diseases.

True Human™ antibodies may be used to provide highly potent and targeted immunity against infectious diseases, including in the elderly, where natural immunity is waning; in young children where immunity has yet to develop; or even in otherwise healthy individuals, where infectious agents have overwhelmed natural immunity and where specially selected antibodies are needed to neutralize the infection (ie. *Staphylococcus aureus*). For the latter population, this can occur during intravenous drug use, from a deep puncture wound, or from the result of surgery, where bacteria have gained unnatural entry into a body compartment where it can establish and evade the immune system.

The Company currently has a clinical stage therapeutic for methicillin resistant Staphylococcus aureus (MRSA), and several pre-clinical stage therapeutics, including: an oral delivery antibody therapeutic for colon infection by C. difficile; an injectable therapy for varicella zoster (aka adult chicken pox), the causative agent for shingles; and an influenza therapy, designed to neutralize all known strains and variants of influenza that have been identified since the 1918 pandemic.

In the upcoming year, the company continues to work towards filing investigational new drug applications for its True Human™ antibodies against shingles and influenza.

Infrastructure

In 2022 XBiotech completed an expansion of its manufacturing and R&D center. The expansion resulted in the creation of two new wings: one provides state-of-the-art research laboratory for R&D scientists; another area provides administrative space for dozens of personnel working in manufacturing, clinical and other operations. The building additions have enhanced the Company’s ability to house a larger workforce, expand R&D activities and orchestrate the production of multiple drug products from its existing manufacturing and R&D center.

A Background on Therapeutic Antibodies

While antibody therapeutics have dominated drug development for the past 25 years, Kohler and Milstein probably never envisaged how difficult it would be to isolate and produce actual human antibodies. Today, in the $247 billion antibody market — apart from XBiotech’s True Human™ antibodies — there is not a single antibody therapy derived from a natural human immune response: all are mouse derived and engineered, even those antibody therapies marketed as “human”. John Simard, founder and former CEO of XBiotech, recognized the potential to deliver a new generation of True Human™ antibodies and founded XBiotech around the mission to develop the technology to isolate and clone individual antibodies from human blood samples. Today, XBiotech has identified and produced numerous True Human™ antibodies candidate therapeutics that are derived from naturally immune individuals. XBiotech believes the greatest repository of medicines lies within the natural immune repertoire of the human body. The Company continues to catalogue and develop these True Human™ antibodies, which it sees as the greatest untapped resource for a new generation of therapeutics.

Employees and Human Capital

Each member of our senior management team has been with XBiotech on average for more than 13 years, and each has been with the Company through the process of antibody discovery, manufacturing, formulation, preclinical development, regulatory submissions, human clinical trials and commercial sale. We believe that our employees' collective knowledge of our business allows us to operate as among the most cost effective, efficient and capable operations in the biotechnology industry. Our board of directors ("Board") includes individuals with significant industry, scientific and legal knowledge. As of December 31, 2025, we had a total of 85 total full-time employees. None of our employees are represented by a collective bargaining agreement, nor have we experienced any work stoppage. We believe that our relations with our employees are good.

We are committed to growing our business over the long term. As a result of the competitive nature of the industry in which we operate, employees have significant career mobility and as a result, the competition for experienced employees is great. The existence of this competition, and the need for talented and experienced employees to realize our business objectives, underlies the design and implementation of our compensation programs. At the same time, we seek to keep our approach to compensation simple and streamlined to reflect the still relatively moderate size of our company. We have compensation, leave and benefits programs necessary to attract and retain the talented and experienced employees necessary to develop our business including competitive salaries, stock options awards to permanent employees, both upon initial hiring and annually thereafter, and pay annual bonuses to permanent employees contingent on the achievement of corporate and/or personal objectives. We have developed an Employee Handbook that contains all corporate policies and guidelines for professional behavior. Our policies and practices apply to all employees, regardless of title. These guidelines include our Code of Business Conduct and Ethics which is posted on our payroll website.

ITEM 1A. RISK FACTORS

Summary

The following summarizes some of the key risks and uncertainties that could materially adversely affect us. You should read this summary together with the more detailed description of each risk factor contained below.

Risks Related to our Business, Financial Condition and Capital Requirements

- We will incur significant losses during the development of our current pipeline in the foreseeable future.
- We currently have limited opportunities to generate revenue and may never sustain profitability.
- Our future success may be dependent on the regulatory approval and commercialization of our product candidates.
- New laws or regulations could impact on our ability to receive the necessary approvals to successfully market and commercialize our product candidates.
- Product candidates we advance into clinical trials may not have favorable results in clinical trials or receive regulatory approval. We have experienced prior setbacks and unfavorable outcomes in clinical trials and previously announced a pause in our rheumatology program in December 2024 following irregularities at clinical sites. We cannot assure that future clinical outcomes will be favorable.
- For various reasons, we may be unable to complete clinical trials on a timely basis, incurring higher costs and delayed development timelines.
- The regulatory approval processes of the FDA and comparable foreign regulatory authorities are lengthy, time consuming and inherently unpredictable.

- 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 prior to or following any marketing approval.
- Any product candidates that we commercialize may not receive coverage and adequate reimbursement from third-party payers.
- If we are unable to establish an effective sales force and marketing infrastructure or enter into acceptable third-party sales and marketing or licensing arrangements, we may be unable to create optimal revenue from FDA approved products.
- Approved product candidates may not achieve adequate market acceptance for commercial success.
- We face substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than we do.
- Product liability lawsuits against us could cause us to incur substantial liabilities and to limit commercialization of any products that we may develop.
- Crucial components used in our manufacturing process are acquired from vendors. There are few alternate sources of these components, and ongoing supply could be disrupted.
- We depend on key personnel to operate our business, and we may be unable to retain, attract and integrate qualified personnel.
- Failure to comply with environmental, health and safety laws and regulations could subject us to fines, penalties or other costs.
- Our business may be disrupted by natural disasters, infrastructure interruptions, or other public health threats.

Risks Related to Intellectual Property

- We may be unable to obtain or protect certain intellectual property rights.
- Intellectual property rights do not necessarily address all potential threats to any competitive advantage we may have.
- Our technology may be found to infringe upon third-party intellectual property rights.
- We may be unable to license needed intellectual property from third parties on commercially reasonable terms or at all, including intellectual property we in-license for manufacturing.
- If we are unable to protect the confidentiality of our trade secrets, our business and competitive position may be harmed.

Risks Related to Owning Shares of our Common Stock

- Our share price may be volatile, which could subject us to securities class action lawsuits and prevent you from being able to sell your shares at or above the price at which you purchased them.
- Our directors, executive officers and principal shareholders continue to have substantial control over our company and could hinder appropriate corporate control.
- Provisions in our charter documents under Canadian law could make an acquisition of us, which may be beneficial to our shareholders, more difficult.
- Against the judgment of the Company, we may be considered a passive foreign investment company for US tax purposes which may negatively affect US investors.
- We are governed by the corporate laws in British Columbia, Canada which in some cases have a different effect on shareholders than the corporate laws in Delaware.

General Risk Factors

- 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.
- Future sales, or the possibility of future sales, of a substantial number of our common stock could adversely affect the price of the shares and dilute shareholders.

- Any inability to accurately report our financial results or prevent fraud due to a failure to maintain effective internal control over financial reporting could cause shareholders to lose confidence in our financial and other public reporting.

Risks Related to our Business, Financial Condition and Capital Requirements

We have incurred significant losses since our inception and may incur significant losses in the future.

We are a pre-market pharmaceutical company with a limited operating history. We had no net income prior to the fourth quarter of 2019, when we sold certain assets to Janssen Biotech, Inc. and entered into certain related commercial agreements (the “Janssen Transaction”). Investment in pharmaceutical product development is highly speculative because it entails substantial upfront capital expenditures and significant risk that any potential product candidate will fail to demonstrate adequate efficacy or an acceptable safety profile, gain regulatory approval or become commercially viable. We do not have any products approved by regulatory authorities for marketing or commercial sale and have not generated any revenue from product sales to date, and we continue to incur significant research, development and other expenses related to our ongoing operations. As a result, we incurred losses in every reporting period from our inception in 2005 through the third quarter of 2019. Although we were profitable during the fourth quarter and fiscal year ended December 31, 2019, due to the cash received in the Janssen Transaction, that was an extraordinary transaction outside of normal business operations that had never previously occurred and may not be repeated. We incurred a net loss for the fiscal year ending December 31, 2025.

We expect to continue to incur significant expenses and may incur operating losses for the foreseeable future. We anticipate these expenses will increase as we continue the research and development of and seek regulatory approvals for our current and future product candidates in various indications, and potentially begin to commercialize any products that may achieve regulatory approval. We may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our financial condition. The amount of our future net losses will depend, in part, on the rate of future growth of our expenses and our ability to generate revenues. Our prior losses have had, and any future losses may continue to have, an adverse effect on our financial condition. If any of our product candidates fail in clinical trials or do not gain regulatory approval, or if approved fails to achieve market acceptance, we may never sustain profitability.

Since inception, we have dedicated the vast majority of our resources to the discovery and development of our proprietary preclinical and clinical product candidates, and we expect to continue to similarly expend substantial resources for the foreseeable future. These expenditures will include costs associated with conducting research and development, manufacturing product candidates, conducting preclinical experiments and clinical trials and obtaining and maintaining regulatory approvals, as well as commercializing any products later approved for sale. During the year ended December 31, 2025, we recognized approximately $47.4 million in expenses associated with research and development.

We completed our initial public offering on April 15, 2015 and additional registered offerings in March 2017 and May 2019. We also received a significant amount of cash proceeds from the sale of Bermekimab. However, the net proceeds from these transactions and cash on hand may not be sufficient to complete clinical development of any of our product candidates nor may it be sufficient to commercialize any product candidate. In addition, we completed a modified Dutch auction tender offer for our common shares in February 2020 and June 2023, which consumed $420 million and $14 thousand of our cash resources, respectively. We also distributed a $75 million cash dividend to our investors in July 2021. Accordingly, we may require substantial additional capital to continue our clinical development and potential commercialization activities. Our future capital requirements depend on many factors, including but not limited to:

- the number of future product candidates we pursue;

- the scope, progress, results and costs of researching and developing any of our future product candidates, and conducting preclinical research and clinical trials;

- the timing of, and the costs involved in, obtaining regulatory approvals for any future product candidates we develop;
- the cost of future commercialization activities for our product candidates and the cost of commercializing any future products approved for sale;
- the cost of manufacturing our future products; and
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patents, including litigation costs and the outcome of any such litigation.

We are unable to accurately estimate the funds we will actually require to complete research and development of our product candidates or the funds required to commercialize any resulting product in the future or the funds that will be required to meet other expenses. Our operating plan may change as a result of many factors currently unknown to us, and our expenses may be higher than expected. 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.

We currently have no source of product revenue and may never sustain profitability.

To date, we have not generated any revenue from commercial product sales. Our ability to generate revenue in the future from product sales and achieve profitability will depend upon our ability, alone or with any future collaborators, to commercialize products successfully, including any current product candidates or any product candidates that we may develop, in-license or acquire in the future. Even if we are able to achieve regulatory approval for any current or future product candidates, we do not know when any of these products will generate revenue from product sales, if at all. Our ability to generate revenue from product sales from any of our product candidates also depends on a number of additional factors, including our ability to:

- complete development activities, including the necessary clinical trials;
- complete and submit new drug applications, or NDAs, to the US Food and Drug Administration, or FDA, and obtain regulatory approval for indications for which there is a commercial market;
- complete and submit applications to, and obtain regulatory approval from, foreign regulatory authorities such as the European Medicines Agency, or EMA;
- establish our manufacturing operations;
- develop a commercial organization capable of sales, marketing and distribution for our product candidates and any products for which we obtain marketing approval and intend to sell ourselves in the markets in which we choose to commercialize on our own;
- find suitable distribution partners to help us market, sell and distribute our approved products in other markets;
- obtain coverage and adequate reimbursement from third-party payers, including government and private payers;
- achieve market acceptance for our products, if any;
- establish, maintain and protect our intellectual property rights; and
- attract, hire and retain qualified personnel.

In addition, because of the numerous risks and uncertainties associated with pharmaceutical product development, including that our product candidates may not advance through development or achieve the endpoints of applicable clinical trials, we are unable to predict the timing or amount of increased expenses, or if we will be able to sustain profitability. In addition, our expenses could increase beyond expectations if we decide to or are required by the FDA, or foreign regulatory authorities, to perform studies or trials in addition to those that we currently anticipate. Even if we are able to complete the development and regulatory process for our product candidates, we anticipate incurring significant costs associated with commercializing these products.

Even if we are able to generate revenues from the sale of any of our product candidates that may be approved, we may not become profitable and may need to obtain additional funding to continue operations. If we are unable to sustain profitability on a continuing basis, then we may be unable to continue our operations at planned levels and be forced to reduce our operations.

Our future success is dependent on the regulatory approval and commercialization of our product candidates.

We do not have any products that have gained regulatory approval. As a result, our ability to finance our operations and generate revenue, are substantially dependent on our ability to obtain regulatory approval for, and, if approved, to successfully commercialize our product candidates in a timely manner. We cannot commercialize our other product candidates in the U.S. without first obtaining regulatory approval for each product from the FDA; similarly, we cannot commercialize any product candidates outside of the U.S. without obtaining regulatory approval from comparable foreign regulatory authorities, including the EMA. The FDA review process typically takes years to complete and approval is never guaranteed. Before obtaining regulatory approvals for the commercial sale of any of our potential product candidates for a target indication, we must demonstrate with substantial evidence gathered in preclinical and well-controlled clinical studies, including two well-controlled Phase III studies, and, with respect to approval in the U.S. to the satisfaction of the FDA, and in Europe, to the satisfaction of the EMA, that the product candidate is safe and effective for use for that target indication; and that the manufacturing facilities, processes and controls are adequate. Obtaining regulatory approval for marketing of our current or future product candidates in one country does not ensure we will be able to obtain regulatory approval in other countries. A failure or delay in obtaining regulatory approval in one country may have a negative effect on the regulatory process in other countries.

Even if any of our product candidates were to successfully obtain approval from the FDA or comparable foreign regulatory authorities, any approval might contain significant limitations related to use restrictions for specified age groups, warnings, precautions or contraindications, or may be subject to burdensome post-approval studies or risk management requirements. If we are unable to obtain regulatory approval for our product candidates in one or more jurisdictions, or any approval contains significant limitations, we may not be able to obtain sufficient funding or generate sufficient revenue to continue the development of any of our other product candidates that we are developing or may discover, in-license, develop or acquire in the future. Also, any regulatory approval of our product candidates, once obtained, may be withdrawn. Furthermore, even if we obtain regulatory approval for any of our product candidates, their commercial success will depend on a number of factors, including the following:

- development of a commercial organization within XBiotech or establishment of a commercial collaboration with a commercial infrastructure;
- establishment of commercially viable pricing and obtaining approval for adequate reimbursement from third-party and government payers;
- our ability to manufacture quantities of our product candidates using commercially satisfactory processes and at a scale sufficient to meet anticipated demand and enable us to reduce our cost of manufacturing;
- our success in educating physicians and patients about the benefits, administration and use of our product candidates;

- the availability, perceived advantages, relative cost, relative safety and relative efficacy of alternative and competing treatments;
- the effectiveness of our own or our potential strategic collaborators' marketing, sales and distribution strategy and operations;
- acceptance as a safe and effective therapy by patients and the medical community; and
- a continued acceptable safety profile following approval.

Many of these factors are beyond our control. If we are unable to successfully commercialize our product candidates, we may not be able to earn sufficient revenues to continue our business.

New laws or regulations may be promulgated or modified in the United States, in Europe, or other jurisdictions that could impact our ability to receive the necessary approvals to successfully market and commercialize our product candidates.

The pharmaceutical and biotechnology industry is one of the most regulated industries on a state, federal and international level. There are numberous laws, regulations, and court decisions which impact the daily activities of our business. As a result, we must ensure that strategies and planning in relation to our product candidates are in line with the current regulations governing our industry. When there are changes in leadership, whether within the U.S., or elsewhere, we must anticipate the possibility of shifts in regulatory policies as they pertain to our business. New or modified regulations may impact our ability to quickly respond with updates to our programs. While we may be able to anticipate certain changes, policy statements often are not always translated into actionable legislation. We continue to track updates and changes internally to ensure we are in compliance with regulatory authority guidelines and expectations. Court decisions at both the state and federal level can also impact the way in which we operate and make specific product related program decisions. New laws, regulations, or court orders could materially alter or impact our ability to receive necessary approvals from regulatory authorities to market and commercialize our product candidates.

Because the results of earlier clinical trials are not necessarily predictive of future results, product candidates we advance into clinical trials, may not have favorable results in later clinical trials or receive regulatory approval.

Success in preclinical testing and early clinical trials does not ensure that later clinical trials will generate adequate data to demonstrate the efficacy and safety of an investigational drug. A number of companies in the pharmaceutical and biotechnology industries, including those with greater resources and experience, have suffered significant setbacks in clinical trials, even after seeing promising results in earlier clinical trials. We have also experienced prior setbacks in clinical trials and cannot assure that future clinical outcomes will demonstrate adequate efficacy and safety to justify further development efforts or to result in regulatory approval to market any of our product candidates in any particular jurisdiction. Even if we believe that we have adequate data to support an application for regulatory approval to market our product candidates, the FDA or other comparable foreign regulatory authorities may not agree and could require us to conduct additional research studies, including late-stage clinical trials. If late-stage clinical trials do not produce favorable results, our ability to achieve regulatory approval for any of our product candidates may be adversely impacted.

If we are unable to enroll subjects in clinical trials, we will be unable to complete these trials on a timely basis.

Patient enrollment, a significant factor in the timing of clinical trials, is affected by many factors including the size and nature of the patient population, the proximity of subjects to clinical sites, the eligibility criteria for the trial, the design of the clinical trial, ability to obtain and maintain patient consents, risk that enrolled subjects will drop out before completion, competing clinical trials and clinicians' and patients' perceptions as to the potential advantages of the drug being studied in relation to other available therapies, including any new drugs that may be approved for the indications we are investigating. Furthermore, we rely on clinical trial sites to ensure the proper and timely conduct of our clinical trials, and while we have agreements governing their committed activities, we have limited influence over their actual, day-to-day performance. We have experience of previous difficulties with clinical sites and patient enrollment and cannot assure that such difficulties will not occur in future clinical trials. We may experience delays in starting-up clinical trial sites in a timely manner, enrolling subjects in our trials, and may not be able to enroll a sufficient number of subjects to complete the trials.

If we experience delays in the completion or if there is termination of, any clinical trial of any current or future product candidates, the commercial prospects of our product candidates will be harmed, and our ability to generate product revenues from any of these product candidates will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow down our product candidate development and approval process and could shorten any periods during which we may have the exclusive right to commercialize our product candidates or allow our competitors to bring products to market before we do, and jeopardize our ability to commence product sales, which would impair our ability to generate revenues and may harm our business, results of operations, financial condition and cash flows and future prospects. In addition, many of the factors that could cause a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

The regulatory approval processes of the FDA and comparable foreign regulatory authorities are lengthy, time consuming and inherently unpredictable, and if we are ultimately unable to obtain regulatory approval for our product candidates, our business may fail.

The time required to obtain approval by the FDA and comparable foreign regulatory authorities is unpredictable, but typically takes several years following the commencement of preclinical studies and clinical trials and depends upon numerous factors, including the substantial discretion of the regulatory authorities and any shifts in regulatory policy. In addition, approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. We have not obtained regulatory approval for any product candidate, and it is possible that none of the product candidates we are developing or may discover, in-license or acquire and seek to develop in the future will ever obtain regulatory approval.

Our product candidates could fail to receive marketing approval from the FDA or a comparable foreign regulatory authority for many reasons, including but not limited to:

- disagreement over the design or implementation of our clinical trials;
- failure to demonstrate that a product candidate is safe and effective;
- failure of clinical trials to meet the level of statistical significance required for approval;
- failure to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- disagreement over our interpretation of data from preclinical studies or clinical trials;
- disagreement over whether to accept efficacy results from clinical trial sites outside the United States where the standard of care is potentially different from that in the United States;
- the insufficiency of data collected from clinical trials of our product candidates to support the submission and filing of an NDA or other submission or to obtain regulatory approval;
- irreparable or critical compliance issues relating to our manufacturing and/clinical trial processes; or
- changes in the approval policies or regulations that render our preclinical and clinical data insufficient for approval.

The FDA or a comparable foreign regulatory authority may require more information, including additional preclinical or clinical data to support approval, which may delay or prevent approval and our commercialization plans, or we may decide to abandon the development program altogether. Even if we do obtain regulatory approval, our product candidates may be approved for fewer or more limited indications than we request, approved contingent on the performance of costly post-marketing clinical trials, or approved with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. In addition, if any of our product candidates produce undesirable side effects or safety issues, the FDA may require the establishment of Risk Evaluation Mitigation Strategies, or REMS, or a comparable foreign regulatory authority may require the establishment of a similar strategy, that may, restrict distribution of our products and impose burdensome implementation requirements. Any of the foregoing scenarios could materially harm the commercial prospects for our product candidates.

Even if we believe any completed, current or planned clinical trials are successful, the FDA or a comparable foreign regulatory authority may not agree that our completed clinical trials provide adequate data on the safety or efficacy of our product candidates, permitting us to proceed to additional clinical trials. Approval by comparable foreign regulatory authorities does not ensure approval by the FDA and approval by one or more foreign regulatory authorities does not ensure approval by regulatory authorities in other countries or by the FDA. However, a failure or delay in obtaining regulatory approval in one country may have a negative impact on the regulatory process in others. We may not be able to file for regulatory approvals, and even if we file, we may not receive the necessary approvals to commercialize our products in any market.

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 any marketing approval.

Undesirable side effects caused by our product candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA or other comparable foreign regulatory authority. If toxicities occur in our current or future clinical trials they could cause delay or even the discontinuation of further development of our product candidates, which would impair our ability to generate revenues and would have a material adverse effect our business, results of operations, financial condition and cash flows and future prospects. There can be no assurance that side effects from our product candidates in future clinical trials or that side effects in general will not prompt the discontinued development or possible market approval of our product candidates. If serious side effects or other safety or toxicity issues are experienced in our clinical trials in the future, we may not receive approval to market any of our product candidates, which could prevent us from ever generating revenues from commercial product sales or sustaining profitability. Results of our trials could reveal an unacceptably high severity and prevalence of side effects. In such an event, our trials could be suspended or terminated and the FDA or comparable foreign regulatory authorities could order us to cease further development of or deny approval of our product candidates for any or all targeted indications. The drug-related side effects could affect patient recruitment or the ability of enrolled subjects to complete the trial or result in potential product liability claims. Any of these occurrences may have a material adverse effect on our business, results of operations, financial condition and cash flows and future prospects.

Additionally, if any of our product candidates receives marketing approval, and we or others later identify undesirable side effects caused by such product, a number of potentially significant negative consequences could result, including:

- we may be forced to suspend marketing of such product;
- regulatory authorities may withdraw their approvals of such product;
- regulatory authorities may require additional warnings on the label that could diminish the usage or otherwise limit the commercial success of such product;

- the FDA or other regulatory bodies may issue safety alerts, Dear Healthcare Provider letters, press releases or other communications containing warnings about such product;
- the FDA may require the establishment or modification of REMS or a comparable foreign regulatory authority may require the establishment or modification of a similar strategy that may, for instance, restrict distribution of our product and impose burdensome implementation requirements on us;
- we may be required to change the way the product is administered or conduct additional clinical trials;
- we could be sued and held liable for harm caused to subjects or patients;
- we may be subject to litigation or product liability claims; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of the particular product candidate, if approved.

Even if our product candidates receive regulatory approval, they may still face future challenges, including ongoing regulatory oversight and marketing challenges.

Even if we obtain regulatory approval for any of our product candidates, it would be subject to ongoing requirements by the FDA and comparable foreign regulatory authorities governing the manufacture, quality control, further development, labeling, packaging, storage, distribution, safety surveillance, import, export, advertising, promotion, recordkeeping and reporting of safety and other post-market information. The safety profile of any product will continue to be closely monitored by the FDA and comparable foreign regulatory authorities after approval. If the FDA or comparable foreign regulatory authorities become aware of new safety information after approval of any product candidate, they may require labeling changes or establishment of a REMS or similar strategy, impose significant restrictions on a product's indicated uses or marketing, or impose ongoing requirements for potentially costly post-approval studies or post-market surveillance. For example, the label ultimately approved for any product candidate, if it achieves marketing approval, may include restrictions on use.

In addition, manufacturers of drug products and their facilities are subject to continual review and periodic inspections by the FDA and other regulatory authorities for compliance with current good manufacturing practices, or cGMP, and other regulations. If we or a regulatory agency discover previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, or problems with the facility where the product is manufactured, a regulatory agency may impose restrictions on that product, our manufacturing facility, including requiring recall or withdrawal of the product from the market or suspension of manufacturing. If we, our product candidates or our manufacturing facilities for our product candidates fail to comply with applicable regulatory requirements, a regulatory agency may:

- issue warning letters or untitled letters;
- impose restrictions on the marketing or manufacturing of the product candidates;
- mandate modifications to promotional materials or require us to provide corrective information to healthcare practitioners;
- require us or any future collaborator to enter into a consent decree, which can include imposition of various fines, reimbursements for inspection costs, required due dates for specific actions and penalties for noncompliance;
- seek an injunction or impose civil or criminal penalties or monetary fines;

- suspend or withdraw regulatory approval;
- suspend any ongoing clinical trials;
- refuse to approve pending applications or supplements to applications filed by us;
- suspend or impose restrictions on operations, including costly new manufacturing requirements; or
- seize or detain products, refuse to permit the import or export of products, or require us to initiate a product recall.

The occurrence of any event or penalty described above may inhibit our ability to commercialize our product candidates and generate revenue.

The FDA strictly regulates the advertising and promotion of drug products, and drug products may only be marketed or promoted for their FDA approved uses, consistent with the product's approved labeling. Advertising and promotion of any product candidate that obtains approval in the U.S., and is covered by federal insurance programs such as Medicare or Medicaid, will be heavily scrutinized by the FDA, the Department of Justice, (DOJ), the Office of Inspector General of the Department of Health and Human Services, (HHS), state attorneys general, members of Congress and the public. Violations, including promotion of our products for unapproved or off-label uses, are subject to enforcement letters, inquiries and investigations, and civil, criminal and/or administrative sanctions by the FDA and/or the DOJ. Additionally, advertising and promotion of, any product candidate that obtains approval outside of the U.S. will be heavily scrutinized by comparable foreign regulatory authorities.

In the U.S., engaging in impermissible promotion of our future products for off-label uses can also subject us to false claims litigation under federal and state statutes, which can lead to civil, criminal and/or administrative penalties and fines and corporate integrity agreements that materially restrict the manner in which we promote or distribute our drug products. The federal False Claims Act, allows any individual to bring a lawsuit against a pharmaceutical company on behalf of the federal government alleging submission of false or fraudulent claims, or causing to present such false or fraudulent claims, for payment by a federal program, such as Medicare or Medicaid. If the government prevails in the lawsuit, the individual may share in any fines or settlement funds. Since 2004, False Claims Act lawsuits against pharmaceutical companies have increased significantly in volume and breadth, leading to several substantial civil and criminal settlements based on certain sales practices promoting off-label drug uses. This growth in litigation has increased the risk that a pharmaceutical company will have to defend a false claims action, pay settlement fines or restitution, agree to comply with burdensome reporting and compliance obligations, and be excluded from Medicare, Medicaid and other federal and state healthcare programs. If we do not lawfully promote our approved products, we may become subject to such litigation and, if we are not successful in defending against such actions, those actions could have a material adverse effect on our business, results of operations, financial condition and cash flows and future prospects.

Existing government regulations may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. 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, we may lose any marketing approval that we may have obtained and/or be subject to fines or enhanced government oversight and reporting obligations, which would adversely affect our business, prospects and ability to sustain profitability.

Failure to obtain regulatory approval in foreign jurisdictions would prevent our product candidates from being marketed in those jurisdictions.

In order to market and sell our products in the European Union and many other jurisdictions, we must obtain separate marketing approvals and comply with numerous and varying regulatory requirements. The approval procedure varies among countries and can involve additional testing. The time required to obtain approval may differ substantially from that required to obtain FDA approval. The regulatory approval process outside the U.S. generally includes all of the risks associated with obtaining FDA approval. Additionally, in many countries outside the U.S., it is required that the product be approved for reimbursement before the product can be effectively commercialized in that country. Obtaining foreign regulatory approvals and compliance with foreign regulatory requirements could result in significant delays, difficulties and costs for us and could delay or prevent the introduction of our products in certain countries. We may not obtain approvals from regulatory authorities outside the U.S. on a timely basis, if at all. Approval by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions, and approval by one regulatory authority outside the U.S. does not ensure approval by regulatory authorities in other countries or jurisdictions or by the FDA. A failure or delay in obtaining regulatory approval in one country may have a negative effect on the regulatory approval process in others. We may not be able to file for marketing approvals and may not receive necessary approvals to commercialize our products in any market. If we are unable to obtain approval of any of our product candidates by regulatory authorities in the European Union or another jurisdiction, the commercial prospects of that product candidate may be significantly diminished and our business prospects could decline.

Even if we are able to commercialize our product candidates, the products may not receive coverage and adequate reimbursement from third-party payers, which could harm our business.

Our ability to commercialize any products successfully will depend, in part, on the extent to which coverage and adequate reimbursement for these products and related treatments will be available from government authorities, private health insurers, health maintenance organizations and third-party payers. Patients who are prescribed medications for the treatment of their conditions generally rely on third-party payers to reimburse all or part of the costs associated with their prescription drugs. Coverage and adequate reimbursement from government healthcare programs, such as Medicare and Medicaid, and private health insurers are critical to new product acceptance. Patients are unlikely to use our product candidates unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost of our product candidates. A primary trend in the US healthcare industry and elsewhere is cost containment. As a result, government authorities and other third-party payers have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third-party payers are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. Third-party payers may also seek additional clinical evidence, beyond the data required to obtain marketing approval, demonstrating clinical benefits and value in specific patient populations before covering our products for those patients. We cannot be sure that coverage and adequate reimbursement will be available for any product that we commercialize and, if reimbursement is available, what the level of reimbursement will be. Coverage and reimbursement may impact the demand for, or the price of, any product candidate for which we obtain marketing approval. If coverage and reimbursement are not available or are available only at limited levels, we may not be able to successfully commercialize any product candidate for which we obtain marketing approval.

There may be significant delays in obtaining coverage and reimbursement for newly approved drugs, and coverage may be more limited than the purposes for which the drug is approved by the FDA or comparable foreign regulatory authorities. Moreover, obtaining coverage does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sales and distribution. Interim reimbursement levels for new drugs, if applicable, may also be insufficient to cover our costs, and may only be temporary. Reimbursement rates may vary according to the use of the drug and the clinical setting in which it is used. Reimbursement rates may also be based in part on existing reimbursement amounts for lower cost drugs or may be bundled into the payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payers and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the U.S. Coverage and reimbursement for drug products can differ significantly from payer to payer. As a result, the coverage and reimbursement determination process is often a time-consuming and costly process with no assurance that coverage and adequate reimbursement will be obtained or applied consistently. Third-party payers often rely upon Medicare coverage policy and payment limitations in setting their own coverage and reimbursement policies. Our inability to promptly obtain coverage and profitable reimbursement rates from both government-funded and private payers for any approved products that we develop could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize products, and our overall financial condition.

We have never marketed a drug before, and if we are unable to establish an effective sales force and marketing infrastructure, or enter into acceptable third-party sales and marketing or licensing arrangements, we may be unable to generate any revenue.

We do not currently have a comprehensive infrastructure for the sales, marketing and distribution of pharmaceutical drug products. The cost of establishing and maintaining such an infrastructure may exceed the cost-effectiveness of doing so. In order to market any products that may be approved by the FDA and comparable foreign regulatory authorities, we must build our sales, marketing, managerial and other non-technical capabilities or make arrangements with third parties to perform these services for which we would incur substantial costs. If we are unable to establish adequate sales, marketing and distribution capabilities, whether independently or with third parties, we may not be able to generate product revenue and may not sustain profitability. We will be competing with many companies that have extensive and well-funded sales and marketing operations. Without an internal commercial organization or the support of a third party to perform sales and marketing functions, or a combination of both, we may be unable to compete successfully against more established companies.

Our product candidates, if approved, may not achieve adequate market acceptance among physicians, patients, and healthcare payers and others in the medical community necessary for commercial success.

Even if we obtain regulatory approval for any of our product candidates, such product(s) may not gain market acceptance among physicians, healthcare payers, patients or the medical community within the U.S. or globally. Our commercial success also depends on coverage and adequate reimbursement of our product candidates by third-party payers, including government payers, generally, which may be difficult or time-consuming to obtain, may be limited in scope and may not be obtained in all jurisdictions in which we may seek to market our products. Market acceptance of any of our product candidates for which we receive approval depends on a number of factors, including:

- the efficacy and safety of such product candidates as demonstrated in clinical trials;
- the clinical indications for which the product candidate is approved;
- acceptance by physicians and patients of the product candidate as a safe and effective treatment;
- the potential and perceived advantages of product candidates over alternative treatments;
- the safety of product candidates seen in a broader patient group, including a product candidate’s use outside the approved indications;
- the prevalence and severity of any side effects;
- product labeling or product insert requirements of the FDA or other regulatory authorities;
- the timing of market introduction of our products as well as competitive products;
- the cost of treatment in relation to alternative treatments;
- the availability of coverage and adequate reimbursement and pricing by third-party payers and government authorities;
- relative convenience and ease of administration;
- the effectiveness of our sales and marketing efforts and those of our collaborators; and

- unfavorable publicity relating to the product candidate or the Company.

If any of our product candidates are approved but fail to achieve market acceptance among physicians, patients, or healthcare payers, we will not be able to generate significant revenues, which would compromise our ability to sustain profitability.

Our research programs may not succeed.

XBiotech has positioned itself with a pipeline of potential drug candidates at various stages of development. Even though we have multiple drugs in development at this time, none of these research programs may succeed. There are several reasons why a drug program may fail, including the following:

- In the development stage, we may be unable to develop a therapy, which would mean us succeeding in isolating appropriate antibodies to reach the clinical trial stage;
- Any partnerships for the development of antibodies could fail to produce results that would necessitate clinical trials;
- We may not receive approval from regulatory bodies to move from early stage clinical trials to later stage clinical trials;
- Even if we are able to move to later stage clinical trials, it may prove to be difficult to enroll patients into the studies according to schedule, or at all;
- We have experienced prior difficulties with clinical sites and patient enrollment and cannot assure that such difficulties will not occur in future clinical trials.
- During the clinical trial, there could be unexpected serious adverse events causing severe injury or death in patients, requiring us to cease further enrollment or causing regulatory authorities to place the trial on clinical hold for an indefinite period of time;
- If a clinical trial is completed, we may not have the appropriate personnel to submit a marketing application to regulatory authorities for approval, and to further respond to the variety of follow up questions that regulatory authorities may have during the review process;
- Regulatory authorities may reject drug candidates for a variety of reasons, preventing us from proceeding with marketing and commercialization of approved products; and
- We may run out of the funds necessary to complete development for any of our potential drug candidates.

Even an effective drug candidate might not be commercially successful.

Even if we ultimately succeed in creating a safe and effective drug, as determined by regulatory authorities, based on our current product pipeline, there is no assurance it would be commercially successful. Competitive products might become available faster or with lower costs or adverse risks to patients, resulting in few sales of any product developed by XBiotech. Occurrences of certain disease indications, such as those in our pipeline, might become sufficiently rare, or victims might be sufficiently impoverished, that commercial production is uneconomic. Furthermore, we must have sufficient buy-in from patients and healthcare professionals to guarantee market exposure for our drug candidates. If the end-users are not reached with our products, then it will be difficult to generate revenue from our development efforts. And even though we could obtain regulatory approval for any of our drug candidates, it is not necessarily the case that government or third-party payers will decide to add our products to their respective prescription drug formularies for reimbursement, thus inhibiting the ability for our drug candidates to reach the target patient populations, and health care professionals serving those patients.

We face substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than we do.

The development and commercialization of new drug products is highly competitive. We face competition with respect to our current or future product candidates to treat any relevant indication(s). There are a number of large pharmaceutical and biotechnology companies that currently market and sell products or are pursuing the development of products for the treatment of the disease indications for which we are developing our future product candidates. Some of these competitive products and therapies are based on scientific approaches that are the same as or similar to our approach, and others are based on entirely different approaches. Potential competitors include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization.

More established companies may have a competitive advantage over us due to their greater size, cash flows and institutional experience. Compared to us, many of our competitors may have significantly greater financial, technical and human resources. As a result of these factors, our competitors may obtain regulatory approval of their products before we do, which will limit our ability to develop or commercialize any of our product candidates. In addition, many companies are developing new therapeutics to supplant or expand upon the standard of care for a number of diseases, as a result, we cannot predict what the standard of care will be as our product candidates progress through clinical development.

Our failure to successfully identify, acquire, develop and commercialize additional product candidates or approved products could impair our ability to grow.

Although a substantial amount of our efforts will focus on the continued clinical testing and potential approval of our current product candidates, a key element of our growth strategy is to acquire, develop and/or market additional products and product candidates. All of these potential product candidates remain in the discovery and clinical study stages. Research programs to identify product candidates require substantial technical, financial and human resources, whether or not any product candidates are ultimately identified. Because our internal research capabilities are limited, we may be dependent upon pharmaceutical and biotechnology companies, academic scientists and other researchers to sell or license products or technology to us. The success of this strategy depends partly upon our ability to identify, select and acquire promising pharmaceutical product candidates and products. The process of proposing, negotiating and implementing a license or acquisition of a product candidate or approved product is lengthy and complex. Other companies, including some with substantially greater financial, marketing and sales resources, may compete with us for the license or acquisition of product candidates and approved products. We have limited resources to identify and execute the acquisition or in-licensing of third-party products, businesses and technologies and integrate them into our current infrastructure. Moreover, we may devote resources to potential acquisitions or in-licensing opportunities that are never completed, or we may fail to realize the anticipated benefits of such efforts. Any product candidate that we acquire may require additional development efforts prior to commercial sale, including extensive clinical testing and approval by the FDA and applicable foreign regulatory authorities. All product candidates are prone to risks of failure typical of pharmaceutical product development, including the possibility that a product candidate will not be shown to be sufficiently safe and effective for approval by regulatory authorities. In addition, we cannot provide assurance that any products that we develop or approved products that we acquire will be manufactured profitably or achieve market acceptance.

Product liability lawsuits against us could cause us to incur substantial liabilities and to limit commercialization of any products that we may develop.

We face an inherent risk of product liability exposure related to the testing of our product candidates in clinical trials and will face an even greater risk if we commercially sell any products that we may develop. Product liability claims may be brought against us by subjects enrolled in our clinical trials, patients, healthcare providers or others using, administering or selling our products. If we cannot successfully defend ourselves against claims that our product candidates or products caused injuries, we could incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for any product candidates or products that we may develop;
- termination of clinical trial sites or entire clinical trial programs;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial participants;
- significant costs to defend the related litigation;
- substantial monetary awards to clinical trial subjects or patients;
- loss of revenue;
- diversion of management and scientific resources from our business operations; and
- the inability to commercialize our product candidates.

We will obtain insurance coverage for products to include the sale of commercial products if we obtain marketing approval for our product candidates, but we may be unable to obtain commercially reasonable product liability insurance for any products approved for marketing. Large judgments have been awarded in class action lawsuits based on drugs that had unanticipated side effects. A successful product liability claim or series of claims brought against us, particularly if judgments exceed our insurance coverage, could decrease our cash and adversely affect our business.

We will need to expand our operations and grow the size of our organization in the future, and we may experience difficulties in managing this growth.

As of December 31, 2025, we had 85 employees. As our development and commercialization plans and strategies develop, or as a result of any future acquisitions, we will need additional managerial, operational, sales, marketing, scientific, and financial headcount and other resources. Our management, personnel and systems currently in place may not be adequate to support this future growth. Future growth would impose significant added responsibilities on members of management, including:

- managing our clinical trials effectively, which we anticipate potentially being conducted at numerous clinical sites on a global scale;
- identifying, recruiting, maintaining, motivating and integrating additional employees with the expertise and experience we will require;
- managing our internal development efforts effectively while complying with our contractual obligations to licensors, licensees, contractors and other third parties;
- managing additional relationships with various strategic partners, suppliers and other third parties;
- improving our managerial, development, operational and finance reporting systems and procedures; and
- expanding our facilities.

Our failure to accomplish any of these tasks could prevent us from successfully growing our Company.

We may never achieve any of the potential milestone payments that were negotiated as a part of the Janssen Transaction.

As part of the Janssen Transaction, we are eligible to receive milestone payments of $150 million for each instance that Janssen, in its sole and absolute discretion, develops pharmaceutical products that contain Bermekimab and that are for non-dermatological indications, provided that Janssen receives certain required commercial authorizations for such products within a specified timeframe. We are entitled to earn up to four milestone payments, for a maximum of $600 million set to expire after twelve years in 2031. However, because the payment of these funds is subject to Janssen’s business decisions and discretion, as well as regulatory approvals and other factors outside our control, we may never receive any of these amounts. If we do not receive all or any of the milestone payments, we may be required to seek additional funding from other sources, which may not be available on terms acceptable to us or at all.

We depend on key personnel to operate our business. If we are unable to retain, attract and integrate qualified personnel, our ability to develop and successfully grow our business could be harmed.

Our Chairman, John Simard, founded our Company and served as our Chief Executive Officer from the time of our founding until his retirement from that position on December 8, 2025. Mr. Simard has been critical to the strategic direction and overall management of our Company as well as our research and development process. Although Mr. Simard continues to serve in a consulting role with the Company pursuant to his employment agreement and remains Chairman, his departure as Chief Executive Officer and future departure from his other roles with the Company may adversely affect our business, financial condition and operating results.

We believe that our future success is also highly dependent on the contributions of other significant Company personnel, as well as our ability to attract and retain highly skilled and experienced sales, research and development and other personnel in the United States and abroad. Some of our significant employees include our Chief Scientific Officer and interim Chief Executive Officer, Dr. Sushma Shivaswamy, as well as our Vice President of Quality Assurance, our Vice President of Manufacturing, our Senior Vice President of Clinical Operations and Analytical Quality, and our Principal Financial Officer and Principal Accounting Officer. Changes in our management team may be disruptive to our operations and may adversely affect our business, financial condition and operating results.

Our employees are free to depart the Company at any time, subject to any applicable notice requirements, and their knowledge of our business and industry may be difficult to replace. If one or more of our executive officers or significant employees were to depart the Company, we may not be able to fully integrate new personnel or replicate the prior working relationships, and our operations could suffer. Qualified individuals with the breadth of skills and experience in the pharmaceutical industry that we require are in high demand, and we may incur significant costs to attract them. Many of the other pharmaceutical companies that we compete against for qualified personnel have greater financial and other resources, different risk profiles and a longer history in the industry than we do. They also may provide more diverse opportunities and better chances for career advancement. Our failure to attract and retain key personnel could impede the achievement of our research, development and commercialization objectives and may adversely affect our business, financial condition and operating results.

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.

We are subject to numerous environmental, health and safety laws and regulations in the U.S. and elsewhere, including, as a result of our leased laboratory space, those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations involve the use of hazardous and flammable materials, including chemicals and biological materials. Our operations also produce hazardous waste products. We generally contract with third parties for the disposal of these materials and wastes.

We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties.

Although we maintain insurance for employee injury to cover us for costs and expenses, we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage or disposal of biological or hazardous materials. In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations may also result in substantial fines, penalties or other sanctions.

Business disruptions caused by natural disasters, infrastructure interruptions or other public health threats could seriously harm our future revenues and financial condition and increase our costs and expenses.

Our operations could be subject to earthquakes, power shortages or outages, telecommunications failures, water shortages, floods, hurricanes, tornado, fires, extreme weather conditions, medical epidemics such as contagious disease outbreaks, and other natural or manmade disasters or business interruptions, for which we are predominantly self-insured. We do not carry insurance for all categories of risk that our business may encounter. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and increase our costs and expenses. We rely on third-parties to supply various items which are critical for producing our product candidates. Our ability to produce clinical supplies of product candidates could be disrupted, if the operations of these suppliers are affected by a man-made or natural disaster, a public health crisis or other business interruption. For example, the ongoing coronavirus threat has spread to a number of countries, including the United States and various countries in Europe, resulting in the declaration by the World Health Organization of a global pandemic and the announcement of extended travel restrictions, business shutdowns, cancellations and prohibitions of large public gatherings and declarations of states of emergency in cities, states and countries around the world. The imposition of any of these restrictions in one of the regions where our facilities or those of our third-party suppliers are located would have a disproportionately negative impact on us. The extent of the ultimate impact to us, our significant suppliers and our general infrastructure resulting from concentration in certain geographical areas is unknown and cannot be estimated, but our operations and financial condition would likely suffer in the event of a major earthquake, fire or other natural disaster or public health threat such as the coronavirus pandemic in one or more of those areas. Further, any significant uninsured liability may require us to pay substantial amounts, which would adversely affect our business, results of operations, financial condition and cash flows from future prospects.

Policy and trade decisions by government entities, including the potential use and effects of tariffs, could materially impact the macroeconomic framework in which we operate.

Policy and trade decisions made by governments in the jurisdictions where we operate, including the United States and Canada, could affect the macroeconomic framework in which we operate and could impact our business and financial condition. It is possible, for example, that modifications of tariff policy and other U.S. governmental policies could impact our financial performance. Any trade disputes or significant changes in trade policies, through the implementation of tariffs or otherwise, have the potential to adversely affect us, including by impacting (a) the supply chains for our operations as well as the third parties with whom we engage, and (b) the macroeconomic markets at large.

Risks Related to Intellectual Property

If *we are unable to obtain or protect intellectual property rights, our competitive position could be harmed.*

We depend on our ability to protect our proprietary technology. We rely on trade secret, patent, copyright and trademark laws, and confidentiality, licensing and other agreements with employees and third parties, all of which offer only limited protection. Our commercial success will depend in large part on our ability to obtain and maintain patent protection in the U.S. and other countries with respect to our proprietary technology and products. Where we deem appropriate, we seek to protect our proprietary position by filing patent applications in the U.S. and abroad related to our novel technologies and products that are important to our business. The patent positions of biotechnology and pharmaceutical companies generally are highly uncertain, involve complex legal and factual questions and have in recent years been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our patents, including those patent rights licensed to us by third parties, are highly uncertain.

The steps we have taken to protect our proprietary rights may not be adequate to preclude misappropriation of our proprietary information or infringement of our intellectual property rights, both inside and outside the U.S. The rights already granted under any of our currently issued patents and those that may be granted under future issued patents may not provide us with the proprietary protection or competitive advantages we are seeking. If we are unable to obtain and maintain patent protection for our technology and products, or if the scope of the patent protection obtained is not sufficient, our competitors could develop and commercialize technology and products similar or superior to ours, and our ability to successfully commercialize our technology and products may be adversely affected.

With respect to patent rights, we do not know whether our pending patent applications for any of our technologies or product candidates will result in the issuance of patents that protect such technologies or product candidates, or if any of our issued patents will effectively prevent others from commercializing competitive technologies and products. Our pending patent applications cannot be enforced against third parties practicing the technology claimed in such applications unless and until a patent issues from such applications. Further, the examination process may require us to narrow the claims for our pending patent applications, which may limit the scope of patent protection that may be obtained if these applications are granted. Because the issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, issued patents that we own or have licensed from third parties may be challenged in the courts or patent offices in the U.S. and abroad. Such challenges may result in the loss of patent protection, the narrowing of claims in such patents or the invalidity or unenforceability of such patents, which could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection for our technology and products. Protecting against the unauthorized use of our patented technology, trademarks and other intellectual property rights is expensive, difficult and, in some cases, not be possible. In some cases, it may be difficult or impossible to detect third-party infringement or misappropriation of our intellectual property rights, even in relation to issued patent claims, and proving any such infringement may be even more difficult.

Intellectual property rights do not necessarily address all potential threats to any competitive advantage we may have.

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 permit us to maintain our competitive advantage. The following examples are illustrative:

- Others may be able to make compounds that are the same as or similar to our current or future product candidates but that are not covered by the claims of the patents that we own or have exclusively licensed.

- We might not have been the first to make the inventions covered by the issued patent or pending patent application that we own or have exclusively licensed.

- We or any of our licensors or strategic partners might not have been the first to file patent applications covering certain of our inventions.

- Others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights.

- It is possible that our pending patent applications will not lead to issued patents.
- Issued patents that we own or have exclusively licensed may not provide us with any competitive advantages, or may be held invalid or unenforceable, as a result of legal challenges by our competitors.
- Our competitors might conduct research and development activities in the U.S. and other countries that provide a safe harbor from patent infringement claims for certain research and development activities, as well as 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 not develop additional proprietary technologies that are patentable.
- The patents of others may have an adverse effect on our business.

Our technology may be found to infringe upon third-party intellectual property rights.

Third parties, may in the future, assert claims or initiate litigation related to their patent, copyright, trademark and other intellectual property rights in technology that is important to us. The asserted claims and/or litigation could include claims against us, our licensors or our suppliers alleging infringement of intellectual property rights with respect to our products or components of those products. Regardless of the merit of the claims, they could be time consuming, resulting in costly litigation and diversion of technical and management personnel, or require us to develop a non-infringing technology or enter into license agreements. We cannot assure you that licenses will be available on acceptable terms, if at all. Furthermore, because of the potential for significant damage awards, which are not necessarily predictable, it is not unusual to find even arguably unmeritorious claims resulting in large settlements. If any infringement or other intellectual property claim made against us by any third party is successful, or if we fail to develop non-infringing technology or license the proprietary rights on commercially reasonable terms and conditions, our business, operating results and financial condition could be materially and adversely affected.

If our products, methods, processes and other technologies infringe upon the proprietary rights of other parties, we could incur substantial costs and we may have to:

- obtain licenses, which may not be available on commercially reasonable terms, if at all;
- abandon an infringing drug or therapy candidate;
- redesign our products or processes to avoid infringement;
- stop using the subject matter claimed in the patents held by others;
- pay damages; or
- defend litigation or administrative proceedings which may be costly whether we win or lose, and which could result in a substantial diversion of our financial and management resources.

We may need to license intellectual property from third parties, and such licenses may not be available or may not be available on commercially reasonable terms.

A third party may hold intellectual property, including patent rights that are important or necessary to the development of our products. It may be necessary for us to use the patented or proprietary technology of a third party to manufacture, or otherwise commercialize, our own technology or products, in which case we would be required to obtain a license from such third party. Licensing such intellectual property may not be available or may not be available on commercially reasonable terms, which could have a material adverse effect on our business and financial condition.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

In addition to seeking patents for some of our technology and product candidates, we also rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, corporate collaborators, outside scientific collaborators, contract manufacturers, consultants, advisors and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. Despite these efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts inside and outside of the U.S. are less willing or unwilling to protect trade secrets. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent them, or those to whom they communicate it, from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor, our competitive position would be harmed.

Risks Related to Owning Shares of Our Common Stock

Our share price may be volatile, which could subject us to securities class action lawsuits and prevent you from being able to sell your shares at or above the price at which you purchased them.

Our stock could be subject to wide fluctuations in response to many risk factors listed in this section, and others beyond our control, including:

- results of our clinical trials;
- results of clinical trials of our competitors' products;
- regulatory actions with respect to our products or our competitors' products;
- actual or anticipated fluctuations in our financial condition and operating results;
- actual or anticipated changes in our growth rate relative to our competitors;
- actual or anticipated fluctuations in our competitors' operating results or changes in their growth rate;
- competition from existing products or new products that may emerge;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures, collaborations or capital commitments;
- issuance of new or updated research or reports by securities analysts;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- delisting of the Company's common shares from the exchange on which they trade due to the Company not being in compliance with the listing requirements of the exchange;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;

- additions or departures of key management or scientific personnel;
- disputes or other developments related to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
- announcement or expectation of additional financing efforts;
- sales of our common stock by us, our insiders or our other shareholders;
- market conditions for biopharmaceutical stocks in general; and
- general economic and market conditions.

Furthermore, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. In particular, stock markets have experienced extreme volatility in the first quarter of 2020 due to the ongoing coronavirus pandemic and investor concerns and uncertainty related to the impact of the outbreak on the economies of countries worldwide. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may negatively impact the market price of shares of our common stock. In addition, such fluctuations could subject us to securities class action litigation, which could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business. If the market price of shares of our common stock does not exceed your buying price, you may not realize any return on your investment in us and may lose some or all of your investment.

Our directors, executive officers and principal shareholders continue to have substantial control over our company and could delay or prevent a change in corporate control.

As of March 13, 2026 our directors, executive officers and principal shareholders, together with their affiliates, beneficially own, in the aggregate, at least 8.2 million shares or approximately 27.0% of our outstanding common stock, and could own approximately 10.8 million shares or approximately 32.8% of our outstanding common stock if they fully exercise their outstanding stock options. As a result, these shareholders, if acting together, have the ability to determine the outcome of matters submitted to our shareholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of our assets. In addition, these persons, acting together, have the ability to control the management and affairs of the Company. Accordingly, this concentration of ownership may harm the market price of our common stock by:

- delaying, deferring or preventing a change in control of the Company;
- impeding a merger, consolidation, takeover or other business combination involving the Company; or
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company.

We have broad discretion in the use of the net proceeds from the Janssen Transaction and may not use them effectively.

We intend to continue to allocate the net proceeds that we received from our public offerings and the Janssen Transaction to fund discovery and development of our next generation True Human™ anti-IL-1α antibody program and to advance other antibody therapeutics in our pipeline. However, our management will have broad discretion in the actual application of the net proceeds, and we may elect to allocate proceeds differently if we believe it would be in our best interests to do so. For example, in February 2020, we completed a cash tender offer in which we repurchased $420 million of our common shares. In July 2021, we distributed a $75 million cash dividend to our shareholders. Our shareholders may not agree with the manner in which our management chooses to allocate and spend the net proceeds. Our management may also fail to apply these funds effectively, which could have a material adverse effect on our business. We may invest our cash on hand in a manner that does not produce income or that loses value.

Provisions in our charter documents under Canadian law could make an acquisition of us, which may be beneficial to our shareholders, more difficult.

Our authorized preferred capital stock is available for issuance from time to time at the discretion of our Board of Directors, without shareholder approval. Our Articles of Incorporation ("Articles") grant our Board of Directors the authority, subject to the corporate law of British Columbia, to determine or alter the special rights and restrictions granted to or imposed on any wholly unissued series of preferred shares, and such rights may be superior to those of our common stock.

Limitations on the ability to acquire and hold our common stock may be imposed by the Competition Act (Canada). This legislation permits the Commissioner of Competition of Canada to review any acquisition of a significant interest in us. This legislation grants the Commissioner jurisdiction to challenge such an acquisition before the Canadian Competition Tribunal if the Commissioner believes that it would, or would be likely to, result in a substantial lessening or prevention of competition in any market in Canada. The Investment Canada Act (Canada) subjects an acquisition of control of a company by a non-Canadian to government review if the value of our assets as calculated pursuant to the legislation exceeds a threshold amount. A reviewable acquisition may not proceed unless the relevant minister is satisfied that the investment is likely to be a net benefit to Canada.

Any of the foregoing could prevent or delay a change of control and may deprive or limit strategic opportunities for our shareholders to sell their shares and/or affect the market price of our shares.

We may be a passive foreign investment company for US tax purposes which may negatively affect US investors.

We do not believe XBiotech is an "Investment Company"; instead, we believe it is a bona fide biopharmaceutical entity engaged in active pharmaceutical R&D, evidenced by the sale of its drug candidate Bermekimab for $750 million and up to $600 million in potential milestone payments and our extensive ongoing R&D activity. However, arbitrary definitions used to define a passive foreign investment company (PFIC) for US tax purposes have made some financial analysts suggest we are a PFIC. Particularly, based on the blind criteria that if 75% or more of gross income is passive income, with nothing else considered, then a company may be held to be a PFIC. Some years we don't have income, since we only will have income when for example we sell one of our drugs or when we get a drug to market and generate sales. But we do keep the company's cash in an interest bearing bank account or interest earning instruments. This generates interest income (or passive income) on our funds. We believe that to suggest that such bank account interest makes us a PFIC is absurd; this would suggest that we cannot keep our cash in a bank account and that interest on the Company's funds supersedes any other consideration in defining the actual operations and essential nature of the Company. XBiotech will never accept an arbitrary and erroneous definition that could potentially penalize the Company and its shareholders and will oppose any effort to do so by the tax authorities. There is a risk that that tax authorities could successfully assert our PFIC status, and in such event shares held by a US person in that year will be PFIC shares for that year and all for subsequent years in which they are held by that person. PFIC rules can apply differently to different US shareholders depending on whether a specific shareholder has made certain elections with respect to the ownership of PFIC shares. Because these rules are complex and apply differently based upon whether and when a US shareholder has made certain elections, new and existing US shareholders should consult with their tax advisors as to the potential tax implications of acquiring, owning and disposing of our stock.

We are governed by the corporate laws in British Columbia, Canada which in some cases have a different effect on shareholders than the corporate laws in Delaware, United States.

The material differences between the BCBCA as compared to the Delaware General Corporation Law (DGCL) which may be of most interest to shareholders include the following:

(i) for material corporate transactions (i.e. mergers and amalgamations, other extraordinary corporate transactions, amendments to our Articles) the BCBCA generally requires two-thirds majority vote by shareholders, whereas DGCL generally only requires a majority vote of shareholders;

(ii) the quorum for shareholders meetings is not prescribed under the BCBCA and is only two persons representing 20% of the issued shares under our Articles, whereas under DGCL, quorum requires a minimum of one-third of the shares entitled to vote to be present and companies' certificates of incorporation frequently require a higher percentage to be present;

(iii) under the BCBCA, a holder of 5% or more of our common stock can requisition a special meeting at which any matters that can be voted on at our annual meeting can be considered, whereas the DGCL does not give this right;

(iv) our Articles require two-thirds majority vote by shareholders to pass a resolution for one or more directors to be removed, whereas DGCL only requires the affirmative vote of a majority of the shareholders; however, many public company charters limit removal of directors to a removal for cause; and

(v) our Articles may be amended by resolution of our directors to alter our authorized share structure, including to consolidate or subdivide any of our shares, whereas under DGCL, a majority vote by shareholders is generally required to amend a corporation's certificate of incorporation and a separate class vote may be required to authorize alterations to a corporation's authorized share structure.

We cannot predict if investors will find our common stock less attractive because of these material differences. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our share price may be more volatile.

General Risk Factors

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.

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, by us, or the possibility of such issuance, may cause the market price of our shares to decline. The sale of additional equity or convertible securities would dilute all of our shareholders. The incurrence of indebtedness would result in increased fixed payment obligations and, potentially, the imposition of restrictive covenants. Those covenants may 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 arrangements with collaborators or otherwise at an earlier stage than otherwise would be desirable resulting in the loss of rights to some of our product candidates or other unfavorable terms, any of which may have a material adverse effect on our business, operating results and prospects. Additional fundraising efforts may divert our management from their day-to-day activities, which may adversely affect our ability to develop and commercialize our products.

Future sales, or the possibility of future sales, of a substantial number of our common stock could adversely affect the price of the shares and dilute shareholders.

We may have a limited ability to use some or all of our net operating loss and research tax credit carryforwards in the future.

As a result of prior operating losses and research and development activities, we have net operating loss, or "NOL," and research tax credit carryforwards (collectively, the "carryforwards") for U.S. federal income tax purposes. Under Section 382 of the Internal Revenue Code of 1986, as amended, substantial changes in the Company's ownership may limit the amount of carryforwards that could be utilized annually in the future to offset U.S. taxable income and/or income tax. Specifically, this limitation may arise in the event of a cumulative change in ownership of the Company of more than 50% within a three-year period. Any such annual limitation may significantly reduce the utilization of the carryforwards before they expire.

Future sales of a substantial number of our common stock, or the perception that such sales will occur, could cause a decline in the market price of our common stock. As of March 13, 2026, we had 30,487,731 common shares outstanding.

In the future, we may issue additional common stock or other equity into common stock in connection with a financing, acquisition, litigation settlement, employee arrangements or otherwise. Any such issuance could result in substantial dilution to our existing shareholders and could cause our common share price to decline.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, shareholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our common stock.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 or any subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

We are required to disclose changes made in our internal controls and procedures on a quarterly basis and our management is required to assess the effectiveness of these controls annually. However, for as long as we are a “smaller reporting company” with under $100 million in annual revenue, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal controls over financial reporting pursuant to Section 404. An independent assessment of the effectiveness of our internal controls could detect problems that our management’s assessment might not.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 1C. CYBERSECURITY

We employ processes and tools for assessing, identifying, and managing material risks from cybersecurity threats. These processes and tools are intended to help protect our information assets from internal and external threats and protect the integrity and confidentiality of our data. Our processes and tools include procedural and technical safeguards, response plans, and reviews of our policies. We employ experienced information technology personnel to deploy and oversee these safeguards and to consult with members of our senior management team, including our Chief Executive Officer and our Principal Financial Officer and Principal Accounting Officer, regarding cybersecurity matters when appropriate. Our Audit Committee is provided an opportunity during each quarterly meeting to inquire regarding material cybersecurity threats, deficiencies, and other issues in discussion with members of management. We provide all employees and consultants with cybersecurity and prevention training.

Although we develop and maintain processes and tools designed to prevent cybersecurity threats from occurring, and to identify and mitigate threats, the possibility of these events occurring cannot be eliminated entirely. As we engage in more electronic transactions, rely more on cloud-based information systems, and utilize outside vendors or service providers that have access to our electronic information, the related security risks will increase, and we will likely need to expend additional resources to protect our technology and information systems. In addition, there can be no assurance that our information technology systems will be sufficient to protect us against breakdowns, service disruption, data deterioration or loss in the event of a system malfunction, or prevent data from being stolen or corrupted in the event of a cyberattack, security breach, industrial espionage attacks or insider threat attacks which could result in financial, legal, business or reputational harm.

As of the date of this Annual Report, we are not aware of any risks from cybersecurity threats, including because of any previous cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition.

ITEM 2. PROPERTIES

The Company owns 48 acres of industrial-zoned property located five miles from Austin's central business district at the address of 5217 Winnebago Ln, Austin, TX, 78744. In 2016, the Company built a new combined R&D and manufacturing facility on this property. The Company uses this facility to conduct research, discover new product candidates, produce products for clinical studies and provide administrative space to support its drug development and other activities. In 2019, XBiotech constructed a new facility to house infectious disease and animal facilities. Located in a separate building on our campus, just a short walk from the Company's main manufacturing headquarters, the new facility incorporates an animal biological safety level 2 (ABSL2) laboratory and other laboratories for developing and testing Company's True Human™ antibodies against infectious disease targets. XBiotech owns the 48-acre campus—and all structures on the property—debt-free and envisions further expansion of facilities on the property.

ITEM 3. LEGAL PROCEEDINGS

The Company is not currently subject to any material legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock began trading on the NASDAQ Global Select Market on April 15, 2015 under the symbol "XBIT." Prior to that time, there was no established public trading market for our common stock.

Holders of Record

There were 8 record holders of our common stock registered with the transfer agent as of March 13, 2026. The actual number of shareholders is greater than this number of record holders and includes shareholders who are the beneficial owners of shares registered in the name of brokers, banks or other agents.

Dividends

In July 2021, we paid $2.50 per share in dividends to shareholders. We currently intend to retain any earnings for future growth and, therefore, do not expect comparable cash dividends will continue to be paid in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our Board of Directors, subject to applicable laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions, and other factors that our Board of Directors may deem relevant.

Unregistered Sales of Equity Securities

None.

Issuer Purchases 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 of our financial condition and results of operations together with our audited consolidated financial statements for the year ended December 31, 2025 and related notes thereto, which have been prepared in accordance with U.S. GAAP, included elsewhere in this annual report on Form 10-K. Some of the information contained in this discussion and analysis or set forth elsewhere in this annual report on Form 10-K, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is subject to the safe harbor created by those sections. As a result of many factors, including those factors set forth in the "Risk Factors" section of this annual report on Form 10-K, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. For more information, see "Cautionary Statement About Forward-Looking Statements." In particular, we encourage you to review the risks and uncertainties described in "Risk Factors" in this annual report on Form 10-K. These forward-looking statements are made as of the date of this report, and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by law. All dollar amounts stated herein are in U.S. dollars unless specified otherwise.

Overview

XBiotech Inc. ("XBiotech" or the "Company") is a pre-market biopharmaceutical company engaged in discovering and developing True Human™ monoclonal antibodies for treating a variety of diseases. True Human™ monoclonal antibodies are those which occur naturally in human beings—as opposed to being derived from animal immunization or otherwise engineered. We believe that naturally occurring monoclonal antibodies have the potential to be safer and more effective than their non-naturally occurring counterparts. XBiotech is focused on developing its True Human™ pipeline and manufacturing system.

Following the Janssen Transaction in December 2019, the tender offer in February 2020, and the dividends paid in July 2021, our accumulated deficit as of December 31, 2025 was ($136.3) million. We had a net loss of $45.5 million for the year ended December 31, 2025, compared to a net loss of $38.5 million for the year ended December 31, 2024. During the fiscal year of 2026, we don't expect to generate any revenue. In addition, we expect to incur significant and increasing operating losses for the foreseeable future as we advance our drug candidates from discovery through preclinical testing and clinical. In addition to these research and development expenses, we expect general and administrative costs to increase, particularly in consideration of current inflationary trends. We will need to generate significant revenues to achieve or sustain profitability, and we may never do so. As of December 31, 2025, we had 85 employees.

Components of Results of Operations

Revenues

Prior to receiving payments under the clinical manufacturing agreement entered in connection with the Janssen Transaction, we had not generated any revenue. Under the clinical manufacturing agreement, we manufactured Bermekimab for use by Janssen in clinical trials, in exchange for fixed payments, paid in quarterly installments through 2021. In February 2022, we entered a new manufacturing contract with a Janssen-related company whereby we continued to manufacture Bermekimab through November 2022. The contract terminated in November 2022. Our ability to generate any additional revenue and/or to become profitable (or sustain any profitability) depends on our ability to successfully commercialize any product candidates we may advance in the future.

Operating Expenses

Research and Development Expenses

Research and development expense consists of expenses incurred in connection with identifying and developing our drug candidates. These expenses consist primarily of salaries and related expenses, share-based compensation, laboratory and manufacturing supplies, facility costs, costs for preclinical and clinical research, development of quality control systems, quality assurance programs and manufacturing processes. We charge all research and development expenses to operating expenses as incurred.

The clinical development costs may further increase going forward with potentially more advanced studies in the future as we evaluate our clinical data and pipeline.

Clinical development timelines, likelihood of success and total costs vary widely. We do not currently track our internal research and development costs or our personnel and related costs on an individual drug candidate basis. We use our research and development resources, including employees and our drug discovery technology, across multiple drug development programs. As a result, we cannot state precisely the costs incurred for each of our research and development programs or our clinical and preclinical drug candidates. From inception through December 31, 2025, we have recorded total research and development expenses, including share-based compensation, of $397.1 million. Our total research and development expenses for the year ended December 31, 2025 was $47.4 million, compared to $37.8 million the year ended December 31, 2024. Share-based compensation accounted for $2.7 million for the year ended December 31, 2025 and $1.1 million for the year ended December 31, 2024.

Research and development expenses as a percentage of total operating expenses was 85% for the year ended December 31, 2025, and 89% for the year ended December 31, 2024. The percentages, excluding share-based compensation, were 86% for the year ended December 31, 2025, and 90% for the year ended December 31, 2024.

We will select drug candidates and research projects for further development on an ongoing basis in response to their preclinical and clinical success and commercial potential. For research and development candidates in early stages of development, it is premature to estimate when material net cash inflows from these projects might occur.

General and Administrative Expenses

General and administrative expense consists primarily of salaries and related expenses for personnel in administrative, finance, business development and human resource functions, as well as the legal costs of pursuing patent protection of our intellectual property and patent filing and maintenance expenses, share–based compensation, and professional fees for legal services. Our total general and administration expenses was $8.3 million for the year ended December 31, 2025, and $4.7 million for the year ended December 31, 2024. Share-based compensation accounted for $0.9 million for the year ended December 31, 2025, and $0.6 million for the year ended December 31, 2024.

General and administrative expenses as a percentage of total operating expenses was 15% for the year ended December 31, 2025, and 11% for the year ended December 31, 2024. The percentages, excluding share-based compensation, were 14% for the year ended December 31, 2025, and 10% for the year ended December 31, 2024.

Critical Accounting Estimates

Our Management's Discussion and Analysis of Financial Condition and Results of Operations is based on our financial statements, which have been prepared in conformity with generally accepted accounting principles in the United States (US GAAP). The preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

While our significant accounting policies are more fully described in the notes to our financial statements appearing in this Annual Report on Form 10-K, we believe that the following accounting policies are the most critical to understanding and evaluating our reported financial results.

Share-Based Compensation

Stock-based awards are measured at fair value at each grant date. We recognize share-based compensation expenses ratably over the requisite service period of the option award.

Determination of the Fair Value of Share-Based Compensation Grants

The determination of the fair value of share-based compensation arrangements is affected by a number of variables, including estimates of the expected stock price volatility, risk-free interest rate and the expected life of the award. We value stock options using the Black-Scholes option-pricing model, which was developed for use in estimating the fair value of traded options that are fully transferable and have no vesting restrictions. Black-Scholes option-pricing model and other option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. If we made different assumptions, our share-based compensation expenses, net loss, and net loss per common share could be significantly different. We determine that the fair value of common stock as the closing price of the Company’s common stock as reported by NASDAQ on the option grant date.

The following summarizes the assumptions used for estimating the fair value of stock options granted during the periods indicated:

	Year Ended December 31, 2025	Year Ended December 31, 2024
Weighted-average grant date fair value per share	$ 2.68	$ 3.96
Expected volatility	79%-80%	79%-83%
Risk-free interest rate	3.7%-4.5%	3.6%-4.4%
Expected life (in years)	5.29–10.00	5.00–6.25
Dividend yield	—	—

With the exception of the dividend paid in 2021, we have not historically paid dividends. We have assumed no dividend yield because we do not expect to pay dividends in the foreseeable future. The risk-free interest rate assumption is based on observed interest rates for U.S. Treasury securities with maturities consistent with the expected life of our stock options. The expected life represents the period of time the stock options are expected to be outstanding and is based on the simplified method when the stock option includes “plain vanilla” terms. Under the simplified method, the expected life of an option is presumed to be the midpoint between the vesting date and the end of the agreement term. We used the simplified method due to the lack of sufficient historical exercise data to provide a reasonable basis upon which to otherwise estimate the expected life of the stock options. For stock options that did not include “plain vanilla” terms, we used the contractual life of the stock option as the expected life. Such stock options consisted primarily of options issued to our board of directors that were immediately vested at issuance. Expected volatility is based on historical volatilities for publicly traded stock of comparable companies over the estimated expected life of the stock options. The Company accounts for forfeitures as they occur rather than on an estimated basis.

Income Taxes

We account for income taxes under the asset and liability method. We record deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well as for operating loss and tax credit carryforwards. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which we expect to recover or settle those temporary differences. We recognize the effect of a change in tax rates on deferred tax assets and liabilities in the results of operations in the period that includes the enactment date. We assess the likelihood that deferred tax assets will be realized, and we recognize a valuation allowance if it is more likely than not that some portion of the deferred tax assets will not be realized. This assessment requires judgment as to the likelihood and amounts of future taxable income by tax jurisdiction. To date, with the exception of certain Canada deferred tax assets that will reverse in a period in which they may be carried back, we have provided a valuation allowance against our deferred tax assets as we believe the objective and verifiable evidence of our historical pretax net losses outweighs any positive evidence of our forecasted future results. Although we believe that our tax estimates are reasonable, the ultimate tax determination involves significant judgment. We will continue to monitor the positive and negative evidence and will adjust the valuation allowance as sufficient objective positive evidence becomes available.

We account for uncertain tax positions by recognizing the financial statement effects of a tax position only when, based upon technical merits, it is more likely than not that the position will be sustained upon examination. We recognize potential accrued interest and penalties associated with unrecognized tax positions within our global operations in income tax expense.

Clinical Trial Accruals

Expense accruals related to clinical trials are based on actual services received and efforts expended pursuant to contracts with third party service providers which conduct and manage clinical trials on the Company's behalf. The financial terms of these agreements vary from contract to contract and may result in uneven payment flows. Payments under some of these contracts depend on factors such as the successful enrollment of patients and the completion of clinical trial milestones. The Company accrues costs based on the actual services rendered in the period over which services were performed and the level of effort expended in each period based upon patient enrollment, clinical site activations, or information provided to the Company by its vendors on their actual costs incurred. Any estimates of the level of services performed or the costs of these services could differ from actual results.

Results of Operations

Expenses

Research and Development

Research and Development costs are summarized as follows (in thousands):

	Year Ended December 31,		Increase	% Increase
	2025	2024	(Decrease)	(Decrease)
Salaries and related expenses	$ 34,444	$ 18,091	$ 16,353	90%
Laboratory and manufacturing supplies	2,545	4,240	(1,695)	-40%
Clinical trials and sponsored research	930	7,039	(6,109)	-87%
Share-based compensation	2,692	1,127	1,565	139%
Other	6,779	7,260	(481)	-7%
Total	$ 47,390	$ 37,757	$ 9,633	26%

We do not currently track our internal research and development costs or our personnel and related costs on an individual drug candidate basis. We use our research and development resources, including employees and our drug discovery technology, across multiple drug development programs. As a result, we cannot state precisely the costs incurred for each of our research and development programs or our clinical and preclinical drug candidates.

Research and development expenses increased 26% to $47.4 million for the year ended December 31, 2025 compared to $37.8 million for the year ended December 31, 2024. The rise was mainly due to the increase in salaries and related expenses. John Simard retired from his role as President and Chief Executive Officer effective December 8, 2025. Pursuant to Section 8(c) of Mr. Simard's Executive Employment Agreement, the Company paid a severance amount of $17.3 million, and Mr. Simard's 2025 annual bonus of $4.5 million was approved by the Compensation Committee in December 2025. A total of 85% of Mr. Simard's compensation was allocated to research and development expenses, with the remainder allocated to general and administrative expenses. The decrease in clinical trial and sponsored research expenses was primarily due to the absence of clinical trials in progress during 2025. In addition, stock-based compensation increased due to the issuance of stock options with immediate vesting and grant date fair value at $3.0 million to Mr. Simard in March 2025, with 85% of the expense allocated to research and development. Other expenses primarily included approximately $5.0 million of facility-related expenditures for both the year ended December 31, 2025 and 2024 and miscellaneous costs such as travel, equipment maintenance, and laboratory safety.

General and Administrative

General and administrative costs are summarized as follows (in thousands):

	Year Ended December 31, 2025	2024	Increase (Decrease)	% Increase (Decrease)
Salaries and related expenses	$ 4,521	$ 1,524	$ 2,997	197%
Patent filing expense	777	816	(39)	-5%
Share-based compensation	930	626	304	49%
Professional fees	1,018	902	116	13%
Other	1,049	846	203	24%
Total	$ 8,295	$ 4,714	$ 3,581	76%

General and administrative expenses increased 76% to $8.3 million for the year ended December 31, 2025 compared to $4.7 million for the year ended December 31, 2024. This increase was primarily driven by higher salaries and related expenses resulting from John Simard's severance payment and his 2025 annual bonus, with 15% of the expense allocated to general and administrative expenses. In addition, share-based compensation expense increased due to the issuance of stock options with immediate vesting and a grant-date fair value of $3.0 million to Mr. Simard in March 2025, of which 15% was allocated to general and administrative expenses.

Other Income

The following table summarizes other income (in thousands):

	Year Ended December 31, 2025	2024
Interest income	$ 5,679	$ 9,812
Interest expense	(88)	(807)
Other income	1,456	432
Foreign exchange gain (loss)	3,333	(5,529)
Total	$ 10,380	$ 3,908

Interest income for the years ended December 31, 2025 and 2024 was primarily generated from the Company's Canadian bank accounts and decreased due to lower interest rates and a lower cash balance. Interest expense for the years ended December 31, 2025 and 2024 related to interest on the Company's convertible loans. The other income during the year ended December 31, 2025 was primarily attributable to the receipt of the Employee Retention Credit from the Internal Revenue Service and the cancellation of a penalty by the Canada Revenue Agency related to the 2020 tax year. The other income during the year ended December 31, 2024 was mainly from the reversal of the previous clinical trial accrual associated with visits that occurred prior to 2022 for which the Company has not received an invoice. Foreign exchange gain (loss) was due to the fluctuation between the US dollar and the Canadian dollar during the reporting periods.

Income Taxes

The Company’s income tax expense for the tax year ended December 31, 2025 of $0.23 million was primarily driven by state gross margin taxes and current year uncertain tax positions. The Company’s income tax benefit for the tax year ended December 31, 2024 of $0.03 million was primarily driven by uncertain tax position activity and the estimated 2024 Canadian loss carryback to 2023. The Company expects to maintain its full valuation allowance on all jurisdictions during 2025.

Liquidity and Capital Resources

Our cash requirements could change materially as a result of the progress of our research and development and clinical programs, licensing activities, acquisitions, divestitures or other corporate developments.

Since our inception on March 22, 2005 through December 31, 2025, we have funded our operations principally through private placements and public offerings of equity securities, which have provided aggregate cash proceeds of approximately $276.3 million, excluding the February 2020 tender offer cash payment. We received $675 million in cash proceeds from the Janssen Transaction in the year ended December 31, 2019. In June 2021, we received the remaining $75 million in cash from the escrow receivable from the same transaction. In July 2021, we paid $75 million in dividends to shareholders. At December 31, 2025, we had cash and cash equivalents of $125.6 million as compared to cash and cash equivalents of $172.7 million at December 31, 2024. The following table summarizes our sources and uses of cash (in thousands):

	Year Ended December 31,	
Net cash (used in) provided by:	2025	2024
Operating activities	$ (39,920)	$ (30,963)
Investing activities	(289)	(1,304)
Financing activities	(10,250)	10,450
Effect of foreign exchange rate on cash and cash equivalents	3,333	(5,529)
Net change in cash and cash equivalents	$ (47,126)	$ (27,346)

Operating Activities

During the years ended December 31, 2025 and 2024 net cash used in operating activities was $39.9 million and $31.0 million, respectively. Net cash used in the years ended December 31, 2025 and 2024 primarily resulted from our net losses. The rise in net losses was mainly due to the increase in salaries and related expenses.

Investing Activities

During the years ended December 31, 2025 and 2024, our investing activities used net cash of $0.3 million and $1.3 million, respectively. The use of cash was for fixed asset purchases and the preparation for a new facility.

Financing Activities

During the year ended December 31, 2025 and 2024, the net cash (used in) provided by our financing activities was mainly related to the convertible loan. On January 3, 2024, we entered into a convertible loan agreement (the “Loan”) with John Simard, the Company’s Founder, Chairman and former President and Chief Executive Officer, which provided $10 million net cash for the construction of a new, state-of-the-art research and development facility at the Company's property at 5217 Winnebago Lane in Austin, Texas. On January 31, 2025, the Loan was terminated upon full repayment of the principal and interest by the Company. Additionally, during the year ended December 31, 2024, employees exercised stock options to purchase 50,767 shares of our common stock for approximately $200 thousand in net proceeds.

We expect to continue to incur operating losses in the future. We do not expect to receive any additional revenue under the clinical manufacturing agreement with Janssen. Further, we may not receive any product revenue until a drug candidate has been approved by the FDA, EMA or similar regulatory agencies in other countries and successfully commercialized. As of December 31, 2025, our principal sources of liquidity were our cash and cash equivalents, which totaled approximately $125.6 million.

Based on our cash and liquid assets, we believe that our cash and liquid assets will provide us with sufficient financial resources to fund operations and meet our capital requirements and anticipated obligations as they become due.

Off-Balance Sheet Arrangements

Since inception, we have not engaged in any off-balance sheet activities, including the use of structured finance, special purpose entities or variable interest entities.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of XBiotech Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of XBiotech Inc. and its subsidiary (collectively, the “Company”) as of December 31, 2025 and 2024, and the related consolidated statements of operations, shareholders’ equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the 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 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 financial statements. We believe that our audits provides a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Whitley Penn LLP

We have served as the Company's auditor since 2022.

Austin, Texas
March 13, 2026

XBiotech Inc.
Consolidated Balance Sheets
(in thousands, except share data)

	December 31, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 125,551	$ 172,677
Accrued interest receivable	360	700
Income tax receivable	-	158
Prepaid expenses and other current assets	1,042	1,032
Total current assets	126,953	174,567
Property and equipment, net	23,129	24,526
Total assets	$ 150,082	$ 199,093
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 1,535	$ 2,223
Accrued expenses	6,318	2,632
Income tax payable	76	-
Convertible loan, related party	-	10,000
Convertible loan, third party	-	250
Total current liabilities	7,929	15,105
Long-term liabilities:		
Income tax payable	1,798	1,720
Deferred tax liability	5	-
Total liabilities	9,732	16,825
Shareholders' equity:		
Preferred stock, no par value, unlimited shares authorized, no shares outstanding	-	-
Common stock, no par value, unlimited shares authorized, 30,487,731 share issued and outstanding at December 31, 2025 and December 31, 2024	276,727	273,105
Accumulated deficit	(136,377)	(90,837)
Total shareholders' equity	140,350	182,268
Total liabilities and shareholders' equity	$ 150,082	$ 199,093

See accompanying notes to consolidated financial statements.

XBiotech Inc.
Consolidated Statements of Operations
(in thousands, except share and per share data)

	Year Ended December 31,	
	2025	**2024**
Operating expenses:		
Research and development	$ 47,390	$ 37,757
General and administrative	8,295	4,714
Total operating expenses	55,685	42,471
Loss from operations	(55,685)	(42,471)
Other income (expense):		
Interest income	5,679	9,812
Interest expense	(88)	(807)
Other income	1,456	432
Foreign exchange gain (loss)	3,333	(5,529)
Total other income	10,380	3,908
Loss before income taxes	(45,305)	(38,563)
Income tax (expense) benefit	(235)	32
Net loss	$ (45,540)	$ (38,531)
Net loss per share—basic and diluted	$ (1.49)	$ (1.26)
Shares used to compute basic and diluted net loss per share	30,487,731	30,460,980

See accompanying notes to consolidated financial statements.

XBiotech Inc.
Consolidated Statements of Shareholders' Equity
(in thousands, except number of shares)

	Number of Shares		Common Stock Amount		Accumulated Deficit		Total
Balance at December 31, 2023	30,436,964	$	271,152	$	(52,306)	$	218,846
Net loss	-		-		(38,531)		(38,531)
Issuance of common stock under stock option plan	50,767		200		-		200
Share-based compensation expense	-		1,753		-		1,753
Balance at December 31, 2024	30,487,731	$	273,105	$	(90,837)	$	182,268
Net loss	-		-		(45,540)		(45,540)
Share-based compensation expense	-		3,622		-		3,622
Balance at December 31, 2025	30,487,731	$	276,727	$	(136,377)	$	140,350

See accompanying notes to consolidated financial statements.

XBiotech Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,	
	2025	**2024**
Operating activities		
Net loss	$ (45,540)	$ (38,531)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1,686	1,745
Deferred tax liability	5	-
Foreign exchange (gain) loss	(3,333)	5,529
Share-based compensation expense	3,622	1,753
Changes in operating assets and liabilities:		
Income tax receivable	234	(83)
Accrued interest receivable	340	160
Prepaid expenses and other current assets	(10)	(271)
Accounts payable	(688)	(364)
Accrued expenses	3,686	(877)
Long term income tax payable	78	(24)
Net cash used in operating activities	(39,920)	(30,963)
Investing activities		
Purchase of property and equipment	(289)	(1,304)
Net cash used in investing activities	(289)	(1,304)
Financing activities		
(Payment on) proceeds from convertible loan related party	(10,000)	10,000
(Payment on) proceeds from convertible loan, third party	(250)	250
Issuance of common stock under stock option plan	-	200
Net cash (used in) provided by financing activities	(10,250)	10,450
Effect of foreign exchange rate on cash and cash equivalents	3,333	(5,529)
Net change in cash and cash equivalents	(47,126)	(27,346)
Cash and cash equivalents, beginning of year	172,677	200,023
Cash and cash equivalents, end of year	$ 125,551	$ 172,677
Supplemental Information:		
Accrued purchases of property and equipment	$ -	$ 70
Cash paid for interest	$ 486	$ 400
Cash paid (refunded) for income taxes	$ (81)	$ 87

See accompanying notes to consolidated financial statements.

1. Organization

XBiotech Inc. ("XBiotech" or the "Company") was incorporated in Canada on March 22, 2005. The Company's headquarters are located in Austin, Texas. XBiotech USA, Inc., a wholly-owned subsidiary of the Company, was incorporated in Delaware, United States in November 2007.

Since its inception, XBiotech has focused on advancing technology to rapidly identify and clone antibodies from individuals that have resistance to disease. At the heart of the Company is a proprietary technical knowhow to translate natural human immunity into therapeutic product candidates. The Company has in its pipeline both anti-infective and anti-inflammatory candidate therapeutics derived from this technology.

An area of medical focus for XBiotech are therapies that block a potent substance naturally produced by body, known as interleukin-1 alpha (IL-1a), that mediates tissue breakdown, angiogenesis, the formation of blood clots and inflammation. IL-1a is a protein that is on or in cells of the body and is involved in the body's response to injury or trauma. In almost all chronic and in some acute injury scenarios (such as stroke or heart attack), IL-1a may mediate harmful disease-related activity.

At the end of 2019, XBiotech sold a True Human™ antibody that blocked IL-1a activity for $750 million in cash and up to $600 million in potential milestone payments (the "Janssen Transaction"). The potential milestone payments are contingent upon achieving the required commercialization authorization for a product intended for use in any non-dermatological indication by Janssen within twelve years. As of December 31, 2025, none of the milestone payments have been earned. As part of the Janssen Transaction, XBiotech maintained the right to develop new antibodies that block IL-1a and develop these therapeutics in all areas of medicine except dermatology. Moreover, Janssen agreed that they would assert all patents they acquired relating to IL-1a for the benefit of XBiotech to protect our future IL-1a-related therapies in all non-dermatological indications. XBiotech is using its True Human™ antibody discovery technology to identify and develop new IL-1a targeting product candidates and has already brought one such candidate into clinical studies in oncology and rheumatology; and another unique anti-IL-1a antibody into a Phase I study in neurology.

The Company is subject to a number of risks common to companies in clinical stage of development. Principal among these risks are the uncertainties of technological innovations, dependence on key individuals, development of the same or similar technological innovations by the Company's competitors and protection of proprietary technology. The Company's ability to fund its planned clinical operations, including completion of its planned trials, is expected to depend on the amount and timing of cash receipts from future collaboration or product sales and/or financing transactions. The Company believes that its cash and cash equivalents of $125.6 million at December 31, 2025, will enable the Company to achieve several major inflection points, including completion of clinical studies with lead product candidates. The Company expects to have sufficient cash through at least 12 months from the date of this report.

2. Significant Accounting Policies

Basis of Presentation

These consolidated financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles ("US GAAP"). In the opinion of management, the accompanying consolidated financial statements present fairly the Company's financial position at December 31, 2025 and 2024, the results of its operations and cash flows for the years ended December 31, 2025, and 2024.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. All significant intercompany transactions have been eliminated upon consolidation.

Use of Estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported values of amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Research and Development Costs

All research and development costs are charged to expense as incurred. Research and development costs include salaries and personnel-related costs, consulting fees, fees paid for contract clinical trial research services, the costs of laboratory consumables, equipment and facilities, license fees and other external costs. Costs incurred to acquire licenses for intellectual property to be used in research and development activities with no alternative future use are expensed as incurred as research and development costs.

Nonrefundable advance payments for goods or services to be received in the future for use in research and development activities are deferred and capitalized. The capitalized amounts are expensed as the related goods are delivered or the services are performed.

Clinical Trial Accruals

Expense accruals related to clinical trials are based on actual services received and efforts expended pursuant to contracts with third party service providers which conduct and manage clinical trials on the Company's behalf. The financial terms of these agreements vary from contract to contract and may result in uneven payment flows. Payments under some of these contracts depend on factors such as the successful enrollment of patients and the completion of clinical trial milestones. The Company accrues costs based on the actual services rendered in the period over which services were performed and the level of effort expended in each period based upon patient enrollment, clinical site activations, or information provided to the Company by its vendors on their actual costs incurred. Any estimates of the level of services performed or the costs of these services could differ from actual results.

Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The Company measures deferred tax assets and liabilities using the enacted tax rates for the years and jurisdictions in which the temporary differences are expected to be recovered. A change to the tax rates used to measure the Company's deferred taxes is recognized in income during the period in which the new rate(s) were enacted.

The Company recognizes deferred tax assets to the extent the Company's assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including the future reversals of existing taxable temporary differences, projected future taxable income exclusive of reversing temporary differences and carryforwards, tax-planning strategies, taxable income in prior carryback years if permitted under tax law, and the results from prior years. If the Company determines it is more likely than not, that all or a portion of a deferred tax asset will not be realized a valuation allowance is recorded with a charge to income tax expense. Alternatively, if the Company determines that all or a portion of a deferred tax asset previously not meeting the more likely than not threshold will be realized, the Company reduces its valuation allowance and recognizes a benefit in income tax expense.

The Company recognizes and measure uncertain tax benefits in accordance with ASC 740 based on a two-step process in which (1) the Company determines whether it is more likely than not that the tax position will be sustained based on the technical merits of the position, and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than fifty percent likely to be realized upon ultimate settlement with the related tax authority. The Company's policy is to recognize interest and penalties related to uncertain tax positions, if any, in income tax expense.

Employee Retention Tax Credit

In 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Security Act (the “CARES Act”) to provide certain relief as a result of the COVID-19 Pandemic. The CARES Act provides tax relief, along with other stimulus measures, including a provision for an Employee Retention Credit (“ERC”). ERC is a refundable tax credit for employers who kept employees on their payroll during the COVID-19 Pandemic.

During the years ended December 31, 2025, we received and recognized $558 thousand related to the Employee Retention Credit, which was recorded within other income in the Consolidated Statements of Operations. In January 2026, the Company received an additional $810 thousand related to the Employee Retention Credit. This amount was recorded and collected subsequent to year-end.

Share-Based Compensation

The Company accounts for its share-based compensation awards in accordance with ASC Topic 718, *Compensation-Stock Compensation* (“ASC 718”). ASC 718 requires all share-based payments to employees, including grants of employee stock options, to be recognized in the statements of operations based on their grant date fair values. The Company estimates the grant date fair value of each option award using the Black-Scholes option-pricing model. The use of the Black-Scholes option-pricing model requires management to make assumptions with respect to the expected term of the option, the expected volatility of the common stock consistent with the expected life of the option, risk-free interest rates, and expected dividend yields of the common stock. To determine the fair value of its common stock, the Company uses the closing price of the Company’s common stock as reported by NASDAQ. For awards subject to service-based vesting conditions, the Company recognizes share-based compensation expense, equal to the grant date fair value of stock options, on a straight-line basis over the requisite service period. The Company accounts for forfeitures as they occur rather than on an estimated basis.

Share-based compensation expense recognized for the years ended December 31, 2025, and 2024 was included in the following line items on the Consolidated Statements of Operations (in thousands).

	Year Ended December 31,	
	2025	2024
Research and development	$ 2,692	$ 1,127
General and administrative	930	626
Total share-based compensation expense	$ 3,622	$ 1,753

The fair value of each option is estimated on the date of grant using the Black-Scholes method with the following assumptions:

	Year Ended December 31,	
	2025	2024
Weighted-average grant date fair value per share	$ 2.68	$ 3.96
Expected volatility	79%-80%	79%-83%
Risk-free interest rate	3.7%-4.5%	3.6%-4.4%
Expected life (in years)	5.29–10.00	5.00–6.25
Dividend yield	-	-

Cash and Cash Equivalents

The Company considers highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents. Cash and cash equivalents consisted primarily of cash on deposit in U.S. and Canadian banks. Cash and cash equivalents are stated at cost which approximates fair value.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents. The Company holds these investments in highly-rated financial institutions. These amounts at times may exceed federally insured limits. The Company has not experienced any credit losses in such accounts and does not believe it is exposed to any significant credit risk on these funds. The Company has no off-balance sheet concentrations of credit risk, such as foreign currency exchange contracts, option contracts or other hedging arrangements.

Fair Value Measurements

The consolidated financial statements include financial instruments for which the fair value of such instruments may differ from amounts reflected on a historical cost basis. Financial instruments of the Company consist of cash deposits, accounts and other receivables, prepaid expenses and other current assets, accounts payable, and certain accrued liabilities. These financial instruments are held at cost, which generally approximates fair value due to their short-term nature.

The Company follows ASC Topic 820, *Fair Value Measurements and Disclosures*, which establishes a fair value hierarchy for those instruments measured at fair value that distinguishes between assumptions based on market date (observable inputs) and the Company's own assumptions (unobservable inputs). The hierarchy consists of three levels:

- Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities.

- Level 2—Quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.

- Level 3—Unobservable inputs that reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability in which there is little, if any, market activity for the asset or liability at the measurement date.

At December 31, 2025 and 2024, the Company did not have any assets or liabilities that were measured at fair value on a recurring basis. The carrying amounts reflected in the consolidated balance sheets for cash and cash equivalents, receivables, prepaid expenses and other current assets, accounts payable, accrued expenses and debt approximate their fair values at December 31, 2025 and 2024.

Property and Equipment

Property and equipment, which consists of land, construction in process, furniture and fixtures, computer and office equipment, scientific equipment, vehicles, mobile facility and building are stated at cost and depreciated over the estimated useful lives of the assets, with the exception of land and construction in process which are not depreciated, using the straight line method. The useful lives are as follows:

- Furniture and fixtures 7 years
- Computer and office equipment 5 years
- Scientific equipment 5 years
- Vehicles 5 years
- Mobile facility 27.5 years
- Building 39 years

Costs of major additions and betterments are capitalized; maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense as incurred. Upon retirement or sale, the cost of the disposed asset and the related accumulated depreciation are removed from the accounts and the resulting gain or loss is recognized in the consolidated statements of operations.

Impairment of Long-Lived Assets

The Company periodically evaluates its long-lived assets for potential impairment in accordance with ASC Topic 360, *Property, Plant and Equipment*. Potential impairment is assessed when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. The recoverability of these assets is assessed based on undiscounted expected future cash flows from the assets, considering a number of factors, including past operating results, budgets and economic projections, market trends and product development cycles. If impairments are identified, assets are written down to their estimated fair value. The Company has not recognized any impairment through December 31, 2025.

Foreign Currency Transactions

Certain transactions are denominated in a currency other than the Company’s functional currency of the U.S. dollar, and the Company generates assets and liabilities that are fixed in terms of the amount of foreign currency that will be received or paid. The only significant assets denominated in a foreign currency were certain cash accounts, which were remeasured into the functional currency (U.S. dollar) as of the end of the year, resulting in a foreign exchange gain of $3.3 million for the year ended by December 31, 2025 and a foreign exchange loss of $5.5 million for the year ended by December 31, 2024. Transaction gains and losses are also realized upon a settlement of a foreign currency transaction in determining net loss for the period in which the transaction is settled.

Segment and Geographic Information

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision-making group, in making decisions on how to allocate resources and assess performance. The Company’s chief operating decision maker is the Chief Executive Officer. The Company and the chief operating decision maker view the Company’s operations and manage its business as one operating segment. Substantially all of the Company’s operations are in the U.S. geographic segment.

Net Loss per Share

Net income/loss per share (“EPS”) is computed by dividing net loss by the weighted average number of common shares outstanding during each period. Diluted EPS is computed by dividing net income/loss by the weighted average number of common shares and common share equivalents outstanding (if dilutive) during each period. The number of common share equivalents, which include stock options, is computed using the treasury stock method. The Company does not include the potential impact of dilutive securities in diluted net loss per share, as the impact of these items is anti-dilutive. For the year ended December 31, 2025, all stock options were not included in the computation of diluted net loss per share, as the impact of these items was anti-dilutive. For the year ended December 31, 2024, all stock options and shares issuable under convertible debt agreements were not included in the computation of diluted net loss per share, as the impact of these items was anti-dilutive.

Subsequent Events

The Company considered events or transactions occurring after the balance sheet date but prior to the date the consolidated financial statements were available to be issued for potential recognition or disclosure in its consolidated financial statements.

Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. This accounting update improves financial reporting by requiring public business entities to disclose additional information about specific expense categories in the notes to the financial statements at interim and annual reporting periods. This ASU is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. We are currently evaluating the impact of implementing this guidance on our financial statements.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"), which enhances the transparency and decision usefulness of income tax disclosures. Adjustments to the annual disclosure of income taxes include: (1) A tabular rate reconciliation comprised of eight specific categories, (2) Incomes taxes paid, disaggregated between significant national, state, and foreign jurisdictions, (3) Eliminates requirements to disclose the nature and estimate of reasonably possible changes to unrecognized tax benefits in the next 12 months or that an estimated range cannot be made, and (4) Adds a requirement to disclose income (or loss) from continuing operations before income tax expense (or benefit) by national and foreign, and income tax expense (or benefit) from continuing operations disaggregated between national, state and foreign. The ASU is effective for public business entities for fiscal years beginning on or after December 15, 2024, and for all other entities for fiscal years beginning on or after December 31, 2025, with early adoption permitted. The amendments in ASU 2023-09 were adopted by the Company on a prospective basis. There was no material impact to the Company's financial statements as a result of adopting ASU 2023-09.

3. Property and Equipment and Building Construction in Progress

Property and equipment consisted of the following as of December 31, 2025 and 2024 (in thousands):

	2025	2024
Computer and office equipment	$ 293	$ 290
Furniture and fixtures	133	133
Land	1,418	1,418
Scientific equipment	16,689	16,491
Vehicles	112	112
Building	24,173	24,173
Mobile facility	189	189
Construction in process	1,792	1,705
Accumulated depreciation	(21,670)	(19,985)
	$ 23,129	$ 24,526

Depreciation expenses related to property and equipment amounted to approximately $1.7 million for both the years ended December 31, 2025, and 2024. Construction in process is related to research and development, manufacturing equipment and design plans for an operating facility. Depreciation expense is allocated between research and development and general and administrative expense line items on the consolidated statements of operations. The allocation is as follows for the years ended December 31,2025 and 2024 (in thousands):

	2025	2024
Research and development	$ 1,683	$ 1,742
General and administrative	3	3
	$ 1,686	$ 1,745

4. Accrued Expenses

Accrued expenses consist of the following as of December 31, 2025, and 2024 (in thousands):

	2025	2024
Accrued compensation and related expenses	$ 5,181	$ 611
Accrued professional fees	-	27
Accrued clinical trial expenses	1,098	1,502
Accrued convertible loan interest	-	404
Other	39	88
	$ 6,318	$ 2,632

5. Convertible Loan, Related Party

On January 3, 2024, the Company entered into a Convertible Loan Agreement (the "Loan") with John Simard, the Company's Founder, and Chairman and former President and Chief Executive Officer. The Loan provided $10 million in immediate funding for the construction of a new, state-of-the-art research and development facility at the Company's property at 5217 Winnebago Lane in Austin, Texas. The Loan was secured by the real estate and cash holdings of the Company, with interest to accrue at a simple rate equal to eight percent per year and interest-only payments to be made at six-month intervals. At Mr. Simard's election, the balance could be converted to XBiotech stock at any time the Loan balance was outstanding at a fixed conversion price equal to $4.048 per share. The conversion feature was subject to a 19.9% cap limiting the number of shares that could be converted under the Loan based on Mr. Simard's total stock ownership in the Company at the time of conversion. The Loan included an acceleration feature, allowing Mr. Simard to declare immediate cash repayment or conversion under specific acceleration events, including certain financial and non-financial measures, such as payment defaults, breaches of covenants, drop in stock price below $3.00 per share or drop in cash position below $65,000,000. The Loan also allowed Mr. Simard to obtain immediate cash repayment of the Loan balance at his election one year after the loan was funded or upon certain other conditions set forth in the Loan. The Loan had a contractual maturity date of January 3, 2029. The Loan was negotiated, evaluated, and approved on behalf of the Company by a committee of independent and disinterested directors. On January 31, 2025, the Loan was terminated upon full repayment by the Company. As a result, all conversion rights to XBiotech stock associated with the Loan were extinguished.

6. Common Stock

Pursuant to its Articles, the Company has an unlimited number of shares available for issuance with no par value.

No shares of common stock were issued during the year ended December 31, 2025.

During the year ended December 31, 2024, 50,767 shares of common stock were issued upon the exercise of stock options, at prices ranging from $3.38 to $5.62 per share, for total proceeds of $200 thousand.

7. Common Stock Options

On November 11, 2005, the board of directors of the Company adopted the XBiotech Inc. 2005 Incentive Stock Option Plan (the "2005 Plan"). On March 24, 2015, the board of directors of the Company adopted the 2015 Equity Incentive Plan (the "2015 Plan") and on August 29, 2025, the board of directors of the Company adopted the 2025 Equity Incentive Plan (the "2025 Plan") pursuant to which the Company may grant incentive stock and non-qualified stock options to directors, officers, employees or consultants of the Company or an affiliate or other persons as the Compensation Committee may approve.

All options under the Plans will be non-transferable and may be exercised only by the participant, or in the event of the death of the participant, a legal representative until the earlier of the options' expiration date or the first anniversary of the participant's death, or such other date as may be specified by the Compensation Committee.

The term of the options is at the discretion of the Compensation Committee, but may not exceed 10 years from the grant date. The options expire on the earlier of the expiration date or the date three months following the day on which the participant ceases to be an officer or employee of or consultant to the Company, or in the event of the termination of the participant with cause, the date of such termination. Options held by non-employee Directors have an exercise period coterminous with the term of the options.

A summary of changes in common stock options issued under the 2015 Plan and under the 2025 Plan is as follows:

	Options	Exercise Price	Weighted-Average Exercise Price
Options outstanding at December 31, 2023	5,039,518	$2.71-$21.74	$ 9.46
Granted	262,000	4.05-11.81	6.31
Exercised	(50,767)	3.38-5.62	3.92
Forfeitures	(919,166)	3.84-19.92	11.52
Options outstanding at December 31, 2024	4,331,585	$2.71-$21.74	$ 8.89
Granted	1,373,747	2.64-3.89	3.34
Exercised	-	-	-
Forfeitures	(231,425)	3.16-19.00	10.01
Options outstanding at December 31, 2025	5,473,907	$2.64-$21.74	$ 7.45

The weighted average fair value of the options issued to directors, employees and consultants during the fiscal years ended December 31, 2025, and 2024, was $2.68 and $3.96, respectively. The total fair value of options vested during the years ended December 31, 2025, and 2024 was $3.9 million, and $1.6 million, respectively.

A summary of the activity in the Company's nonvested shares is as follows:

	Year Ended December 31,			
	2025		2024	
	Shares	Weighted Average Granted Date Fair Value	Shares	Weighted Average Granted Date Fair Value
Nonvested at January 1,	257,500	$ 3.35	571,925	$ 3.30
Granted during the period	1,373,747	2.68	262,000	3.96
Vested during the period	(1,295,946)	2.98	(502,675)	3.42
Forfeited during the period	(10,850)	4.19	(73,750)	4.42
Nonvested at end of period	324,451	$ 1.98	257,500	$ 3.35

As of December 31, 2025, there was approximately $0.4 million of unrecognized compensation cost, related to stock options granted under the Plan which will be amortized to stock compensation expense over the next 1.0 years. As of December 31, 2025, no outstanding options had intrinsic value.

The weighted-average remaining contractual term of outstanding options as of December 31, 2025 is 5.6 years. Total exercisable stock options as of December 31, 2025 is 5.1 million. The weighted-average exercise price of options exercisable as of December 31, 2025 is $7.7 per share and the weighted-average remaining contractual term is 5.4 years.

8. Net Loss Per Share

The following summarizes the computation of basic and diluted net income(loss) per share for the years ended December 31, 2025, and 2024 (in thousands, except share and per share data):

	Year Ended December 31,	
	2025	**2024**
Net loss	$ (45,540)	$ (38,531)
Weighted-average number of common shares—basic	30,487,731	30,460,980
Net loss per share—basic	$ (1.49)	$ (1.26)
Weighted-average number of common shares—diluted	30,487,731	30,460,980
Net loss per share—diluted	$ (1.49)	$ (1.26)

9. Income Taxes

The components of loss before income taxes are as follows (in thousands):

	Years Ended December 31,	
	2025	**2024**
United States	$ 1,178	$ (26,313)
Foreign	(46,483)	(12,250)
Total	$ (45,305)	$ (38,563)

The components of the provision for income taxes are as follows for the years ended December 31, 2025, and 2024 (in thousands):

	Years Ended December 31,	
Current	**2025**	**2024**
Federal	$ 153	$ (49)
Foreign	77	17
Total	230	(32)
Deferred		
Federal	5	-
Total	5	-
Total income tax expense (benefit)	$ 235	$ (32)

The following is a reconciliation from the Company's statuary rate to the effective tax rate reported in the financial statements for the year ended December 31, 2025:

	Amount (in thousands)	Percentage
Tax expense at statutory rate	$ (6,796)	15.00%
State and local income taxes, net of federal benefit of state	-	0.00%
Section 162(m) Executive Compensation	4,368	-9.64%
Tax rate differential	1,819	-4.02%
R&D Credit	(1,294)	2.86%
Foreign deferred provision - Deferred true-ups	520	-1.15%
Foreign deferred provision - Valuation Allowance	(5,789)	12.78%
Other	75	-0.16%
Total US	(301)	0.67%
Federal Law Changes	-	0.00%
Total Effect of Cross-Border Tax Laws	727	-1.60%
Tax Credits (Federal)	-	0.00%
Valuation Allowance (Federal)	7,297	-16.11%
Deduction for Foreign Affiliate Property Income (FAPI)	(611)	1.35%
FX Loss	(500)	1.10%
Other	59	-0.13%
Non-Deductible or Non-Taxable Items	(1,052)	2.32%
Unrecognized Tax Benefits	360	-0.79%
Other Adjustments	-	0.00%
Total	$ 235	-0.52%

The Company's effective tax rate for the year ended December 31, 2025 and December 31, 2024 were -0.52% and 0.08%, respectively. For the year ended December 31, 2025, the primary drivers of the variance from the statutory rate were losses in jurisdictions for which a valuation allowance is recorded and a benefit may not be recognized. For the year ended December 31, 2024, the primary drivers of the variance from the statutory rate were losses in jurisdictions for which a valuation allowance is recorded and a benefit may not be recognized.

For the year ended December 31, 2025, a majority of the Company's state income tax expense relates to Texas.

The tax effect of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases that give rise to deferred tax assets and liabilities is as follows:

	2025	2024
Net operating loss carryforwards	$ 15,184	$ 2,799
Research and other credits	10,350	9,150
Stock based compensation	1,784	1,760
Capitalized research expenses	6,404	12,654
Accrued liabilities	347	414
Deferred tax assets before valuation allowance	34,069	26,777
Valuation allowance	(33,891)	(26,382)
Deferred tax assets	178	395
Depreciation	112	323
Prepaid assets	71	72
Deferred tax liability	183	395
Net deferred tax asset (liability)	$ (5)	$ -

For the year ended December 31, 2025, the Company has federal, state post-apportioned, and foreign net operating loss carryforwards of $2.1 million, $0 and $54.6 million, respectively. Of the federal amount, none have a limited carryforward period and will expire; $2.1 million will have an indefinite carryforward period. Of the foreign amount, $54.6 million has a limited carryforward period and will begin to expire in 2044. These credits are presented in the financial statements net of $439 thousand of related uncertain tax positions. As of December 31, 2024, credits were presented in the financial statements net of $2.1 million of related uncertain tax positions. In accordance with Section 382 and Section 383, utilization of the NOL and tax credit carryforwards may subject to limitations based on prior or future ownership changes. Additionally, after weighing up all available and positive and negative evidence for the period ended December 31, 2025, the Company has determined a full valuation allowance for all jurisdictions was necessary.

For the year ended December 31, 2025, the Company considers all foreign earnings to be permanently reinvested.

The Company is subject to income tax in multiple jurisdictions, including Canada, USA, and the state of Texas. The Company has Canadian, USA, and Texas income tax returns that are open to examination for the 2022, and 2021 tax years, respectively. In addition, the utilization of tax carryforwards, from years prior to those previously mentioned may also be audited by the taxing authorities once utilized. As a result, the Company continuously monitors its current and prior filing positions in order to determine if any unrecognized tax positions need to be recorded. The analysis involves considerable judgement and is based on the best information available. A reconciliation of the beginning and ending amount of unrecognized tax benefits as of December 31, 2025 and 2024 are as follows (in thousands):

	Years Ended December 31,	
	2025	**2024**
Balance as of January 1	$ 3,434	$ 2,973
Additions based on tax positions related to the current year	329	660
Additions for tax positions of prior years	6	106
Reductions for tax positions of prior years	(1)	-
Reductions related to settlements	-	(305)
Reductions from lapse of statute of limitations	(52)	-
Balance at December 31	$ 3,716	$ 3,434

The Company has accrued interest expense and penalties related to the unrecognized tax benefits for the periods ended December 31, 2025 and 2024 of $414 thousand and $337 thousand, respectively. As of December 31, 2025, the unrecognized tax benefits would, if recognized, impact our effective tax rate.

The following summarizes the Company's tax payments and refunds by jurisdiction (in thousands).

Income Tax Paid (Refunded)	Years Ended December 31,	
	2025	**2024**
Texas	$ 2	$ 2
Canada	(83)	85
Total	$ (81)	$ 87

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Management's Evaluation of our Disclosure Controls and Procedures

As of the end of the year covered by this Annual Report on Form 10-K, an evaluation was carried out by the Company’s management, with the participation of the Chief Executive Officer and Principal Financial Officer, of the effectiveness of the Company’s disclosure controls and procedures, as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934. Based on such evaluation, the Chief Executive Officer and Principal Financial Officer concluded that the Company’s disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports the Company files or furnishes under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and regulations, and are operating in an effective manner.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over the Company’s financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). The Company’s management, with the participation of the Chief Executive Officer and Principal Financial Officer, conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on our management’s assessment, we have concluded that our internal control over financial reporting was effective as of December 31, 2025, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarter ended December 31, 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

We incorporate by reference the information required by this item with respect to directors and the Audit Committee from the information under the caption “ELECTION OF DIRECTORS,” including in particular the information under “Nominating and Corporate, Governance and Review Committee” , “Audit Committee”, “Report of the Audit Committee & the Board of Directors”, “Code of Ethics” and “Delinquent Section 16(a) Reports” and “EXECUTIVE OFFICERS” contained in our definitive Proxy Statement (the “Proxy Statement”), which we will file on or about April 28, 2026 with the Securities and Exchange Commission in connection with the solicitation of proxies for our 2026 Annual Meeting of Stockholders to be held on or about June 24, 2026.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated herein by reference to the information contained under the sections captioned “EXECUTIVE COMPENSATION”, “DIRECTOR COMPENSATION”, “Compensation Committee Interlocks and Insider Participation,” “Employment Arrangements” and “Compensation Committee Report” of the Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item will be set forth under the heading “Security Ownership of Certain Beneficial Owners and Management" in our Proxy Statement and is incorporated herein by reference.

The information required by Item 201(d) of Regulation S-K will be set forth in the section headed “Equity Compensation Plan Information” in our Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this item will be set forth in the section headed “Transactions with Related Persons” in our Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item will be set forth in the section headed “Ratification of Selection of Independent Registered Public Accounting Firm” in our Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Financial Statements

See Index to Consolidated Financial Statements under Item 8 of Part II.

Financial Statement Schedules

None

EXHIBIT INDEX

Exhibit Number	Description
2.1†	Asset Purchase Agreement, dated as of December 7, 2019, between XBiotech Inc. and Janssen Biotech, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on December 30, 2019)
3.1	Certificate of Continuation dated September 23, 2005, issued by the Registrar of Companies, Province of British Columbia, Canada (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1 filed with the SEC on February 2, 2015)
3.2	Notice of Articles, dated December 8, 2005, issued by the Registrar of Companies, Province of British Columbia, Canada (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-1 filed with the SEC on February 2, 2015)
3.3	Articles of XBiotech Inc. (incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form S-1/A filed with the SEC on March 27, 2015)
4.1*	Description of Registrant's securities registered pursuant to Section 12 of the Securities Exchange Act of 1934
10.1+	Executive Employment Agreement dated as of October 22, 2025 between XBiotech and John Simard (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 3, 2025)
10.2+	Change in Control Agreement dated as of March 22, 2005 between XBiotech and John Simard (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-1 filed with the SEC on February 2, 2015)
10.3	Confidentiality and Assignment of Inventions Agreement dated as of March 22, 2005 between XBiotech and John Simard (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-1 filed with the SEC on February 2, 2015)
10.4+	XBiotech 2005 Incentive Stock Option Plan (Restated) (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-8 filed with the SEC on October 19, 2015)

10.5+	Form of indemnification agreement between XBiotech and each director of XBiotech (incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-1 filed with the SEC on February 2, 2015)
10.6	Licensing Agreement dated January 16, 2015 between XBiotech USA, Inc. and Lonza Sales AG (portions of this exhibit have been omitted pursuant to a request for confidential treatment under Rule 406 of the Securities Act. incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form S-1/A filed with the SEC on March 10, 2015)
10.7	Research and Collaboration Agreement dated December 15, 2014 by and between XBiotech USA, Inc. and the South Texas Blood & Tissue Center (portions of this exhibit have been omitted pursuant to a request for confidential treatment under Rule 406 of the Securities Act of 1933. incorporated by reference to Exhibit 10.10 to the Company's Registration Statement on Form S-1/A filed with the SEC on March 10, 2015)
10.8+	XBiotech Inc. 2015 Equity Incentive Plan (incorporated by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-1/A filed with the SEC on March 10, 2015)
10.9+	Form of Incentive Share Option Agreement under the 2015 Equity Incentive Plan (incorporated by reference to Exhibit 10.9 to the Annual Report on Form 10-K filed with the SEC on March 15, 2023)
10.10+	Form of Nonqualified Share Option Agreement under the 2015 Equity Incentive Plan (incorporated by reference to Exhibit 10.10 to the Annual Report on Form 10-K filed with the SEC on March 15, 2023)
10.11+	Second Amendment to the XBiotech Inc. 2015 Equity Incentive Plan (incorporated by reference to Annex A to the Registrant's Definitive Proxy Statement on Schedule 14A filed on April 29, 2020)
10.12+	Third Amendment to the XBiotech Inc. 2015 Equity Incentive Plan (incorporated by reference to Annex B to the Registrant's Definitive Proxy Statement on Schedule 14A filed on April 29, 2020)
10.13+	XBiotech Inc. 2025 Equity Incentive Plan (incorporated by reference to Annex B to the Registrant's Definitive Proxy Statement on Schedule 14A filed on July 7, 2025)
10.14*	Board Member Agreement, dated as of August 29, 2025, by and between XBiotech Inc. and Craig Rademaker
10.15*	Board Member Agreement, dated as of August 29, 2025, by and between XBiotech Inc. and David Soffer
10.16*	Board Member Agreement, dated as of August 29, 2025, by and between XBiotech Inc. and Tevi Troy
10.17*	Board Member Agreement, dated as of August 29, 2025, by and between XBiotech Inc. and Thomas Kuendig
10.18†	IP Non-Assertion and License Agreement, dated as of December 30, 2019, between XBiotech Inc. and Janssen Biotech, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on December 30, 2019)

10.19†	Clinical Manufacturing Agreement, dated as of December 30, 2019, between XBiotech Inc. and Janssen Biotech, Inc. (incorporated by reference to Exhibit 10.14 to the Registrant's Current Report on Form 10-K filed on March 16, 2020)
10.20†	Transition Services Agreement, dated as of December 30, 2019, between XBiotech Inc. and Janssen Biotech, Inc. (incorporated by reference to Exhibit 10.15 to the Registrant's Current Report on Form 10-K filed on March 16, 2020)
10.21†*	XBiotech Inc. Insider Trading Policy
97	XBiotech Inc. Clawback Policy (incorporated by reference to Exhibit 97 to the Registrant's Current Report on Form 10-K filed on March 18, 2025)
21.1*	List of subsidiaries
23.1*	Consent of Independent Registered Public Accounting Firm, Whitley Penn LLP
31.1*	Certification of the Principal Executive Officer Required Under Rules 13a-14(a) and 15d-14(a) of the Securities Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of the Principal Financial Officer Required Under Rules 13a-14(a) and 15d-14(a) of the Securities Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Chief Executive Officer pursuant to18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	The following financial statements from the XBiotech Inc. Annual Report on Form 10-K for the year ended December 31, 2024, formatted in Inline Extensive Business Reporting Language (XBRL): (i) consolidated balance sheets, (ii) consolidated statements of operations, (iii) consolidated statements of comprehensive loss, (iv) consolidated statements of shareholders' equity; (v) consolidated statements of cash flows and (vi) notes to consolidated financial statements (detail tagged).
104*	Cover Page Interactive Data File (embedded within the inline iXBRL document and contained in Exhibit 101).

†	Certain identified information has been excluded from this exhibit because the Company does not believe it is material and is the type that the Company customarily treats as private and confidential. Redacted information is indicated by [*****]. The Company hereby agrees to furnish a copy of any omitted schedule or attachment to the Securities and Exchange Commission upon request.
+	Indicates management contract or compensatory plan
*	Filed herewith
**	Exhibits 32.1 and 32.2 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that Section. Such exhibits shall not be deemed incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

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 on March 13, 2026.

XBIOTECH INC.,

/s/ SUSHMA SHIVASWAMY
Name: Sushma Shivaswamy
Title: Chief Executive Officer
(Principal Executive Officer)

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

Signature and Title	Date
/s/ SUSHMA SHIVASWAMY Sushma Shivaswamy, Chief Executive Officer (Principal Executive Officer)	March 13, 2026
/s/ ANGELA HU Angela Hu, Principal Financial Officer and Principal Accounting Officer	March 13, 2026
/s/ JOHN SIMARD John Simard, Chairman of the Board	March 13, 2026
/s/ THOMAS KUENDIG Thomas Kuendig, Director	March 13, 2026
/s/ CRAIG RADEMAKER Craig Rademaker, Director	March 13, 2026
/s/ TEVI TROY Tevi Troy, Director	March 13, 2026
/s/ DAVID SOFFER David Soffer, Director	March 13, 2026

Exhibit 4.1

DESCRIPTION OF SECURITIES

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

The following summary describes the common shares, no par value, of XBiotech Inc. (the "Company," "we," "our," "us," and "our"), which are the only securities of the Company registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended.

The following description is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our Articles, which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.1 is a part. We encourage you to read our Articles and the applicable provisions of the British Columbia Business Corporations Act ("BCBCA") for additional information.

Authorized and Outstanding Stock

Our authorized share capital as described in our Articles consists of an unlimited number of common shares and preferred shares without par value.

As of December 31, 2025, 30,487,731 shares of the Company's common shares were outstanding. No preferred shares are outstanding.

Common Shares

Voting Rights. Holders of common shares are entitled to one vote in respect of each common share held at any meeting of the Company. Except as otherwise provided with respect to any particular series of preferred shares and except as otherwise required by law, the registered holders of preferred shares shall not be entitled as a class to receive notice of or to attend to vote at any meetings of the Company.

Under our Articles, the holders of our common shares will be 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 do not provide for cumulative voting rights. Because of this, the holders of a plurality of our common shares entitled to vote in any election of directors can elect all of the directors standing for election, if they should so choose.

Dividend Rights. Subject to the BCBCA, and subject to the prior rights of any holders of preferred shares, the holders of the common shares in the absolute discretion of the directors, shall be entitled to receive, and the Company shall pay thereon, out of moneys of the Company properly applicable to the payment of dividends, when declared by the directors, only such dividends as may be declared from time to time in respect of the common shares. The preferred shares are entitled to preference over the common shares with respect to the payment of dividends. With the exception of the dividend paid in 2021, we have not paid any dividends since our incorporation. At the discretion of our board of directors, we will consider paying dividends in future as our operational circumstances may permit having regard to, among other things, our earnings, cash flow and financial requirements.

Liquidation Rights. Subject to the prior payment to the holders of the preferred shares described below, in the event of the liquidation, dissolution or winding-up of the Company or other distribution of the assets of the Company among its shareholders, the holders of the shares of our common shares shall be entitled to share pro rata in the distribution of the balance of the assets. The preferred shares shall be entitled to a preference over the common shares with respect to the distribution of assets of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs; and the preferred stock may be given such other preference not inconsistent with our Articles.

Other Rights. Our common shares have no preemptive rights, no conversion rights, no redemption or sinking fund provisions, and are not liable for further call or assessment.

Listing. Our common shares currently trade on the Nasdaq Global Select Market under the symbol "XBIT."

Anti-Takeover Provisions

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 or of a significant interest in us. This legislation grants the Commissioner jurisdiction, for up to one year, after any such acquisition, to challenge this type of acquisition before the Canadian Competition Tribunal on the basis that it would, or would be likely to, substantially prevent or lessen competition in any market in Canada.

This legislation also requires any person who intends to acquire our common shares to file a pre-closing 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 (and its affiliates) 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 provides written notice that she does not intend to challenge the acquisition.

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 notification with Industry Canada. 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, the acquisition of control of us (either through the acquisition of our common shares or all or substantially all our assets) by a non-Canadian who is a World Trade Organization member country investor, including a US investor, would be reviewable only if our enterprise value was equal to or greater than a specified amount. Currently, the specified amount for is CAD$600 million, but will eventually increase to CAD$1.0 billion. We believe that we are not a cultural business for Investment Canada Act purposes and that the lower threshold for reviews of acquisitions of such businesses does not apply. The threshold amount is 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. 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.

Under the new national security regime in the Investment Canada Act, 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." The Minister of Industry has broad discretion to determine whether an investor is a non-Canadian and may be subject to national security review. Review on national security grounds is at the discretion of the federal government and may occur on a pre- or post-closing basis, subject to certain limitation provisions. The government has the power in a national security review to direct that the investment not be implemented, to direct that the investor provide undertakings or the investor implement the investment on prescribed terms or conditions and to order the investor to divest itself of the investment.

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.

Our Articles do not 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 BCBCA and our Articles, certain corporate actions require the approval of a special majority of shareholders, meaning holders of shares representing not less than 66 2⁄3% of those votes cast in respect of a shareholder vote addressing such matter. Subject to the BCBCA, 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) to alter its articles or authorized share structure; (ii) to remove a director before the expiry of his or her term; and (iii) to provide for a sale, lease or exchange of all or substantially all of the Company's property.

Shareholder Proposals. Under the BCBCA, 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 our registered office in accordance with the requirements of the BCBCA. The notice must include information on the business the shareholder intends to bring before the meeting.

Advance Notice Provisions. Our Articles contain provisions (the "Advance Notice Provisions") which provide that advance notice to the Company must be made and the procedures set out in the Articles must be followed for persons to be eligible for election to the our board of directors. Nomination of persons for election to the board of directors may only be made at an annual meeting of shareholders or at a special meeting of shareholders called for any purpose which includes the election of directors.

Among other things, the Advance Notice Provisions fix a deadline by which holders of record of common shares must submit director nominations to us prior to any annual or special meeting of shareholders and set forth the specific information that a shareholder must include in the written notice to the Company for an effective nomination to occur. No person will be eligible for election as a director of the Company unless nominated in accordance with the provisions of the Advance Notice Provisions.

In the case of an annual meeting of shareholders, notice to us must be made not less than 30 or more than 65 days prior to the date of the annual meeting; provided, however, that if the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement. In the case of a special meeting of shareholders (which is not also an annual meeting), notice to us must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The board of directors may, in its sole discretion, waive any requirement of the Advance Notice Provisions.

Limitation of Liability and Indemnification

We are subject to the provisions of Part 5, Division 5 of the BCBCA. Under Section 160 of the BCBCA, we may, subject to Section 163 of the BCBCA:

(1) indemnify an individual who:

  (a) is or was a director or officer of the Company;

  (b) is or was a director or officer of another corporation (i) at a time when such corporation is or was an affiliate of the Company; or (ii) at the Company's request, or

  (c) at the Company's request, is or was, or holds or held a position equivalent to that of, a director or officer of a partnership, trust, joint venture or other unincorporated entity, and including, subject to certain limited exceptions, the heirs and personal or other legal representatives of that individual (collectively, an "eligible party"), against all eligible penalties to which the eligible party is or may be liable; and

(2) after final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by an eligible party in respect of that proceeding, where:

(a) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, and eligible proceeding.

(b) "eligible proceeding" means a proceeding in which an eligible party or any of the heirs and personal or other legal representatives of the eligible party, by reason of the eligible party being or having been a director or officer of, or holding or having held a position equivalent to that of a director or officer of, the Company or an associated corporation (i) is or may be joined as a party, or (ii) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding.

(c) "proceeding" includes any legal proceeding or investigative action, whether current, threatened , pending or completed.

Under Section 161 of the BCBCA, and subject to Section 163 of the BCBCA, we must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by an eligible party in respect of that proceeding if the eligible party (i) has not been reimbursed for those expenses, and (ii) is wholly successful, on the merits or otherwise, in the outcome of the proceeding or is substantially successful on the merits in the outcome of the proceeding.

Under Section 162 of the BCBCA, and subject to Section 163 of the BCBCA, we may pay, as they are incurred in advance of the final disposition of an eligible proceeding, the expenses actually and reasonably incurred by an eligible party in respect of the proceeding, provided that the Company must not make such payments unless we first receive from the eligible party a written undertaking that, if it is ultimately determined that the payment of expenses is prohibited under Section 163 of the BCBCA, the eligible party will repay the amounts advanced.

Under Section 163 of the BCBCA, we must not indemnify an eligible party against eligible penalties to which the eligible party is or may be liable or pay the expenses of an eligible party in respect of that proceeding under Sections 160, 161 or 162 of the BCBCA, as the case may be, if any of the following circumstances apply:

- if the indemnity or payment is made under an earlier agreement to indemnify or pay expenses and, at the time that the agreement to indemnify or pay expenses was made, the Company was prohibited from giving the indemnity or paying the expenses by the Company's memorandum or Articles;

- if the indemnity or payment is made otherwise than under an earlier agreement to indemnify or pay expenses and, at the time that the indemnity or payment is made, the Company is prohibited from giving the indemnity or paying the expenses by the Company's memorandum or Articles;

- if, in relation to the subject matter of the eligible proceeding, the eligible party did not act honestly and in good faith with a view to the best interests of the Company or the associated corporation, as the case may be; or

- in the case of an eligible proceeding other than a civil proceeding, if the eligible party did not have reasonable grounds for believing that the eligible party's conduct in respect of which the proceeding was brought was lawful.

If an eligible proceeding is brought against an eligible party by or on behalf of the Company or by or on behalf of an associated corporation, we must not either indemnify the eligible party against eligible penalties to which the eligible party is or may be liable, or pay the expenses of the eligible party under Sections 160, 161 or 162 of the BCBCA, as the case may be, in respect of the proceeding.

Under Section 164 of the BCBCA, and despite any other provision of Part 5, Division 5 of the BCBCA and whether or not payment of expenses or indemnification has been sought, authorized or declined under Part 5, Division 5 of the BCBCA, on application of the Company or an eligible party, the Supreme Court of British Columbia may do one or more of the following:

- order us to indemnify an eligible party against any liability incurred by the eligible party in respect of an eligible proceeding;
- order us to pay some or all of the expenses incurred by an eligible party in respect of an eligible proceeding;
- order the enforcement of, or payment under, an agreement of indemnification entered into by us;
- order us to pay some or all of the expenses actually and reasonably incurred by any person in obtaining an order under Section 164 of the BCBCA; or
- make any other order the court considers appropriate.

Section 165 of the BCBCA provides that we may purchase and maintain insurance for the benefit of an eligible party or the heirs and personal or other legal representatives of the eligible party against any liability that may be incurred by reason of the eligible party being or having been a director or officer of, or holding or having held a position equivalent to that of a director or officer of, the Company or an associated corporation.

Under our Articles, and subject to the BCBCA, we must indemnify an eligible party and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and we must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each eligible party is deemed to have contracted with the Company on the terms of the indemnity contained in the Articles.

Under our Articles, and subject to the BCBCA, we may agree to indemnify and may indemnify any person (including an eligible party) against eligible penalties and pay expenses incurred in connection with the performance of services by that person for us.

Under our Articles, and subject to the BCBCA, we may advance expenses to an eligible party.

Pursuant to our Articles, the failure of an eligible party to comply with the BCBCA or the Articles does not, of itself, invalidate any indemnity to which he or she is entitled under the Articles.

Under our Articles, we may purchase and maintain insurance for the benefit of an eligible person (or his or her heirs or legal personal representatives) against any liability incurred by him or her as a director, officer or person who holds or held such equivalent position.

Transfer Agent and Registrar

The Transfer Agent and Registrar for shares of our common shares is American Stock Transfer & Trust Company, LLC (“AST”). The address for AST is 6201 15th Avenue, Brooklyn, New York 11219 and its telephone number is (718) 921-8206.

Exhibit 10.14

Board Member Agreement

This Agreement (this "Agreement"), dated as of the 29th day of _August_ 2025, is between, Craig Rademaker, an individual having a residence at 11-3085 Deer Ridge Close, West Vancouver, Canada, (the "Board Director"), and XBiotech Inc., a Canadian corporation with a place of business at 300-1055 West Hastings Street, Vancouver BC V6E 2E9 Canada (the "Company").

WHEREAS, the parties desire to enter into this Agreement setting forth the terms and conditions of the Board Director with the Company;

NOW, THEREFORE, the parties agree as follows:

1. Effective Date. This Agreement shall be effective as of the date (the "Effective Date") upon which the Board Director becomes a duly elected or appointed member of the Board of Directors of the Company (the "Board").

2. Term. This Agreement shall commence on the Effective Date and shall remain in effect until such time as the Board Director resigns, is removed, dies or otherwise ceases to be a member of the Board (the "Term").

3. Position. During the Term, the Board Director shall act as a member of the Board (a "Board Member") to the Company.

4. Duties and Reporting Relationship. During the Term, the Board Director shall be generally available for mutually agreed times during business hours. The Board Director agrees that he shall represent the Company as a Board Member. Such representations may be made by the Company in SEC filings, during Presentations, Business Plans, on the Company Website, or any other place deemed fit by the Company. The Company may request that you participate in discussions, as suitable to your schedule and availability, with third parties from time to time. The Board Director may be asked to serve as a member and/or as chair of one or more committees of the Board.

5. Compensation: Subject to Board of Directors or Compensation Committee approval during each year of service, Board Director shall receive an annual cash retainer of $70,000, with additional annual retainers of $30,000 for service as a Committee Chair and $20,000 for service as a Committee Member. The Board Director shall serve as Chair of Nominating & Governance Committee and as member of Audit Committee and Compensation Committee and shall receive a total annual retainer of $140,000, prorated based on the Board Director's period of service during the fiscal year and subject to adjustment from time to time by the Compensation Committee. In addition, Board Director will be granted non-qualified stock options under the Company's 2025 Equity Incentive Plan (the "Plan") to purchase 92,104 shares of the Company's common stock, representing a prorated portion of the annual grant for the year 2025. During Board Director's service as a Board Member in years following 2025, subject to Board of Directors or Compensation Committee approval during each year of service, the Board Director will be granted 40,000 options annually, with additional 16,000 for service as a Committee Chair and 11,000 for service as a Committee Member on or about the date of the Company's annual stockholders meeting. All granted options will be exercisable at a price equal to the closing price of the Company's common stock, as reported by NASDAQ, on the date of grant, and vest in 12 months following the date of grant, subject to continued service as a Board Member (the "Options"). The Options shall expire ten years from the date of grant, unless terminated earlier in accordance with the Plan or the Board Director's stock option agreement. In accordance with the Plan, the Options will remain exercisable for 90 days after the date of the Board Director's termination without cause or resignation. The Board Director's compensation for service as a Committee Chair, Committee Member, or Board Director (collectively, "Board Service"), including but not limited to time spent preparing for or attending Board or Committee meetings, shall be limited to the annual retainer payments and equity grants set forth in the prior sentences of Paragraph 5. Notwithstanding the foregoing, nothing herein shall limit the Board of Directors or Compensation Committee from approving additional compensation for Board Director if the Board of Directors or Compensation Committee determines that such additional compensation is warranted.

6. Business Expense. The Board Director shall be reimbursed for all ordinary and necessary business expenses incurred by the Board Director in connection with his agreement upon timely submission to the Company of receipts and other documentation as required by the Internal Revenue Code of 1986, as amended, and in conformance with the Company's normal expense reimbursement policies and procedures. Board Director shall be entitled to reimbursement at first class commercial airline rate for transcontinental travel.

7. Indemnification and Insurance. Exhibit A hereto, which is hereby incorporated herein as if set forth herein, sets forth certain agreements of the parties hereto in respect of indemnification and insurance.

8. Termination of the Agreement. The Board Director or the Company may terminate this agreement at any time for any reason. The Agreement hereunder shall automatically terminate upon the death of the Board Director. Any purported termination of the Board Director's agreement by the Company or by the Board Director shall be communicated by written notice of termination to the other party hereto.

9. Insider Trading Compliance. The Board Director acknowledges receipt of, and has reviewed, the Company's Insider Trading Policy, and covenants to comply fully with the terms thereof. The Board Director shall not, directly or indirectly, purchase, sell, or otherwise trade in any securities of the Company while in possession of material nonpublic information, during any trading blackout period, or in contravention of any pre-clearance or other procedures established under such Policy. Any trades executed pursuant to a Rule 10b5-1 trading plan shall be in strict accordance with the requirements of the Policy. The Board Director shall consult with the Company's Compliance Officer with respect to any questions concerning material nonpublic information, pre-clearance, or the permissibility of any proposed transaction, and shall promptly report any known or suspected violations of the Policy or applicable securities laws.

10. Representation and Warranties.

    a. The Company represents and warrants that this Agreement has been authorized by the Company and is a valid and binding agreement of the Company enforceable against it in accordance with its terms.

    b. The Board Director represents and warrants that he is not a party to any agreement or instrument which would prevent him from entering into or performing his duties under this Agreement.

11. Confidentiality. The Board Director agrees to be subject to the Company's reasonable policies concerning Confidentiality and Non-Disclosure as in effect from time to time. The Company agrees that nothing herein or therein shall prevent the Board Director from rendering services in any capacity to any other person or business from time to time, subject to the compliance with any confidentiality and non-disclosure obligations, to the Board Director's obligations as a fiduciary of the Company and to applicable law.

12. Fiduciary Duties. The Board Director acknowledges and agrees that, in serving as a Board Member, the Board Director owes fiduciary duties of loyalty and care to the Company and its stockholders under applicable law. The Board Director shall discharge such duties in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner that the Board Director reasonably believes to be in the best interests of the Company and its stockholders. The Board Director shall avoid self-dealing, conflicts of interest, or other actions that would violate such fiduciary duties and shall promptly disclose to the Board any actual or potential conflicts of interest of which the Board Director becomes aware.

13. Successors; Binding Agreement.

    a. This Agreement shall not be assignable by the Board Director.

b. This Agreement is a personal contract and the rights and interests of the Board Director hereunder may not be sold, transferred, assigned, pledged, encumbered, or hypothecated by him, except as otherwise expressly permitted by the provisions of this Agreement. This Agreement shall inure to the benefit of and be enforceable by the Board Director and his personal or legal representatives, executors, administrators, successors, heirs, distributes, devisees and legatees. If the Board Director should die while any amount would still be payable to him hereunder had the Board Director continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to his devisee, legatee or other designee or, if there is no such designee, to his estate.

c. The obligations of the Company hereunder may not be assigned by the Company without the prior written consent of the Board Director. This Agreement shall be binding upon and be enforceable against the Company's successors (including any direct or indirect successor by purchase, merger, consolidation, or otherwise to all or substantially all of the business and/or assets of the Company) and assigns and against the Board Director's personal and legal representatives.

14. Entire Agreement. This Agreement contains all the understandings between the parties hereto pertaining to the matters referred to herein, and on the Effective Date shall supersede all undertakings and agreements, whether oral or in writing, previously entered into by them with respect hereto. The Board Director represents that, in executing this Agreement, he does not rely and has not relied upon any representation or statement not set forth herein made by the Company with regard to the subject matter, bases or effect of this Agreement or otherwise.

15. Amendment or Modification; Waiver. No provision of this Agreement may be amended or waived unless such amendment or waiver is agreed to in writing, signed by the Board and by a duly authorized officer of the Company. No waiver by any party hereto of any breach by another party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same time, any prior time or any subsequent time.

16. Notices. Any notice to be given hereunder shall be in writing and shall be deemed given when delivered personally, sent by courier or telecopy (including e-mail transmission) or registered or certified mail, postage prepaid, return receipt requested, addressed to the party concerned at the address indicated below or to such other address as such party may subsequently give notice of hereunder in writing:

To the Board Director at:	Craig Rademaker 11-3085 Deer Ridge Close, West Vancouver, BC V7S 4WE CANADA
To the Company at:	Attention: Sushma Shivaswamy, Interim CEO XBiotech, Inc. 5217 Winnebago Ln Austin, TX 78744

Any Notice delivered personally or by courier under this Section 17 shall be deemed given on the date delivered and any notice sent by telecopy or registered or certified mail, postage paid, return receipt requested, shall be deemed given on the date telecopied or mailed.

17. Severability. If any provision of this Agreement or the application of any such provision to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances other than those to which it is so determined to be invalid and unenforceable, shall not be affected thereby, and each provision hereof shall be validated and shall be enforced to the fullest extent permitted by law.

18. Survivorship. The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

19. Governing Law and Jurisdiction. This Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflicts of the laws principles. Each of the parties to this Agreement agrees that the courts of the States of Delaware and New York shall have exclusive jurisdiction to hear and determine any claim, suit, action or proceeding, and to settle any disputes, which may arise out of or are in any way related to or in connection with this Agreement.

20. Headings. All descriptive headings of the sections and paragraphs in this Agreement are intended solely for convenience, and no provision of this Agreement is to be construed by reference to the heading of any section or paragraph

21. Taxes. The parties agree to cooperate in respect of tax withholding and reporting consequences of the arrangements described herein. The parties acknowledge that there is no U.S. federal tax withholding requirement applicable under current law to the compensation described herein. The Company agrees to facilitate, to the extent reasonably practical, the performance of the Board Director's services in a manner that minimizes the Board Director's U.S. tax obligations.

22. Counterparts. This agreement may be executed and delivered, including by facsimile transmission or by electronic transmission in Adobe portable document format (or a "PDF file"), in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

____
CRAIG RADEMAKER

XBIOTECH INC.

By:___________________________
SUSHMA SHIVASWAMY
Interim CEO

EXHIBIT A

1. Definitions. As used in this Exhibit:

a. "Disinterested Director" with respect to any request by the Board Director for indemnification or advancement of expenses hereunder shall mean a director of the Company who neither is nor was a party to the Proceeding (as defined below) in respect of which indemnification or advancement is being sought by the Board Director.

b. The term "Expenses" shall mean any expense, liability or loss, including, without limitation, damages, judgments, fines, penalties, settlements (if, and only if, such settlement is approved in advance by the Company, which approval shall not be unreasonably withheld) and costs, attorneys' fees and disbursements and costs of attachment or similar bond, investigations, liabilities, losses, taxes, any expense paid or incurred in connection with investigating, defending, being a witness in, participating in (including on appeal), or preparing for any of the foregoing in, any Proceeding, and any taxes, interests, assessments or other charges imposed as a result of the actual or deemed receipt of any payment under this Exhibit.

c. The term "Independent Legal Counsel" shall mean any firm of attorneys that is reasonably selected by the Board, so long as such firm is not presently representing and has not in the preceding five (5) years represented the Company, the Company's subsidiaries or affiliates, the Board Director, any entity controlled by the Board Director, or any party adverse to the Company in any matter material to any such party (other than with respect to matters concerning the Board Director under this Exhibit, or of other Board Directors under similar indemnification Exhibits). Notwithstanding the foregoing, the term "Independent Legal Counsel" shall not include any person who, under applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Board Director in an action to determine the Board Director's right to indemnification or advancement of expenses under this Exhibit, the Company's Articles of Association (the "Articles"), applicable law or otherwise.

d. The term "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, hearing or any other proceeding (including, without limitation, an appeal therefrom), formal or informal, whether brought in the name of the Company or otherwise, whether of a civil, criminal, administrative or investigative nature, and whether by, in or involving a court or an administrative, other governmental or private entity or body (including, without limitation, an investigation by the Company or its Board), in which the Board Director was, is or will be involved as a party or otherwise, by reason of (i) the fact that the Board Director is or was a director (or a director appointee) of the Company, or is or was serving at the request of the Company as an agent of another enterprise, (ii) any actual or alleged act or omission or neglect or breach of duty, including, without limitation, any actual or alleged error or misstatement or misleading statement, which the Board Director commits or suffers while acting in any such capacity, or (iii) the Board Director attempting to establish or establishing a right to indemnification or advancement of expenses pursuant to this Exhibit, the Articles, applicable law or otherwise, in each case whether or not the Board Director is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Exhibit.

e. The phrase "serving at the request of the Company as an agent of another enterprise" or any similar terminology shall mean, unless the context otherwise requires, serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, limited liability company, trust, employee benefit or welfare plan or other enterprise, foreign or domestic. The phrase "serving at the request of the Company" shall include, without limitation, any service as a director or an executive officer of the Company which imposes duties on, or involves services by, such director or executive officer with respect to the Company or any of the Company's subsidiaries, affiliates, employee benefit or welfare plans, such plan's participants or beneficiaries or any other enterprise, foreign or domestic. In the event that the Board Director shall be a director, officer, employee or agent of another corporation, partnership, joint venture, limited liability company, trust, employee benefit or welfare plan or other enterprise, foreign or domestic, 50% or more of the ordinary shares, combined voting power or total equity interest of which is owned by the Company or any subsidiary or affiliate thereof, then it shall be presumed conclusively that the Board Director is so acting at the request of the Company.

2. Indemnification. Subject to Section 6 below, the Company hereby agrees to hold harmless and indemnify the Board Director to the fullest extent permitted by law. In furtherance of the foregoing indemnification and without limiting the generality thereof:

a. In General. The Company shall indemnify the Board Director if the Board Director is a party to or threatened to be made a party to or is otherwise involved in any Proceeding against all Expenses which are actually and reasonably incurred by the Board Director in connection with such a Proceeding, if the Board Director acted in good faith and in a manner the Board Director reasonably believed to be in, or not opposed to, the best interests of the Company.

b. Indemnification for Expenses of Witness. Notwithstanding any other provision of this Exhibit, to the extent that the Board Director has prepared to serve or has served as a witness or is made to respond to discovery requests in any Proceeding to which the Board Director is not a party, the Board Director shall be indemnified against all Expenses actually and reasonably incurred by the Board Director in connection therewith.

c. Partial Indemnification. If Board Director is entitled under any provision of this Exhibit to indemnification by the Company for some or a portion of Expenses incurred in connection with any Proceedings, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Board Director for the portion of such Expenses to which Board Director is entitled.

3. Contribution. If the indemnification provided in Section 2 above is unavailable to Board Director for any reason (other than those set forth in Section 6 below) in connection with a Proceeding in which the Company is jointly liable with Board Director (or would be if joined in such Proceeding), the Company, in lieu of indemnifying Board Director thereunder, shall contribute to the amount of Expenses which are actually and reasonably incurred and paid or payable by the Board Director in such proportion as is deemed fair and reasonable by the person or persons presiding over the Proceeding in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and the Board Director and/or (ii) the relative fault of the Company and such Board Director in connection with the transaction or events from which such Proceeding arose. The relative fault of the Company and the Board Director shall be determined by reference to, among other things, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such Expenses.

4. Advancement of Expenses. The Expenses incurred by the Board Director in any Proceeding shall be paid promptly by the Company in advance of the final disposition of the Proceeding at the written request of the Board Director to the fullest extent permitted by applicable law; provided, however, that the Board Director shall set forth in such request reasonable evidence that such Expenses have been incurred by the Board Director in connection with such Proceeding and hereby undertakes to repay any advances if it is ultimately determined as provided in subsection 5(b) of this Exhibit that the Board Director is not entitled to indemnification under this Exhibit, the Articles, applicable law or otherwise.

5. Indemnification Procedure; Determination of Right to Indemnification.

a. Promptly after receipt by the Board Director of notice of the commencement of any Proceeding, the Board Director shall, if a claim for indemnification in respect thereof is to be made against the Company under this Exhibit, notify the Company of the commencement thereof in a written request, including therein or therewith such documentation and information as is reasonably available to Board Director and is reasonably necessary to determine whether and to what extent Board Director is entitled to indemnification. The omission to so notify the Company will not relieve the Company from any liability which the Company may have to the Board Director under this Exhibit unless the Company shall have lost significant substantive or procedural rights with respect to the defense of any Proceeding as a result of such omission to so notify.

b. The Board Director shall be conclusively presumed to be entitled to indemnification under this Exhibit unless a determination is made that the Board Director is not entitled to indemnification under this Exhibit, the Articles, applicable law or otherwise by (i) a majority vote of the Board of a quorum consisting of Disinterested Directors or (ii) if a quorum of the Board consisting of Disinterested Directors is not obtainable, by Independent Legal Counsel in a written opinion to the Board, a copy of which shall be delivered to the Board Director. The Board Director agrees that the delivery of such opinion to the Board Director does not constitute a waiver of any privilege or doctrine, including the attorney-client privilege and the work product doctrine, with respect to any other communication between the Independent Legal Counsel and its client or clients.

c. If (i) a determination is made that the Board Director is not entitled to indemnification under this Exhibit or (ii) a claim for indemnification or advancement of Expenses under this Exhibit is not paid by the Company within thirty (30) days after receipt by the Company of written notice thereof, the Board Director is entitled to an adjudication in any court of competent jurisdiction. Such judicial proceeding shall be made de novo. The burden of proving that indemnification or advances are not appropriate shall be on the Company. Neither the failure of the directors of the Company or Independent Legal Counsel to have made a determination prior to the commencement of such action that indemnification or advancement of Expenses is proper in the circumstances because the Board Director has met the applicable standard of conduct, if any, nor an actual determination by the directors of the Company or Independent Legal Counsel that the Board Director has not met the applicable standard of conduct shall be a defense to an action by the Board Director or create a presumption for the purpose of such an action that the Board Director has not met the applicable standard of conduct. The termination of any Proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself (i) create a presumption that the Board Director did not act in good faith and in a manner which he reasonably believed to be in the best interests of the Company and/or its shareholders, and, with respect to any criminal Proceeding, that the Board Director had reasonable cause to believe that his conduct was unlawful or (ii) otherwise adversely affect the rights of the Board Director to indemnification or advancement of Expenses under this Exhibit, except as may be provided herein.

d. If a court of competent jurisdiction shall determine that the Board Director is entitled to any indemnification or advancement of Expenses hereunder, the Company shall pay all Expenses actually and reasonably incurred by the Board Director in connection with such adjudication (including, but not limited to, any appellate proceedings).

e. With respect to any Proceeding for which indemnification or advancement of Expenses is requested, the Company will be entitled to participate therein at its own expense and, except as otherwise provided below, to the extent that it may wish, the Company may assume the defense thereof, with counsel reasonably satisfactory to the Board Director. After notice from the Company to the Board Director of its election to assume the defense of a Proceeding, the Company will not be liable to the Board Director under this Exhibit for any Expenses subsequently incurred by the Board Director in connection with the defense thereof, other than as provided below.

f. The Company shall not settle any Proceeding in any manner which would impose any penalty or limitation on the Board Director without the Board Director’s written consent. The Board Director shall have the right to employ his own counsel in any Proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense of the Proceeding shall be at the expense of the Board Director, unless (i) the employment of counsel by the Board Director has been authorized by the Company, (ii) the Board Director shall have reasonably concluded that there may be a conflict of interest between the Company and the Board Director in the conduct of the defense of a Proceeding, or (iii) the Company shall not in fact have employed counsel to assume the defense of a proceeding, in each of which cases the fees and expenses of the Board Director’s counsel shall be advanced by the Company. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or as to which the Board Director has reasonably concluded that there may be a conflict of interest between the Company and the Board Director.

g. Board Director shall give the Company such information and cooperation as it may reasonably require and as shall be within Board Director's power. Subject to Section 3, the Company shall not be liable to indemnify the Board Director under this Exhibit with regard to any judicial action if the Company was not given a reasonable and timely opportunity, at its expense, to participate in the defense, conduct and/or settlement of such action.

6. Limitations on Indemnification. Notwithstanding any provision in this Exhibit, the Company shall not be obligated under this Exhibit to make any indemnity in connection with any claim made against the Board Director:

a. in connection with any Proceeding initiated or brought voluntarily by the Board Director and not by way of defense, unless (i) the Board authorized the Proceeding prior to its initiation or (ii) the Proceeding is to enforce indemnification rights under this Exhibit, the Articles, applicable law or otherwise and either (A) Board Director is successful in such Proceeding in establishing Board Director's right, in whole or in part, to indemnification or advancement of Expenses hereunder (in which case such indemnification or advancement shall be to the fullest extent permitted by this Exhibit) or (B) the court in such Proceeding shall determine that, despite Board Director's failure to establish his right to indemnification, Board Director is entitled to indemnity for such expenses (in which case such indemnification or advancement shall be to the extent provided by such court);

b. in connection with the Board Director preparing to serve or serving as a witness in voluntary cooperation with any non-governmental or non-regulatory party or entity who or which has threatened or commenced any action or proceeding against the Company, or any director, officer, employee, trustee, agent, representative, subsidiary, parent corporation or affiliate of the Company, but such indemnification may be provided by the Company if the Board finds it to be appropriate;

c. for which payment has actually been made to the Board Director under a valid and collectible insurance policy, except in respect of any excess beyond the amount of payment under such insurance policy;

d. for an accounting of profits made from the purchase or sale by the Board Director of securities of the Company pursuant to the provisions of Section 16(b) of the Act or similar provisions of any federal, state or local statute or regulation;

e. if a court of competent jurisdiction finally determines that such indemnification is unlawful;

f. subject to the proviso in Section 6(a) hereof, in connection with any dispute or breach arising under any contract or similar obligation between the Company or any of its subsidiaries or affiliates and such Board Director.

7. Insurance. To the extent the Company maintains a Directors & Officers liability insurance policy, the Board Director shall be covered to the fullest extent available for acts performed in the capacity of a director or while serving at the Company's request for another enterprise. Such insurance shall provide for the advancement of defense costs in accordance with the indemnification provisions herein and shall be complementary to, and shall not limit, the Board Director's rights to indemnification under this Agreement.

8. Continuation of Indemnification. All Exhibits and obligations of the Company contained herein shall continue during the period that the Board Director is a director of the Company (or is or was serving at the request of the Company as an agent of another enterprise, foreign or domestic) and shall continue thereafter so long as the Board Director shall be subject to any Proceeding by reason of the fact that the Board Director is or was a director of the Company or is or was serving in any other capacity referred to in this Section 8. This Exhibit shall continue in effect regardless of whether the Board Director continues to serve as a director of the Company or as an agent of another enterprise at the Company's request.

9. Indemnification Hereunder Not Exclusive. The indemnification provided by this Exhibit shall not be deemed to be exclusive of any other rights to which the Board Director may be entitled under the Articles, Director Appointment Letter, any Exhibit, vote of shareholders or vote of Disinterested Directors, provisions of applicable law, or otherwise, both as to action or omission in the Board Director's official capacity and as to action or omission in another capacity on behalf of the Company while holding such office.

10. Exhibit To Serve. The Company acknowledges that it has entered into this Exhibit and assumes the obligations imposed on it hereby, in addition to and separate from its obligations to Board Director under the Articles, Director Appointment Letter or otherwise to induce Board Director to serve, or continue to serve, as a director of the Company, and the Company acknowledges that Board Director is relying upon this Exhibit in serving as a director of the Company.

11. Interpretation of Exhibit. It is understood that the parties hereto intend this Exhibit to be interpreted and enforced so as to provide indemnification to Board Director to the fullest extent now or hereafter permitted by law.

12. Subrogation. In the event of payment under this Exhibit, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Board Director, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights separate and distinct so that if any section, sentence, term or provision thereof shall be held to be invalid, unlawful or unenforceable for any reason, such invalidity, unlawfulness or unenforceability shall not affect the validity, lawfulness or enforceability of any other section, sentence, term or provision hereof.

13. Savings Clause. If this Exhibit or any section, sentence, term or provision hereof is invalidated on any ground by any court of competent jurisdiction, the Company shall nevertheless indemnify the Board Director as to any Expenses which are incurred with respect to any Proceeding to the fullest extent permitted by any (a) applicable section, sentence, term or provision of this Exhibit that has not been invalidated or (b) applicable law. To the extent required, any section, sentence, term or provision of this Exhibit may be modified by a court of competent jurisdiction to preserve its validity and to provide the Board Director with the broadest possible indemnification permitted under applicable law.

Exhibit 10.15

Board Member Agreement

This Agreement (this "Agreement"), dated as of the 29th day of _August_ 2025, is between, David Soffer, an individual having a residence at 1910 Sommerfield Ave, Saskatoon, Canada, (the "Board Director"), and XBiotech Inc., a Canadian corporation with a place of business at 300-1055 West Hastings Street, Vancouver BC V6E 2E9 Canada (the "Company").

WHEREAS, the parties desire to enter into this Agreement setting forth the terms and conditions of the Board Director with the Company;

NOW, THEREFORE, the parties agree as follows:

1. Effective Date. This Agreement shall be effective as of the date (the "Effective Date") upon which the Board Director becomes a duly elected or appointed member of the Board of Directors of the Company (the "Board").

2. Term. This Agreement shall commence on the Effective Date and shall remain in effect until such time as the Board Director resigns, is removed, dies or otherwise ceases to be a member of the Board (the "Term").

3. Position. During the Term, the Board Director shall act as a member of the Board (a "Board Member") to the Company.

4. Duties and Reporting Relationship. During the Term, the Board Director shall be generally available for mutually agreed times during business hours. The Board Director agrees that he shall represent the Company as a Board Member. Such representations may be made by the Company in SEC filings, during Presentations, Business Plans, on the Company Website, or any other place deemed fit by the Company. The Company may request that you participate in discussions, as suitable to your schedule and availability, with third parties from time to time. The Board Director may be asked to serve as a member and/or as chair of one or more committees of the Board.

5. Compensation: Subject to Board of Directors or Compensation Committee approval during each year of service, Board Director shall receive an annual cash retainer of $70,000, with additional annual retainers of $30,000 for service as a Committee Chair and $20,000 for service as a Committee Member. The Board Director shall serve as Member of Audit Committee and shall receive a total annual retainer of $90,000, prorated based on the Board Director's period of service during the fiscal year and subject to adjustment from time to time by the Compensation Committee. In addition, Board Director will be granted non-qualified stock options under the Company's 2025 Equity Incentive Plan (the "Plan") to purchase 51,000 shares of the Company's common stock, representing a prorated portion of the annual grant for the year 2025. During Board Director's service as a Board Member in years following 2025, subject to Board of Directors or Compensation Committee approval during each year of service, the Board Director will be granted 40,000 options annually, with additional 16,000 for service as a Committee Chair and 11,000 for service as a Committee Member on or about the date of the Company's annual stockholders meeting. All granted options will be exercisable at a price equal to the closing price of the Company's common stock, as reported by NASDAQ, on the date of grant, and vest in 12 months following the date of grant, subject to continued service as a Board Member (the "Options"). The Options shall expire ten years from the date of grant, unless terminated earlier in accordance with the Plan or the Board Director's stock option agreement. In accordance with the Plan, the Options will remain exercisable for 90 days after the date of the Board Director's termination without cause or resignation. The Board Director's compensation for service as a Committee Chair, Committee Member, or Board Director (collectively, "Board Service"), including but not limited to time spent preparing for or attending Board or Committee meetings, shall be limited to the annual retainer payments and equity grants set forth in the prior sentences of Paragraph 5. Notwithstanding the foregoing, nothing herein shall limit the Board of Directors or Compensation Committee from approving additional compensation for Board Director if the Board of Directors or Compensation Committee determines that such additional compensation is warranted.

6. Business Expense. The Board Director shall be reimbursed for all ordinary and necessary business expenses incurred by the Board Director in connection with his agreement upon timely submission to the Company of receipts and other documentation as required by the Internal Revenue Code of 1986, as amended, and in conformance with the Company's normal expense reimbursement policies and procedures. Board Director shall be entitled to reimbursement at first class commercial airline rate for transcontinental travel.

7. Indemnification and Insurance. Exhibit A hereto, which is hereby incorporated herein as if set forth herein, sets forth certain agreements of the parties hereto in respect of indemnification and insurance.

8. Termination of the Agreement. The Board Director or the Company may terminate this agreement at any time for any reason. The Agreement hereunder shall automatically terminate upon the death of the Board Director. Any purported termination of the Board Director's agreement by the Company or by the Board Director shall be communicated by written notice of termination to the other party hereto.

9. Insider Trading Compliance. The Board Director acknowledges receipt of, and has reviewed, the Company's Insider Trading Policy, and covenants to comply fully with the terms thereof. The Board Director shall not, directly or indirectly, purchase, sell, or otherwise trade in any securities of the Company while in possession of material nonpublic information, during any trading blackout period, or in contravention of any pre-clearance or other procedures established under such Policy. Any trades executed pursuant to a Rule 10b5-1 trading plan shall be in strict accordance with the requirements of the Policy. The Board Director shall consult with the Company's Compliance Officer with respect to any questions concerning material nonpublic information, pre-clearance, or the permissibility of any proposed transaction, and shall promptly report any known or suspected violations of the Policy or applicable securities laws.

10. Representation and Warranties.

    a. The Company represents and warrants that this Agreement has been authorized by the Company and is a valid and binding agreement of the Company enforceable against it in accordance with its terms.

    b. The Board Director represents and warrants that he is not a party to any agreement or instrument which would prevent him from entering into or performing his duties under this Agreement.

11. Confidentiality. The Board Director agrees to be subject to the Company's reasonable policies concerning Confidentiality and Non-Disclosure as in effect from time to time. The Company agrees that nothing herein or therein shall prevent the Board Director from rendering services in any capacity to any other person or business from time to time, subject to the compliance with any confidentiality and non-disclosure obligations, to the Board Director's obligations as a fiduciary of the Company and to applicable law.

12. Fiduciary Duties. The Board Director acknowledges and agrees that, in serving as a Board Member, the Board Director owes fiduciary duties of loyalty and care to the Company and its stockholders under applicable law. The Board Director shall discharge such duties in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner that the Board Director reasonably believes to be in the best interests of the Company and its stockholders. The Board Director shall avoid self-dealing, conflicts of interest, or other actions that would violate such fiduciary duties and shall promptly disclose to the Board any actual or potential conflicts of interest of which the Board Director becomes aware.

13. Successors; Binding Agreement.

    a. This Agreement shall not be assignable by the Board Director.

b. This Agreement is a personal contract and the rights and interests of the Board Director hereunder may not be sold, transferred, assigned, pledged, encumbered, or hypothecated by him, except as otherwise expressly permitted by the provisions of this Agreement. This Agreement shall inure to the benefit of and be enforceable by the Board Director and his personal or legal representatives, executors, administrators, successors, heirs, distributes, devisees and legatees. If the Board Director should die while any amount would still be payable to him hereunder had the Board Director continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to his devisee, legatee or other designee or, if there is no such designee, to his estate.

c. The obligations of the Company hereunder may not be assigned by the Company without the prior written consent of the Board Director. This Agreement shall be binding upon and be enforceable against the Company's successors (including any direct or indirect successor by purchase, merger, consolidation, or otherwise to all or substantially all of the business and/or assets of the Company) and assigns and against the Board Director's personal and legal representatives.

14. Entire Agreement. This Agreement contains all the understandings between the parties hereto pertaining to the matters referred to herein, and on the Effective Date shall supersede all undertakings and agreements, whether oral or in writing, previously entered into by them with respect hereto. The Board Director represents that, in executing this Agreement, he does not rely and has not relied upon any representation or statement not set forth herein made by the Company with regard to the subject matter, bases or effect of this Agreement or otherwise.

15. Amendment or Modification; Waiver. No provision of this Agreement may be amended or waived unless such amendment or waiver is agreed to in writing, signed by the Board and by a duly authorized officer of the Company. No waiver by any party hereto of any breach by another party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same time, any prior time or any subsequent time.

16. Notices. Any notice to be given hereunder shall be in writing and shall be deemed given when delivered personally, sent by courier or telecopy (including e-mail transmission) or registered or certified mail, postage prepaid, return receipt requested, addressed to the party concerned at the address indicated below or to such other address as such party may subsequently give notice of hereunder in writing:

To the Board Director at:	David Soffer 1910 Sommerfield Ave, Saskatoon, Saskatchewan, S7J 2E3 Canada
To the Company at:	Attention: Sushma Shivaswamy, Interim CEO XBiotech, Inc. 5217 Winnebago Ln Austin, TX 78744

Any Notice delivered personally or by courier under this Section 17 shall be deemed given on the date delivered and any notice sent by telecopy or registered or certified mail, postage paid, return receipt requested, shall be deemed given on the date telecopied or mailed.

17. Severability. If any provision of this Agreement or the application of any such provision to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances other than those to which it is so determined to be invalid and unenforceable, shall not be affected thereby, and each provision hereof shall be validated and shall be enforced to the fullest extent permitted by law.

18. Survivorship. The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

19. Governing Law and Jurisdiction. This Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflicts of the laws principles. Each of the parties to this Agreement agrees that the courts of the States of Delaware and New York shall have exclusive jurisdiction to hear and determine any claim, suit, action or proceeding, and to settle any disputes, which may arise out of or are in any way related to or in connection with this Agreement.

20. Headings. All descriptive headings of the sections and paragraphs in this Agreement are intended solely for convenience, and no provision of this Agreement is to be construed by reference to the heading of any section or paragraph

21. Taxes. The parties agree to cooperate in respect of tax withholding and reporting consequences of the arrangements described herein. The parties acknowledge that there is no U.S. federal tax withholding requirement applicable under current law to the compensation described herein. The Company agrees to facilitate, to the extent reasonably practical, the performance of the Board Director's services in a manner that minimizes the Board Director's U.S. tax obligations.

22. Counterparts. This agreement may be executed and delivered, including by facsimile transmission or by electronic transmission in Adobe portable document format (or a "PDF file"), in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

____
DAVID SOFFER

XBIOTECH INC.

By:____________________________
SUSHMA SHIVASWAMY
INTERIM CEO

EXHIBIT A

1. Definitions. As used in this Exhibit:

a. "Disinterested Director" with respect to any request by the Board Director for indemnification or advancement of expenses hereunder shall mean a director of the Company who neither is nor was a party to the Proceeding (as defined below) in respect of which indemnification or advancement is being sought by the Board Director.

b. The term "Expenses" shall mean any expense, liability or loss, including, without limitation, damages, judgments, fines, penalties, settlements (if, and only if, such settlement is approved in advance by the Company, which approval shall not be unreasonably withheld) and costs, attorneys' fees and disbursements and costs of attachment or similar bond, investigations, liabilities, losses, taxes, any expense paid or incurred in connection with investigating, defending, being a witness in, participating in (including on appeal), or preparing for any of the foregoing in, any Proceeding, and any taxes, interests, assessments or other charges imposed as a result of the actual or deemed receipt of any payment under this Exhibit.

c. The term "Independent Legal Counsel" shall mean any firm of attorneys that is reasonably selected by the Board, so long as such firm is not presently representing and has not in the preceding five (5) years represented the Company, the Company's subsidiaries or affiliates, the Board Director, any entity controlled by the Board Director, or any party adverse to the Company in any matter material to any such party (other than with respect to matters concerning the Board Director under this Exhibit, or of other Board Directors under similar indemnification Exhibits). Notwithstanding the foregoing, the term "Independent Legal Counsel" shall not include any person who, under applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Board Director in an action to determine the Board Director's right to indemnification or advancement of expenses under this Exhibit, the Company's Articles of Association (the "Articles"), applicable law or otherwise.

d. The term "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, hearing or any other proceeding (including, without limitation, an appeal therefrom), formal or informal, whether brought in the name of the Company or otherwise, whether of a civil, criminal, administrative or investigative nature, and whether by, in or involving a court or an administrative, other governmental or private entity or body (including, without limitation, an investigation by the Company or its Board), in which the Board Director was, is or will be involved as a party or otherwise, by reason of (i) the fact that the Board Director is or was a director (or a director appointee) of the Company, or is or was serving at the request of the Company as an agent of another enterprise, (ii) any actual or alleged act or omission or neglect or breach of duty, including, without limitation, any actual or alleged error or misstatement or misleading statement, which the Board Director commits or suffers while acting in any such capacity, or (iii) the Board Director attempting to establish or establishing a right to indemnification or advancement of expenses pursuant to this Exhibit, the Articles, applicable law or otherwise, in each case whether or not the Board Director is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Exhibit.

e. The phrase "serving at the request of the Company as an agent of another enterprise" or any similar terminology shall mean, unless the context otherwise requires, serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, limited liability company, trust, employee benefit or welfare plan or other enterprise, foreign or domestic. The phrase "serving at the request of the Company" shall include, without limitation, any service as a director or an executive officer of the Company which imposes duties on, or involves services by, such director or executive officer with respect to the Company or any of the Company's subsidiaries, affiliates, employee benefit or welfare plans, such plan's participants or beneficiaries or any other enterprise, foreign or domestic. In the event that the Board Director shall be a director, officer, employee or agent of another corporation, partnership, joint venture, limited liability company, trust, employee benefit or welfare plan or other enterprise, foreign or domestic, 50% or more of the ordinary shares, combined voting power or total equity interest of which is owned by the Company or any subsidiary or affiliate thereof, then it shall be presumed conclusively that the Board Director is so acting at the request of the Company.

2. Indemnification. Subject to Section 6 below, the Company hereby agrees to hold harmless and indemnify the Board Director to the fullest extent permitted by law. In furtherance of the foregoing indemnification and without limiting the generality thereof:

a. In General. The Company shall indemnify the Board Director if the Board Director is a party to or threatened to be made a party to or is otherwise involved in any Proceeding against all Expenses which are actually and reasonably incurred by the Board Director in connection with such a Proceeding, if the Board Director acted in good faith and in a manner the Board Director reasonably believed to be in, or not opposed to, the best interests of the Company.

b. Indemnification for Expenses of Witness. Notwithstanding any other provision of this Exhibit, to the extent that the Board Director has prepared to serve or has served as a witness or is made to respond to discovery requests in any Proceeding to which the Board Director is not a party, the Board Director shall be indemnified against all Expenses actually and reasonably incurred by the Board Director in connection therewith.

c. Partial Indemnification. If Board Director is entitled under any provision of this Exhibit to indemnification by the Company for some or a portion of Expenses incurred in connection with any Proceedings, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Board Director for the portion of such Expenses to which Board Director is entitled.

3. Contribution. If the indemnification provided in Section 2 above is unavailable to Board Director for any reason (other than those set forth in Section 6 below) in connection with a Proceeding in which the Company is jointly liable with Board Director (or would be if joined in such Proceeding), the Company, in lieu of indemnifying Board Director thereunder, shall contribute to the amount of Expenses which are actually and reasonably incurred and paid or payable by the Board Director in such proportion as is deemed fair and reasonable by the person or persons presiding over the Proceeding in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and the Board Director and/or (ii) the relative fault of the Company and such Board Director in connection with the transaction or events from which such Proceeding arose. The relative fault of the Company and the Board Director shall be determined by reference to, among other things, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such Expenses.

4. Advancement of Expenses. The Expenses incurred by the Board Director in any Proceeding shall be paid promptly by the Company in advance of the final disposition of the Proceeding at the written request of the Board Director to the fullest extent permitted by applicable law; provided, however, that the Board Director shall set forth in such request reasonable evidence that such Expenses have been incurred by the Board Director in connection with such Proceeding and hereby undertakes to repay any advances if it is ultimately determined as provided in subsection 5(b) of this Exhibit that the Board Director is not entitled to indemnification under this Exhibit, the Articles, applicable law or otherwise.

5. Indemnification Procedure; Determination of Right to Indemnification.

a. Promptly after receipt by the Board Director of notice of the commencement of any Proceeding, the Board Director shall, if a claim for indemnification in respect thereof is to be made against the Company under this Exhibit, notify the Company of the commencement thereof in a written request, including therein or therewith such documentation and information as is reasonably available to Board Director and is reasonably necessary to determine whether and to what extent Board Director is entitled to indemnification. The omission to so notify the Company will not relieve the Company from any liability which the Company may have to the Board Director under this Exhibit unless the Company shall have lost significant substantive or procedural rights with respect to the defense of any Proceeding as a result of such omission to so notify.

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b. The Board Director shall be conclusively presumed to be entitled to indemnification under this Exhibit unless a determination is made that the Board Director is not entitled to indemnification under this Exhibit, the Articles, applicable law or otherwise by (i) a majority vote of the Board of a quorum consisting of Disinterested Directors or (ii) if a quorum of the Board consisting of Disinterested Directors is not obtainable, by Independent Legal Counsel in a written opinion to the Board, a copy of which shall be delivered to the Board Director. The Board Director agrees that the delivery of such opinion to the Board Director does not constitute a waiver of any privilege or doctrine, including the attorney-client privilege and the work product doctrine, with respect to any other communication between the Independent Legal Counsel and its client or clients.

c. If (i) a determination is made that the Board Director is not entitled to indemnification under this Exhibit or (ii) a claim for indemnification or advancement of Expenses under this Exhibit is not paid by the Company within thirty (30) days after receipt by the Company of written notice thereof, the Board Director is entitled to an adjudication in any court of competent jurisdiction. Such judicial proceeding shall be made de novo. The burden of proving that indemnification or advances are not appropriate shall be on the Company. Neither the failure of the directors of the Company or Independent Legal Counsel to have made a determination prior to the commencement of such action that indemnification or advancement of Expenses is proper in the circumstances because the Board Director has met the applicable standard of conduct, if any, nor an actual determination by the directors of the Company or Independent Legal Counsel that the Board Director has not met the applicable standard of conduct shall be a defense to an action by the Board Director or create a presumption for the purpose of such an action that the Board Director has not met the applicable standard of conduct. The termination of any Proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself (i) create a presumption that the Board Director did not act in good faith and in a manner which he reasonably believed to be in the best interests of the Company and/or its shareholders, and, with respect to any criminal Proceeding, that the Board Director had reasonable cause to believe that his conduct was unlawful or (ii) otherwise adversely affect the rights of the Board Director to indemnification or advancement of Expenses under this Exhibit, except as may be provided herein.

d. If a court of competent jurisdiction shall determine that the Board Director is entitled to any indemnification or advancement of Expenses hereunder, the Company shall pay all Expenses actually and reasonably incurred by the Board Director in connection with such adjudication (including, but not limited to, any appellate proceedings).

e. With respect to any Proceeding for which indemnification or advancement of Expenses is requested, the Company will be entitled to participate therein at its own expense and, except as otherwise provided below, to the extent that it may wish, the Company may assume the defense thereof, with counsel reasonably satisfactory to the Board Director. After notice from the Company to the Board Director of its election to assume the defense of a Proceeding, the Company will not be liable to the Board Director under this Exhibit for any Expenses subsequently incurred by the Board Director in connection with the defense thereof, other than as provided below.

f. The Company shall not settle any Proceeding in any manner which would impose any penalty or limitation on the Board Director without the Board Director's written consent. The Board Director shall have the right to employ his own counsel in any Proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense of the Proceeding shall be at the expense of the Board Director, unless (i) the employment of counsel by the Board Director has been authorized by the Company, (ii) the Board Director shall have reasonably concluded that there may be a conflict of interest between the Company and the Board Director in the conduct of the defense of a Proceeding, or (iii) the Company shall not in fact have employed counsel to assume the defense of a proceeding, in each of which cases the fees and expenses of the Board Director's counsel shall be advanced by the Company. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or as to which the Board Director has reasonably concluded that there may be a conflict of interest between the Company and the Board Director.

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g. Board Director shall give the Company such information and cooperation as it may reasonably require and as shall be within Board Director's power. Subject to Section 3, the Company shall not be liable to indemnify the Board Director under this Exhibit with regard to any judicial action if the Company was not given a reasonable and timely opportunity, at its expense, to participate in the defense, conduct and/or settlement of such action.

6. Limitations on Indemnification. Notwithstanding any provision in this Exhibit, the Company shall not be obligated under this Exhibit to make any indemnity in connection with any claim made against the Board Director:

a. in connection with any Proceeding initiated or brought voluntarily by the Board Director and not by way of defense, unless (i) the Board authorized the Proceeding prior to its initiation or (ii) the Proceeding is to enforce indemnification rights under this Exhibit, the Articles, applicable law or otherwise and either (A) Board Director is successful in such Proceeding in establishing Board Director's right, in whole or in part, to indemnification or advancement of Expenses hereunder (in which case such indemnification or advancement shall be to the fullest extent permitted by this Exhibit) or (B) the court in such Proceeding shall determine that, despite Board Director's failure to establish his right to indemnification, Board Director is entitled to indemnity for such expenses (in which case such indemnification or advancement shall be to the extent provided by such court);

b. in connection with the Board Director preparing to serve or serving as a witness in voluntary cooperation with any non-governmental or non-regulatory party or entity who or which has threatened or commenced any action or proceeding against the Company, or any director, officer, employee, trustee, agent, representative, subsidiary, parent corporation or affiliate of the Company, but such indemnification may be provided by the Company if the Board finds it to be appropriate;

c. for which payment has actually been made to the Board Director under a valid and collectible insurance policy, except in respect of any excess beyond the amount of payment under such insurance policy;

d. for an accounting of profits made from the purchase or sale by the Board Director of securities of the Company pursuant to the provisions of Section 16(b) of the Act or similar provisions of any federal, state or local statute or regulation;

e. if a court of competent jurisdiction finally determines that such indemnification is unlawful;

f. subject to the proviso in Section 6(a) hereof, in connection with any dispute or breach arising under any contract or similar obligation between the Company or any of its subsidiaries or affiliates and such Board Director.

7. Insurance. To the extent the Company maintains a Directors & Officers liability insurance policy, the Board Director shall be covered to the fullest extent available for acts performed in the capacity of a director or while serving at the Company's request for another enterprise. Such insurance shall provide for the advancement of defense costs in accordance with the indemnification provisions herein and shall be complementary to, and shall not limit, the Board Director's rights to indemnification under this Agreement.

8. Continuation of Indemnification. All Exhibits and obligations of the Company contained herein shall continue during the period that the Board Director is a director of the Company (or is or was serving at the request of the Company as an agent of another enterprise, foreign or domestic) and shall continue thereafter so long as the Board Director shall be subject to any Proceeding by reason of the fact that the Board Director is or was a director of the Company or is or was serving in any other capacity referred to in this Section 8. This Exhibit shall continue in effect regardless of whether the Board Director continues to serve as a director of the Company or as an agent of another enterprise at the Company's request.

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9. Indemnification Hereunder Not Exclusive. The indemnification provided by this Exhibit shall not be deemed to be exclusive of any other rights to which the Board Director may be entitled under the Articles, Director Appointment Letter, any Exhibit, vote of shareholders or vote of Disinterested Directors, provisions of applicable law, or otherwise, both as to action or omission in the Board Director's official capacity and as to action or omission in another capacity on behalf of the Company while holding such office.

10. Exhibit To Serve. The Company acknowledges that it has entered into this Exhibit and assumes the obligations imposed on it hereby, in addition to and separate from its obligations to Board Director under the Articles, Director Appointment Letter or otherwise to induce Board Director to serve, or continue to serve, as a director of the Company, and the Company acknowledges that Board Director is relying upon this Exhibit in serving as a director of the Company.

11. Interpretation of Exhibit. It is understood that the parties hereto intend this Exhibit to be interpreted and enforced so as to provide indemnification to Board Director to the fullest extent now or hereafter permitted by law.

12. Subrogation. In the event of payment under this Exhibit, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Board Director, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights separate and distinct so that if any section, sentence, term or provision thereof shall be held to be invalid, unlawful or unenforceable for any reason, such invalidity, unlawfulness or unenforceability shall not affect the validity, lawfulness or enforceability of any other section, sentence, term or provision hereof.

13. Savings Clause. If this Exhibit or any section, sentence, term or provision hereof is invalidated on any ground by any court of competent jurisdiction, the Company shall nevertheless indemnify the Board Director as to any Expenses which are incurred with respect to any Proceeding to the fullest extent permitted by any (a) applicable section, sentence, term or provision of this Exhibit that has not been invalidated or (b) applicable law. To the extent required, any section, sentence, term or provision of this Exhibit may be modified by a court of competent jurisdiction to preserve its validity and to provide the Board Director with the broadest possible indemnification permitted under applicable law.

Exhibit 10.16

Board Member Agreement

This Agreement (this "Agreement"), dated as of the 29th day of _August_ 2025, is between, Tevi Troy, an individual having a residence at 11816 Kemp Mill Road, Silver Spring, Maryland, US, (the "Board Director"), and XBiotech Inc., a Canadian corporation with a place of business at 300-1055 West Hastings Street, Vancouver BC V6E 2E9 Canada (the "Company").

WHEREAS, the parties desire to enter into this Agreement setting forth the terms and conditions of the Board Director with the Company;

NOW, THEREFORE, the parties agree as follows:

1. Effective Date. This Agreement shall be effective as of the date (the "Effective Date") upon which the Board Director becomes a duly elected or appointed member of the Board of Directors of the Company (the "Board").

2. Term. This Agreement shall commence on the Effective Date and shall remain in effect until such time as the Board Director resigns, is removed, dies or otherwise ceases to be a member of the Board (the "Term").

3. Position. During the Term, the Board Director shall act as a member of the Board (a "Board Member") to the Company.

4. Duties and Reporting Relationship. During the Term, the Board Director shall be generally available for mutually agreed times during business hours. The Board Director agrees that he shall represent the Company as a Board Member. Such representations may be made by the Company in SEC filings, during Presentations, Business Plans, on the Company Website, or any other place deemed fit by the Company. The Company may request that you participate in discussions, as suitable to your schedule and availability, with third parties from time to time. The Board Director may be asked to serve as a member and/or as chair of one or more committees of the Board.

5. Compensation: Subject to Board of Directors or Compensation Committee approval during each year of service, Board Director shall receive an annual cash retainer of $70,000, with additional annual retainers of $30,000 for service as a Committee Chair and $20,000 for service as a Committee Member. The Board Director shall serve as Chair of Audit Committee and shall receive a total annual retainer of $100,000, prorated based on the Board Director's period of service during the fiscal year and subject to adjustment from time to time by the Compensation Committee. In addition, Board Director will be granted non-qualified stock options under the Company's 2025 Equity Incentive Plan (the "Plan") to purchase 56,000 shares of the Company's common stock, representing a prorated portion of the annual grant for the year 2025. During Board Director's service as a Board Member in years following 2025, subject to Board of Directors or Compensation Committee approval during each year of service, the Board Director will be granted 40,000 options annually, with additional 16,000 for service as a Committee Chair and 11,000 for service as a Committee Member on or about the date of the Company's annual stockholders meeting. All granted options will be exercisable at a price equal to the closing price of the Company's common stock, as reported by NASDAQ, on the date of grant, and vest in 12 months following the date of grant, subject to continued service as a Board Member (the "Options"). The Options shall expire ten years from the date of grant, unless terminated earlier in accordance with the Plan or the Board Director's stock option agreement. In accordance with the Plan, the Options will remain exercisable for 90 days after the date of the Board Director's termination without cause or resignation. The Board Director's compensation for service as a Committee Chair, Committee Member, or Board Director (collectively, "Board Service"), including but not limited to time spent preparing for or attending Board or Committee meetings, shall be limited to the annual retainer payments and equity grants set forth in the prior sentences of Paragraph 5. Notwithstanding the foregoing, nothing herein shall limit the Board of Directors or Compensation Committee from approving additional compensation for Board Director if the Board of Directors or Compensation Committee determines that such additional compensation is warranted.

6. Business Expense. The Board Director shall be reimbursed for all ordinary and necessary business expenses incurred by the Board Director in connection with his agreement upon timely submission to the Company of receipts and other documentation as required by the Internal Revenue Code of 1986, as amended, and in conformance with the Company's normal expense reimbursement policies and procedures. Board Director shall be entitled to reimbursement at first class commercial airline rate for transcontinental travel.

7. Indemnification and Insurance. Exhibit A hereto, which is hereby incorporated herein as if set forth herein, sets forth certain agreements of the parties hereto in respect of indemnification and insurance.

8. Termination of the Agreement. The Board Director or the Company may terminate this agreement at any time for any reason. The Agreement hereunder shall automatically terminate upon the death of the Board Director. Any purported termination of the Board Director's agreement by the Company or by the Board Director shall be communicated by written notice of termination to the other party hereto.

9. Insider Trading Compliance. The Board Director acknowledges receipt of, and has reviewed, the Company's Insider Trading Policy, and covenants to comply fully with the terms thereof. The Board Director shall not, directly or indirectly, purchase, sell, or otherwise trade in any securities of the Company while in possession of material nonpublic information, during any trading blackout period, or in contravention of any pre-clearance or other procedures established under such Policy. Any trades executed pursuant to a Rule 10b5-1 trading plan shall be in strict accordance with the requirements of the Policy. The Board Director shall consult with the Company's Compliance Officer with respect to any questions concerning material nonpublic information, pre-clearance, or the permissibility of any proposed transaction, and shall promptly report any known or suspected violations of the Policy or applicable securities laws.

10. Representation and Warranties.

    a. The Company represents and warrants that this Agreement has been authorized by the Company and is a valid and binding agreement of the Company enforceable against it in accordance with its terms.

    b. The Board Director represents and warrants that he is not a party to any agreement or instrument which would prevent him from entering into or performing his duties under this Agreement.

11. Confidentiality. The Board Director agrees to be subject to the Company's reasonable policies concerning Confidentiality and Non-Disclosure as in effect from time to time. The Company agrees that nothing herein or therein shall prevent the Board Director from rendering services in any capacity to any other person or business from time to time, subject to the compliance with any confidentiality and non-disclosure obligations, to the Board Director's obligations as a fiduciary of the Company and to applicable law.

12. Fiduciary Duties. The Board Director acknowledges and agrees that, in serving as a Board Member, the Board Director owes fiduciary duties of loyalty and care to the Company and its stockholders under applicable law. The Board Director shall discharge such duties in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner that the Board Director reasonably believes to be in the best interests of the Company and its stockholders. The Board Director shall avoid self-dealing, conflicts of interest, or other actions that would violate such fiduciary duties and shall promptly disclose to the Board any actual or potential conflicts of interest of which the Board Director becomes aware.

13. Successors; Binding Agreement.

    a. This Agreement shall not be assignable by the Board Director.

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b. This Agreement is a personal contract and the rights and interests of the Board Director hereunder may not be sold, transferred, assigned, pledged, encumbered, or hypothecated by him, except as otherwise expressly permitted by the provisions of this Agreement. This Agreement shall inure to the benefit of and be enforceable by the Board Director and his personal or legal representatives, executors, administrators, successors, heirs, distributes, devisees and legatees. If the Board Director should die while any amount would still be payable to him hereunder had the Board Director continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to his devisee, legatee or other designee or, if there is no such designee, to his estate.

c. The obligations of the Company hereunder may not be assigned by the Company without the prior written consent of the Board Director. This Agreement shall be binding upon and be enforceable against the Company's successors (including any direct or indirect successor by purchase, merger, consolidation, or otherwise to all or substantially all of the business and/or assets of the Company) and assigns and against the Board Director's personal and legal representatives.

14. Entire Agreement. This Agreement contains all the understandings between the parties hereto pertaining to the matters referred to herein, and on the Effective Date shall supersede all undertakings and agreements, whether oral or in writing, previously entered into by them with respect hereto. The Board Director represents that, in executing this Agreement, he does not rely and has not relied upon any representation or statement not set forth herein made by the Company with regard to the subject matter, bases or effect of this Agreement or otherwise.

15. Amendment or Modification; Waiver. No provision of this Agreement may be amended or waived unless such amendment or waiver is agreed to in writing, signed by the Board and by a duly authorized officer of the Company. No waiver by any party hereto of any breach by another party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same time, any prior time or any subsequent time.

16. Notices. Any notice to be given hereunder shall be in writing and shall be deemed given when delivered personally, sent by courier or telecopy (including e-mail transmission) or registered or certified mail, postage prepaid, return receipt requested, addressed to the party concerned at the address indicated below or to such other address as such party may subsequently give notice of hereunder in writing:

To the Board Director at:	Tevi Troy 11816 Kemp Mill Road, Silver Spring, Maryland, 20902
To the Company at:	Attention: Sushma Shivaswamy, Interim CEO XBiotech, Inc. 5217 Winnebago Ln Austin, TX 78744

Any Notice delivered personally or by courier under this Section 17 shall be deemed given on the date delivered and any notice sent by telecopy or registered or certified mail, postage paid, return receipt requested, shall be deemed given on the date telecopied or mailed.

17. Severability. If any provision of this Agreement or the application of any such provision to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances other than those to which it is so determined to be invalid and unenforceable, shall not be affected thereby, and each provision hereof shall be validated and shall be enforced to the fullest extent permitted by law.

18. Survivorship. The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

19. Governing Law and Jurisdiction. This Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflicts of the laws principles. Each of the parties to this Agreement agrees that the courts of the States of Delaware and New York shall have exclusive jurisdiction to hear and determine any claim, suit, action or proceeding, and to settle any disputes, which may arise out of or are in any way related to or in connection with this Agreement.

20. Headings. All descriptive headings of the sections and paragraphs in this Agreement are intended solely for convenience, and no provision of this Agreement is to be construed by reference to the heading of any section or paragraph

21. Taxes. The parties agree to cooperate in respect of tax withholding and reporting consequences of the arrangements described herein. The parties acknowledge that there is no U.S. federal tax withholding requirement applicable under current law to the compensation described herein. The Company agrees to facilitate, to the extent reasonably practical, the performance of the Board Director's services in a manner that minimizes the Board Director's U.S. tax obligations.

22. Counterparts. This agreement may be executed and delivered, including by facsimile transmission or by electronic transmission in Adobe portable document format (or a "PDF file"), in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

____
TEVI TROY

XBIOTECH INC.

By:___________________________
SUSHMA SHIVASWAMY
INTERIM CEO

EXHIBIT A

1. Definitions. As used in this Exhibit:

a. "Disinterested Director" with respect to any request by the Board Director for indemnification or advancement of expenses hereunder shall mean a director of the Company who neither is nor was a party to the Proceeding (as defined below) in respect of which indemnification or advancement is being sought by the Board Director.

b. The term "Expenses" shall mean any expense, liability or loss, including, without limitation, damages, judgments, fines, penalties, settlements (if, and only if, such settlement is approved in advance by the Company, which approval shall not be unreasonably withheld) and costs, attorneys' fees and disbursements and costs of attachment or similar bond, investigations, liabilities, losses, taxes, any expense paid or incurred in connection with investigating, defending, being a witness in, participating in (including on appeal), or preparing for any of the foregoing in, any Proceeding, and any taxes, interests, assessments or other charges imposed as a result of the actual or deemed receipt of any payment under this Exhibit.

c. The term "Independent Legal Counsel" shall mean any firm of attorneys that is reasonably selected by the Board, so long as such firm is not presently representing and has not in the preceding five (5) years represented the Company, the Company's subsidiaries or affiliates, the Board Director, any entity controlled by the Board Director, or any party adverse to the Company in any matter material to any such party (other than with respect to matters concerning the Board Director under this Exhibit, or of other Board Directors under similar indemnification Exhibits). Notwithstanding the foregoing, the term "Independent Legal Counsel" shall not include any person who, under applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Board Director in an action to determine the Board Director's right to indemnification or advancement of expenses under this Exhibit, the Company's Articles of Association (the "Articles"), applicable law or otherwise.

d. The term "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, hearing or any other proceeding (including, without limitation, an appeal therefrom), formal or informal, whether brought in the name of the Company or otherwise, whether of a civil, criminal, administrative or investigative nature, and whether by, in or involving a court or an administrative, other governmental or private entity or body (including, without limitation, an investigation by the Company or its Board), in which the Board Director was, is or will be involved as a party or otherwise, by reason of (i) the fact that the Board Director is or was a director (or a director appointee) of the Company, or is or was serving at the request of the Company as an agent of another enterprise, (ii) any actual or alleged act or omission or neglect or breach of duty, including, without limitation, any actual or alleged error or misstatement or misleading statement, which the Board Director commits or suffers while acting in any such capacity, or (iii) the Board Director attempting to establish or establishing a right to indemnification or advancement of expenses pursuant to this Exhibit, the Articles, applicable law or otherwise, in each case whether or not the Board Director is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Exhibit.

e. The phrase "serving at the request of the Company as an agent of another enterprise" or any similar terminology shall mean, unless the context otherwise requires, serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, limited liability company, trust, employee benefit or welfare plan or other enterprise, foreign or domestic. The phrase "serving at the request of the Company" shall include, without limitation, any service as a director or an executive officer of the Company which imposes duties on, or involves services by, such director or executive officer with respect to the Company or any of the Company's subsidiaries, affiliates, employee benefit or welfare plans, such plan's participants or beneficiaries or any other enterprise, foreign or domestic. In the event that the Board Director shall be a director, officer, employee or agent of another corporation, partnership, joint venture, limited liability company, trust, employee benefit or welfare plan or other enterprise, foreign or domestic, 50% or more of the ordinary shares, combined voting power or total equity interest of which is owned by the Company or any subsidiary or affiliate thereof, then it shall be presumed conclusively that the Board Director is so acting at the request of the Company.

2. Indemnification. Subject to Section 6 below, the Company hereby agrees to hold harmless and indemnify the Board Director to the fullest extent permitted by law. In furtherance of the foregoing indemnification and without limiting the generality thereof:

a. In General. The Company shall indemnify the Board Director if the Board Director is a party to or threatened to be made a party to or is otherwise involved in any Proceeding against all Expenses which are actually and reasonably incurred by the Board Director in connection with such a Proceeding, if the Board Director acted in good faith and in a manner the Board Director reasonably believed to be in, or not opposed to, the best interests of the Company.

b. Indemnification for Expenses of Witness. Notwithstanding any other provision of this Exhibit, to the extent that the Board Director has prepared to serve or has served as a witness or is made to respond to discovery requests in any Proceeding to which the Board Director is not a party, the Board Director shall be indemnified against all Expenses actually and reasonably incurred by the Board Director in connection therewith.

c. Partial Indemnification. If Board Director is entitled under any provision of this Exhibit to indemnification by the Company for some or a portion of Expenses incurred in connection with any Proceedings, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Board Director for the portion of such Expenses to which Board Director is entitled.

3. Contribution. If the indemnification provided in Section 2 above is unavailable to Board Director for any reason (other than those set forth in Section 6 below) in connection with a Proceeding in which the Company is jointly liable with Board Director (or would be if joined in such Proceeding), the Company, in lieu of indemnifying Board Director thereunder, shall contribute to the amount of Expenses which are actually and reasonably incurred and paid or payable by the Board Director in such proportion as is deemed fair and reasonable by the person or persons presiding over the Proceeding in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and the Board Director and/or (ii) the relative fault of the Company and such Board Director in connection with the transaction or events from which such Proceeding arose. The relative fault of the Company and the Board Director shall be determined by reference to, among other things, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such Expenses.

4. Advancement of Expenses. The Expenses incurred by the Board Director in any Proceeding shall be paid promptly by the Company in advance of the final disposition of the Proceeding at the written request of the Board Director to the fullest extent permitted by applicable law; provided, however, that the Board Director shall set forth in such request reasonable evidence that such Expenses have been incurred by the Board Director in connection with such Proceeding and hereby undertakes to repay any advances if it is ultimately determined as provided in subsection 5(b) of this Exhibit that the Board Director is not entitled to indemnification under this Exhibit, the Articles, applicable law or otherwise.

5. Indemnification Procedure; Determination of Right to Indemnification.

a. Promptly after receipt by the Board Director of notice of the commencement of any Proceeding, the Board Director shall, if a claim for indemnification in respect thereof is to be made against the Company under this Exhibit, notify the Company of the commencement thereof in a written request, including therein or therewith such documentation and information as is reasonably available to Board Director and is reasonably necessary to determine whether and to what extent Board Director is entitled to indemnification. The omission to so notify the Company will not relieve the Company from any liability which the Company may have to the Board Director under this Exhibit unless the Company shall have lost significant substantive or procedural rights with respect to the defense of any Proceeding as a result of such omission to so notify.

b. The Board Director shall be conclusively presumed to be entitled to indemnification under this Exhibit unless a determination is made that the Board Director is not entitled to indemnification under this Exhibit, the Articles, applicable law or otherwise by (i) a majority vote of the Board of a quorum consisting of Disinterested Directors or (ii) if a quorum of the Board consisting of Disinterested Directors is not obtainable, by Independent Legal Counsel in a written opinion to the Board, a copy of which shall be delivered to the Board Director. The Board Director agrees that the delivery of such opinion to the Board Director does not constitute a waiver of any privilege or doctrine, including the attorney-client privilege and the work product doctrine, with respect to any other communication between the Independent Legal Counsel and its client or clients.

c. If (i) a determination is made that the Board Director is not entitled to indemnification under this Exhibit or (ii) a claim for indemnification or advancement of Expenses under this Exhibit is not paid by the Company within thirty (30) days after receipt by the Company of written notice thereof, the Board Director is entitled to an adjudication in any court of competent jurisdiction. Such judicial proceeding shall be made de novo. The burden of proving that indemnification or advances are not appropriate shall be on the Company. Neither the failure of the directors of the Company or Independent Legal Counsel to have made a determination prior to the commencement of such action that indemnification or advancement of Expenses is proper in the circumstances because the Board Director has met the applicable standard of conduct, if any, nor an actual determination by the directors of the Company or Independent Legal Counsel that the Board Director has not met the applicable standard of conduct shall be a defense to an action by the Board Director or create a presumption for the purpose of such an action that the Board Director has not met the applicable standard of conduct. The termination of any Proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself (i) create a presumption that the Board Director did not act in good faith and in a manner which he reasonably believed to be in the best interests of the Company and/or its shareholders, and, with respect to any criminal Proceeding, that the Board Director had reasonable cause to believe that his conduct was unlawful or (ii) otherwise adversely affect the rights of the Board Director to indemnification or advancement of Expenses under this Exhibit, except as may be provided herein.

d. If a court of competent jurisdiction shall determine that the Board Director is entitled to any indemnification or advancement of Expenses hereunder, the Company shall pay all Expenses actually and reasonably incurred by the Board Director in connection with such adjudication (including, but not limited to, any appellate proceedings).

e. With respect to any Proceeding for which indemnification or advancement of Expenses is requested, the Company will be entitled to participate therein at its own expense and, except as otherwise provided below, to the extent that it may wish, the Company may assume the defense thereof, with counsel reasonably satisfactory to the Board Director. After notice from the Company to the Board Director of its election to assume the defense of a Proceeding, the Company will not be liable to the Board Director under this Exhibit for any Expenses subsequently incurred by the Board Director in connection with the defense thereof, other than as provided below.

f. The Company shall not settle any Proceeding in any manner which would impose any penalty or limitation on the Board Director without the Board Director's written consent. The Board Director shall have the right to employ his own counsel in any Proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense of the Proceeding shall be at the expense of the Board Director, unless (i) the employment of counsel by the Board Director has been authorized by the Company, (ii) the Board Director shall have reasonably concluded that there may be a conflict of interest between the Company and the Board Director in the conduct of the defense of a Proceeding, or (iii) the Company shall not in fact have employed counsel to assume the defense of a proceeding, in each of which cases the fees and expenses of the Board Director's counsel shall be advanced by the Company. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or as to which the Board Director has reasonably concluded that there may be a conflict of interest between the Company and the Board Director.

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g. Board Director shall give the Company such information and cooperation as it may reasonably require and as shall be within Board Director's power. Subject to Section 3, the Company shall not be liable to indemnify the Board Director under this Exhibit with regard to any judicial action if the Company was not given a reasonable and timely opportunity, at its expense, to participate in the defense, conduct and/or settlement of such action.

6. Limitations on Indemnification. Notwithstanding any provision in this Exhibit, the Company shall not be obligated under this Exhibit to make any indemnity in connection with any claim made against the Board Director:

a. in connection with any Proceeding initiated or brought voluntarily by the Board Director and not by way of defense, unless (i) the Board authorized the Proceeding prior to its initiation or (ii) the Proceeding is to enforce indemnification rights under this Exhibit, the Articles, applicable law or otherwise and either (A) Board Director is successful in such Proceeding in establishing Board Director's right, in whole or in part, to indemnification or advancement of Expenses hereunder (in which case such indemnification or advancement shall be to the fullest extent permitted by this Exhibit) or (B) the court in such Proceeding shall determine that, despite Board Director's failure to establish his right to indemnification, Board Director is entitled to indemnity for such expenses (in which case such indemnification or advancement shall be to the extent provided by such court);

b. in connection with the Board Director preparing to serve or serving as a witness in voluntary cooperation with any non-governmental or non-regulatory party or entity who or which has threatened or commenced any action or proceeding against the Company, or any director, officer, employee, trustee, agent, representative, subsidiary, parent corporation or affiliate of the Company, but such indemnification may be provided by the Company if the Board finds it to be appropriate;

c. for which payment has actually been made to the Board Director under a valid and collectible insurance policy, except in respect of any excess beyond the amount of payment under such insurance policy;

d. for an accounting of profits made from the purchase or sale by the Board Director of securities of the Company pursuant to the provisions of Section 16(b) of the Act or similar provisions of any federal, state or local statute or regulation;

e. if a court of competent jurisdiction finally determines that such indemnification is unlawful;

f. subject to the proviso in Section 6(a) hereof, in connection with any dispute or breach arising under any contract or similar obligation between the Company or any of its subsidiaries or affiliates and such Board Director.

7. Insurance. To the extent the Company maintains a Directors & Officers liability insurance policy, the Board Director shall be covered to the fullest extent available for acts performed in the capacity of a director or while serving at the Company's request for another enterprise. Such insurance shall provide for the advancement of defense costs in accordance with the indemnification provisions herein and shall be complementary to, and shall not limit, the Board Director's rights to indemnification under this Agreement.

8. Continuation of Indemnification. All Exhibits and obligations of the Company contained herein shall continue during the period that the Board Director is a director of the Company (or is or was serving at the request of the Company as an agent of another enterprise, foreign or domestic) and shall continue thereafter so long as the Board Director shall be subject to any Proceeding by reason of the fact that the Board Director is or was a director of the Company or is or was serving in any other capacity referred to in this Section 8. This Exhibit shall continue in effect regardless of whether the Board Director continues to serve as a director of the Company or as an agent of another enterprise at the Company's request.

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9. Indemnification Hereunder Not Exclusive. The indemnification provided by this Exhibit shall not be deemed to be exclusive of any other rights to which the Board Director may be entitled under the Articles, Director Appointment Letter, any Exhibit, vote of shareholders or vote of Disinterested Directors, provisions of applicable law, or otherwise, both as to action or omission in the Board Director's official capacity and as to action or omission in another capacity on behalf of the Company while holding such office.

10. Exhibit To Serve. The Company acknowledges that it has entered into this Exhibit and assumes the obligations imposed on it hereby, in addition to and separate from its obligations to Board Director under the Articles, Director Appointment Letter or otherwise to induce Board Director to serve, or continue to serve, as a director of the Company, and the Company acknowledges that Board Director is relying upon this Exhibit in serving as a director of the Company.

11. Interpretation of Exhibit. It is understood that the parties hereto intend this Exhibit to be interpreted and enforced so as to provide indemnification to Board Director to the fullest extent now or hereafter permitted by law.

12. Subrogation. In the event of payment under this Exhibit, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Board Director, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights separate and distinct so that if any section, sentence, term or provision thereof shall be held to be invalid, unlawful or unenforceable for any reason, such invalidity, unlawfulness or unenforceability shall not affect the validity, lawfulness or enforceability of any other section, sentence, term or provision hereof.

13. Savings Clause. If this Exhibit or any section, sentence, term or provision hereof is invalidated on any ground by any court of competent jurisdiction, the Company shall nevertheless indemnify the Board Director as to any Expenses which are incurred with respect to any Proceeding to the fullest extent permitted by any (a) applicable section, sentence, term or provision of this Exhibit that has not been invalidated or (b) applicable law. To the extent required, any section, sentence, term or provision of this Exhibit may be modified by a court of competent jurisdiction to preserve its validity and to provide the Board Director with the broadest possible indemnification permitted under applicable law.

Exhibit 10.17

Board Member Agreement

This Agreement (this "Agreement"), dated as of the 29th day of _August_ 2025, is between, Thomas Kündig, an individual having a residence at Alpenstrasse 23, 8803 Rüschlikon, Kanton of Zürich, Switzerland, (the "Board Director"), and XBiotech Inc., a Canadian corporation with a place of business at 300-1055 West Hastings Street, Vancouver BC V6E 2E9 Canada (the "Company").

WHEREAS, the parties desire to enter into this Agreement setting forth the terms and conditions of the Board Director with the Company;

NOW, THEREFORE, the parties agree as follows:

1. Effective Date. This Agreement shall be effective as of the date (the "Effective Date") upon which the Board Director becomes a duly elected or appointed member of the Board of Directors of the Company (the "Board").

2. Term. This Agreement shall commence on the Effective Date and shall remain in effect until such time as the Board Director resigns, is removed, dies or otherwise ceases to be a member of the Board (the "Term").

3. Position. During the Term, the Board Director shall act as a member of the Board (a "Board Member") to the Company.

4. Duties and Reporting Relationship. During the Term, the Board Director shall be generally available for mutually agreed times during business hours. The Board Director agrees that he shall represent the Company as a Board Member. Such representations may be made by the Company in SEC filings, during Presentations, Business Plans, on the Company Website, or any other place deemed fit by the Company. The Company may request that you participate in discussions, as suitable to your schedule and availability, with third parties from time to time. The Board Director may be asked to serve as a member and/or as chair of one or more committees of the Board.

5. Compensation: Subject to Board of Directors or Compensation Committee approval during each year of service, Board Director shall receive an annual cash retainer of $70,000, with additional annual retainers of $30,000 for service as a Committee Chair and $20,000 for service as a Committee Member. The Board Director shall serve as Chair of Compensation Committee and as Member of Nominating & Governance Committee and shall receive a total annual retainer of $120,000, prorated based on the Board Director's period of service during the fiscal year and subject to adjustment from time to time by the Compensation Committee. In addition, Board Director will be granted non-qualified stock options under the Company's 2025 Equity Incentive Plan (the "Plan") to purchase 79,115 shares of the Company's common stock, representing a prorated portion of the annual grant for the year 2025. During Board Director's service as a Board Member in years following 2025, subject to Board of Directors or Compensation Committee approval during each year of service, the Board Director will be granted 40,000 options annually, with additional 16,000 for service as a Committee Chair and 11,000 for service as a Committee Member on or about the date of the Company's annual stockholders meeting. All granted options will be exercisable at a price equal to the closing price of the Company's common stock, as reported by NASDAQ, on the date of grant, and vest in 12 months following the date of grant, subject to continued service as a Board Member (the "Options"). The Options shall expire ten years from the date of grant, unless terminated earlier in accordance with the Plan or the Board Director's stock option agreement. In accordance with the Plan, the Options will remain exercisable for 90 days after the date of the Board Director's termination without cause or resignation. The Board Director's compensation for service as a Committee Chair, Committee Member, or Board Director (collectively, "Board Service"), including but not limited to time spent preparing for or attending Board or Committee meetings, shall be limited to the annual retainer payments and equity grants set forth in the prior sentences of Paragraph 5. Notwithstanding the foregoing, nothing herein shall limit the Board of Directors or Compensation Committee from approving additional compensation for Board Director if the Board of Directors or Compensation Committee determines that such additional compensation is warranted.

6. Business Expense. The Board Director shall be reimbursed for all ordinary and necessary business expenses incurred by the Board Director in connection with his agreement upon timely submission to the Company of receipts and other documentation as required by the Internal Revenue Code of 1986, as amended, and in conformance with the Company's normal expense reimbursement policies and procedures. Board Director shall be entitled to reimbursement at first class commercial airline rate for transcontinental travel.

7. Indemnification and Insurance. Exhibit A hereto, which is hereby incorporated herein as if set forth herein, sets forth certain agreements of the parties hereto in respect of indemnification and insurance.

8. Termination of the Agreement. The Board Director or the Company may terminate this agreement at any time for any reason. The Agreement hereunder shall automatically terminate upon the death of the Board Director. Any purported termination of the Board Director's agreement by the Company or by the Board Director shall be communicated by written notice of termination to the other party hereto.

9. Insider Trading Compliance. The Board Director acknowledges receipt of, and has reviewed, the Company's Insider Trading Policy, and covenants to comply fully with the terms thereof. The Board Director shall not, directly or indirectly, purchase, sell, or otherwise trade in any securities of the Company while in possession of material nonpublic information, during any trading blackout period, or in contravention of any pre-clearance or other procedures established under such Policy. Any trades executed pursuant to a Rule 10b5-1 trading plan shall be in strict accordance with the requirements of the Policy. The Board Director shall consult with the Company's Compliance Officer with respect to any questions concerning material nonpublic information, pre-clearance, or the permissibility of any proposed transaction, and shall promptly report any known or suspected violations of the Policy or applicable securities laws.

10. Representation and Warranties.

    a. The Company represents and warrants that this Agreement has been authorized by the Company and is a valid and binding agreement of the Company enforceable against it in accordance with its terms.

    b. The Board Director represents and warrants that he is not a party to any agreement or instrument which would prevent him from entering into or performing his duties under this Agreement.

11. Confidentiality. The Board Director agrees to be subject to the Company's reasonable policies concerning Confidentiality and Non-Disclosure as in effect from time to time. The Company agrees that nothing herein or therein shall prevent the Board Director from rendering services in any capacity to any other person or business from time to time, subject to the compliance with any confidentiality and non-disclosure obligations, to the Board Director's obligations as a fiduciary of the Company and to applicable law.

12. Fiduciary Duties. The Board Director acknowledges and agrees that, in serving as a Board Member, the Board Director owes fiduciary duties of loyalty and care to the Company and its stockholders under applicable law. The Board Director shall discharge such duties in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner that the Board Director reasonably believes to be in the best interests of the Company and its stockholders. The Board Director shall avoid self-dealing, conflicts of interest, or other actions that would violate such fiduciary duties and shall promptly disclose to the Board any actual or potential conflicts of interest of which the Board Director becomes aware.

13. Successors; Binding Agreement.

    a. This Agreement shall not be assignable by the Board Director.

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b. This Agreement is a personal contract and the rights and interests of the Board Director hereunder may not be sold, transferred, assigned, pledged, encumbered, or hypothecated by him, except as otherwise expressly permitted by the provisions of this Agreement. This Agreement shall inure to the benefit of and be enforceable by the Board Director and his personal or legal representatives, executors, administrators, successors, heirs, distributes, devisees and legatees. If the Board Director should die while any amount would still be payable to him hereunder had the Board Director continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to his devisee, legatee or other designee or, if there is no such designee, to his estate.

c. The obligations of the Company hereunder may not be assigned by the Company without the prior written consent of the Board Director. This Agreement shall be binding upon and be enforceable against the Company's successors (including any direct or indirect successor by purchase, merger, consolidation, or otherwise to all or substantially all of the business and/or assets of the Company) and assigns and against the Board Director's personal and legal representatives.

14. Entire Agreement. This Agreement contains all the understandings between the parties hereto pertaining to the matters referred to herein, and on the Effective Date shall supersede all undertakings and agreements, whether oral or in writing, previously entered into by them with respect hereto. The Board Director represents that, in executing this Agreement, he does not rely and has not relied upon any representation or statement not set forth herein made by the Company with regard to the subject matter, bases or effect of this Agreement or otherwise.

15. Amendment or Modification; Waiver. No provision of this Agreement may be amended or waived unless such amendment or waiver is agreed to in writing, signed by the Board and by a duly authorized officer of the Company. No waiver by any party hereto of any breach by another party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same time, any prior time or any subsequent time.

16. Notices. Any notice to be given hereunder shall be in writing and shall be deemed given when delivered personally, sent by courier or telecopy (including e-mail transmission) or registered or certified mail, postage prepaid, return receipt requested, addressed to the party concerned at the address indicated below or to such other address as such party may subsequently give notice of hereunder in writing:

To the Board Director at:	Thomas Kündig Alpenstrasse 23, 8803 Rüschlikon, Kanton of Zürich, Switzerland
To the Company at:	Attention: Sushma Shivaswamy, Interim CEO XBiotech, Inc. 5217 Winnebago Ln Austin, TX 78744

Any Notice delivered personally or by courier under this Section 17 shall be deemed given on the date delivered and any notice sent by telecopy or registered or certified mail, postage paid, return receipt requested, shall be deemed given on the date telecopied or mailed.

17. Severability. If any provision of this Agreement or the application of any such provision to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances other than those to which it is so determined to be invalid and unenforceable, shall not be affected thereby, and each provision hereof shall be validated and shall be enforced to the fullest extent permitted by law.

18. Survivorship. The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

19. Governing Law and Jurisdiction. This Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflicts of the laws principles. Each of the parties to this Agreement agrees that the courts of the States of Delaware and New York shall have exclusive jurisdiction to hear and determine any claim, suit, action or proceeding, and to settle any disputes, which may arise out of or are in any way related to or in connection with this Agreement.

20. Headings. All descriptive headings of the sections and paragraphs in this Agreement are intended solely for convenience, and no provision of this Agreement is to be construed by reference to the heading of any section or paragraph

21. Taxes. The parties agree to cooperate in respect of tax withholding and reporting consequences of the arrangements described herein. The parties acknowledge that there is no U.S. federal tax withholding requirement applicable under current law to the compensation described herein. The Company agrees to facilitate, to the extent reasonably practical, the performance of the Board Director's services in a manner that minimizes the Board Director's U.S. tax obligations.

22. Counterparts. This agreement may be executed and delivered, including by facsimile transmission or by electronic transmission in Adobe portable document format (or a "PDF file"), in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

____
THOMAS KUENDIG

XBIOTECH INC.

By:__________________________
SUSHMA SHIVASWAMY
Interim CEO

EXHIBIT A

1. Definitions. As used in this Exhibit:

a. "Disinterested Director" with respect to any request by the Board Director for indemnification or advancement of expenses hereunder shall mean a director of the Company who neither is nor was a party to the Proceeding (as defined below) in respect of which indemnification or advancement is being sought by the Board Director.

b. The term "Expenses" shall mean any expense, liability or loss, including, without limitation, damages, judgments, fines, penalties, settlements (if, and only if, such settlement is approved in advance by the Company, which approval shall not be unreasonably withheld) and costs, attorneys' fees and disbursements and costs of attachment or similar bond, investigations, liabilities, losses, taxes, any expense paid or incurred in connection with investigating, defending, being a witness in, participating in (including on appeal), or preparing for any of the foregoing in, any Proceeding, and any taxes, interests, assessments or other charges imposed as a result of the actual or deemed receipt of any payment under this Exhibit.

c. The term "Independent Legal Counsel" shall mean any firm of attorneys that is reasonably selected by the Board, so long as such firm is not presently representing and has not in the preceding five (5) years represented the Company, the Company's subsidiaries or affiliates, the Board Director, any entity controlled by the Board Director, or any party adverse to the Company in any matter material to any such party (other than with respect to matters concerning the Board Director under this Exhibit, or of other Board Directors under similar indemnification Exhibits). Notwithstanding the foregoing, the term "Independent Legal Counsel" shall not include any person who, under applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Board Director in an action to determine the Board Director's right to indemnification or advancement of expenses under this Exhibit, the Company's Articles of Association (the "Articles"), applicable law or otherwise.

d. The term "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, hearing or any other proceeding (including, without limitation, an appeal therefrom), formal or informal, whether brought in the name of the Company or otherwise, whether of a civil, criminal, administrative or investigative nature, and whether by, in or involving a court or an administrative, other governmental or private entity or body (including, without limitation, an investigation by the Company or its Board), in which the Board Director was, is or will be involved as a party or otherwise, by reason of (i) the fact that the Board Director is or was a director (or a director appointee) of the Company, or is or was serving at the request of the Company as an agent of another enterprise, (ii) any actual or alleged act or omission or neglect or breach of duty, including, without limitation, any actual or alleged error or misstatement or misleading statement, which the Board Director commits or suffers while acting in any such capacity, or (iii) the Board Director attempting to establish or establishing a right to indemnification or advancement of expenses pursuant to this Exhibit, the Articles, applicable law or otherwise, in each case whether or not the Board Director is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Exhibit.

e. The phrase "serving at the request of the Company as an agent of another enterprise" or any similar terminology shall mean, unless the context otherwise requires, serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, limited liability company, trust, employee benefit or welfare plan or other enterprise, foreign or domestic. The phrase "serving at the request of the Company" shall include, without limitation, any service as a director or an executive officer of the Company which imposes duties on, or involves services by, such director or executive officer with respect to the Company or any of the Company's subsidiaries, affiliates, employee benefit or welfare plans, such plan's participants or beneficiaries or any other enterprise, foreign or domestic. In the event that the Board Director shall be a director, officer, employee or agent of another corporation, partnership, joint venture, limited liability company, trust, employee benefit or welfare plan or other enterprise, foreign or domestic, 50% or more of the ordinary shares, combined voting power or total equity interest of which is owned by the Company or any subsidiary or affiliate thereof, then it shall be presumed conclusively that the Board Director is so acting at the request of the Company.

2. Indemnification. Subject to Section 6 below, the Company hereby agrees to hold harmless and indemnify the Board Director to the fullest extent permitted by law. In furtherance of the foregoing indemnification and without limiting the generality thereof:

a. In General. The Company shall indemnify the Board Director if the Board Director is a party to or threatened to be made a party to or is otherwise involved in any Proceeding against all Expenses which are actually and reasonably incurred by the Board Director in connection with such a Proceeding, if the Board Director acted in good faith and in a manner the Board Director reasonably believed to be in, or not opposed to, the best interests of the Company.

b. Indemnification for Expenses of Witness. Notwithstanding any other provision of this Exhibit, to the extent that the Board Director has prepared to serve or has served as a witness or is made to respond to discovery requests in any Proceeding to which the Board Director is not a party, the Board Director shall be indemnified against all Expenses actually and reasonably incurred by the Board Director in connection therewith.

c. Partial Indemnification. If Board Director is entitled under any provision of this Exhibit to indemnification by the Company for some or a portion of Expenses incurred in connection with any Proceedings, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Board Director for the portion of such Expenses to which Board Director is entitled.

3. Contribution. If the indemnification provided in Section 2 above is unavailable to Board Director for any reason (other than those set forth in Section 6 below) in connection with a Proceeding in which the Company is jointly liable with Board Director (or would be if joined in such Proceeding), the Company, in lieu of indemnifying Board Director thereunder, shall contribute to the amount of Expenses which are actually and reasonably incurred and paid or payable by the Board Director in such proportion as is deemed fair and reasonable by the person or persons presiding over the Proceeding in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and the Board Director and/or (ii) the relative fault of the Company and such Board Director in connection with the transaction or events from which such Proceeding arose. The relative fault of the Company and the Board Director shall be determined by reference to, among other things, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such Expenses.

4. Advancement of Expenses. The Expenses incurred by the Board Director in any Proceeding shall be paid promptly by the Company in advance of the final disposition of the Proceeding at the written request of the Board Director to the fullest extent permitted by applicable law; provided, however, that the Board Director shall set forth in such request reasonable evidence that such Expenses have been incurred by the Board Director in connection with such Proceeding and hereby undertakes to repay any advances if it is ultimately determined as provided in subsection 5(b) of this Exhibit that the Board Director is not entitled to indemnification under this Exhibit, the Articles, applicable law or otherwise.

5. Indemnification Procedure; Determination of Right to Indemnification.

a. Promptly after receipt by the Board Director of notice of the commencement of any Proceeding, the Board Director shall, if a claim for indemnification in respect thereof is to be made against the Company under this Exhibit, notify the Company of the commencement thereof in a written request, including therein or therewith such documentation and information as is reasonably available to Board Director and is reasonably necessary to determine whether and to what extent Board Director is entitled to indemnification. The omission to so notify the Company will not relieve the Company from any liability which the Company may have to the Board Director under this Exhibit unless the Company shall have lost significant substantive or procedural rights with respect to the defense of any Proceeding as a result of such omission to so notify.

b. The Board Director shall be conclusively presumed to be entitled to indemnification under this Exhibit unless a determination is made that the Board Director is not entitled to indemnification under this Exhibit, the Articles, applicable law or otherwise by (i) a majority vote of the Board of a quorum consisting of Disinterested Directors or (ii) if a quorum of the Board consisting of Disinterested Directors is not obtainable, by Independent Legal Counsel in a written opinion to the Board, a copy of which shall be delivered to the Board Director. The Board Director agrees that the delivery of such opinion to the Board Director does not constitute a waiver of any privilege or doctrine, including the attorney-client privilege and the work product doctrine, with respect to any other communication between the Independent Legal Counsel and its client or clients.

c. If (i) a determination is made that the Board Director is not entitled to indemnification under this Exhibit or (ii) a claim for indemnification or advancement of Expenses under this Exhibit is not paid by the Company within thirty (30) days after receipt by the Company of written notice thereof, the Board Director is entitled to an adjudication in any court of competent jurisdiction. Such judicial proceeding shall be made de novo. The burden of proving that indemnification or advances are not appropriate shall be on the Company. Neither the failure of the directors of the Company or Independent Legal Counsel to have made a determination prior to the commencement of such action that indemnification or advancement of Expenses is proper in the circumstances because the Board Director has met the applicable standard of conduct, if any, nor an actual determination by the directors of the Company or Independent Legal Counsel that the Board Director has not met the applicable standard of conduct shall be a defense to an action by the Board Director or create a presumption for the purpose of such an action that the Board Director has not met the applicable standard of conduct. The termination of any Proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself (i) create a presumption that the Board Director did not act in good faith and in a manner which he reasonably believed to be in the best interests of the Company and/or its shareholders, and, with respect to any criminal Proceeding, that the Board Director had reasonable cause to believe that his conduct was unlawful or (ii) otherwise adversely affect the rights of the Board Director to indemnification or advancement of Expenses under this Exhibit, except as may be provided herein.

d. If a court of competent jurisdiction shall determine that the Board Director is entitled to any indemnification or advancement of Expenses hereunder, the Company shall pay all Expenses actually and reasonably incurred by the Board Director in connection with such adjudication (including, but not limited to, any appellate proceedings).

e. With respect to any Proceeding for which indemnification or advancement of Expenses is requested, the Company will be entitled to participate therein at its own expense and, except as otherwise provided below, to the extent that it may wish, the Company may assume the defense thereof, with counsel reasonably satisfactory to the Board Director. After notice from the Company to the Board Director of its election to assume the defense of a Proceeding, the Company will not be liable to the Board Director under this Exhibit for any Expenses subsequently incurred by the Board Director in connection with the defense thereof, other than as provided below.

f. The Company shall not settle any Proceeding in any manner which would impose any penalty or limitation on the Board Director without the Board Director's written consent. The Board Director shall have the right to employ his own counsel in any Proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense of the Proceeding shall be at the expense of the Board Director, unless (i) the employment of counsel by the Board Director has been authorized by the Company, (ii) the Board Director shall have reasonably concluded that there may be a conflict of interest between the Company and the Board Director in the conduct of the defense of a Proceeding, or (iii) the Company shall not in fact have employed counsel to assume the defense of a proceeding, in each of which cases the fees and expenses of the Board Director's counsel shall be advanced by the Company. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or as to which the Board Director has reasonably concluded that there may be a conflict of interest between the Company and the Board Director.

g. Board Director shall give the Company such information and cooperation as it may reasonably require and as shall be within Board Director's power. Subject to Section 3, the Company shall not be liable to indemnify the Board Director under this Exhibit with regard to any judicial action if the Company was not given a reasonable and timely opportunity, at its expense, to participate in the defense, conduct and/or settlement of such action.

6. Limitations on Indemnification. Notwithstanding any provision in this Exhibit, the Company shall not be obligated under this Exhibit to make any indemnity in connection with any claim made against the Board Director:

a. in connection with any Proceeding initiated or brought voluntarily by the Board Director and not by way of defense, unless (i) the Board authorized the Proceeding prior to its initiation or (ii) the Proceeding is to enforce indemnification rights under this Exhibit, the Articles, applicable law or otherwise and either (A) Board Director is successful in such Proceeding in establishing Board Director's right, in whole or in part, to indemnification or advancement of Expenses hereunder (in which case such indemnification or advancement shall be to the fullest extent permitted by this Exhibit) or (B) the court in such Proceeding shall determine that, despite Board Director's failure to establish his right to indemnification, Board Director is entitled to indemnity for such expenses (in which case such indemnification or advancement shall be to the extent provided by such court);

b. in connection with the Board Director preparing to serve or serving as a witness in voluntary cooperation with any non-governmental or non-regulatory party or entity who or which has threatened or commenced any action or proceeding against the Company, or any director, officer, employee, trustee, agent, representative, subsidiary, parent corporation or affiliate of the Company, but such indemnification may be provided by the Company if the Board finds it to be appropriate;

c. for which payment has actually been made to the Board Director under a valid and collectible insurance policy, except in respect of any excess beyond the amount of payment under such insurance policy;

d. for an accounting of profits made from the purchase or sale by the Board Director of securities of the Company pursuant to the provisions of Section 16(b) of the Act or similar provisions of any federal, state or local statute or regulation;

e. if a court of competent jurisdiction finally determines that such indemnification is unlawful;

f. subject to the proviso in Section 6(a) hereof, in connection with any dispute or breach arising under any contract or similar obligation between the Company or any of its subsidiaries or affiliates and such Board Director.

7. Insurance. To the extent the Company maintains a Directors & Officers liability insurance policy, the Board Director shall be covered to the fullest extent available for acts performed in the capacity of a director or while serving at the Company's request for another enterprise. Such insurance shall provide for the advancement of defense costs in accordance with the indemnification provisions herein and shall be complementary to, and shall not limit, the Board Director's rights to indemnification under this Agreement.

8. Continuation of Indemnification. All Exhibits and obligations of the Company contained herein shall continue during the period that the Board Director is a director of the Company (or is or was serving at the request of the Company as an agent of another enterprise, foreign or domestic) and shall continue thereafter so long as the Board Director shall be subject to any Proceeding by reason of the fact that the Board Director is or was a director of the Company or is or was serving in any other capacity referred to in this Section 8. This Exhibit shall continue in effect regardless of whether the Board Director continues to serve as a director of the Company or as an agent of another enterprise at the Company's request.

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9. Indemnification Hereunder Not Exclusive. The indemnification provided by this Exhibit shall not be deemed to be exclusive of any other rights to which the Board Director may be entitled under the Articles, Director Appointment Letter, any Exhibit, vote of shareholders or vote of Disinterested Directors, provisions of applicable law, or otherwise, both as to action or omission in the Board Director's official capacity and as to action or omission in another capacity on behalf of the Company while holding such office.

10. Exhibit To Serve. The Company acknowledges that it has entered into this Exhibit and assumes the obligations imposed on it hereby, in addition to and separate from its obligations to Board Director under the Articles, Director Appointment Letter or otherwise to induce Board Director to serve, or continue to serve, as a director of the Company, and the Company acknowledges that Board Director is relying upon this Exhibit in serving as a director of the Company.

11. Interpretation of Exhibit. It is understood that the parties hereto intend this Exhibit to be interpreted and enforced so as to provide indemnification to Board Director to the fullest extent now or hereafter permitted by law.

12. Subrogation. In the event of payment under this Exhibit, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Board Director, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights separate and distinct so that if any section, sentence, term or provision thereof shall be held to be invalid, unlawful or unenforceable for any reason, such invalidity, unlawfulness or unenforceability shall not affect the validity, lawfulness or enforceability of any other section, sentence, term or provision hereof.

13. Savings Clause. If this Exhibit or any section, sentence, term or provision hereof is invalidated on any ground by any court of competent jurisdiction, the Company shall nevertheless indemnify the Board Director as to any Expenses which are incurred with respect to any Proceeding to the fullest extent permitted by any (a) applicable section, sentence, term or provision of this Exhibit that has not been invalidated or (b) applicable law. To the extent required, any section, sentence, term or provision of this Exhibit may be modified by a court of competent jurisdiction to preserve its validity and to provide the Board Director with the broadest possible indemnification permitted under applicable law.

XBIOTECH INC.
INSIDER TRADING POLICY

I. PURPOSE

XBiotech Inc. and its subsidiaries (the “Company”) has adopted this Insider Trading Policy (this “Policy”) to help its directors, officers and employees comply with insider trading laws and to prevent even the appearance of improper insider trading.

II. SCOPE

A. This Policy applies to all directors, officers and employees of the Company, as well as their respective family members and others in their households (collectively referred to as “Insiders”), and any other individuals that Angela Hu, Director of Finance (the "Compliance Officer") may designate as Insiders because they have access to material nonpublic information concerning the Company. This Policy also applies to any entities that Insiders control, including corporations, trusts or partnerships.

B. Except as set forth explicitly below, this Policy applies to any and all transactions in the Company’s securities, including transactions in common stock, options, preferred stock, and any other type of securities that the Company may issue, as well as to derivative securities relating to any of the Company's securities, whether or not issued by the Company.

III. SPECIFIC GUIDANCE

A. Generally Prohibited Activities.

1. Trading in Company Securities.

    a. No Insider may buy, sell or otherwise trade in Company securities while aware of material nonpublic information concerning the Company.

    b. No Insider may buy, sell or otherwise trade in Company securities during any special trading blackout period applicable to such Insider as designated by the Compliance Officer.

2. Tipping. Providing material nonpublic information to another person who may trade or advise others to trade on the basis of that information is known as “tipping” and is illegal. Therefore, no Insider may “tip” or provide material nonpublic information concerning the Company to any person other than a director, officer or employee of the Company, unless required as part of that Insider’s regular duties for the Company and authorized by the Compliance Officer.

3. Trading in Securities of Other Companies. No Insider may, while in possession of material nonpublic information about any other public company gained in the course of employment with the Company, (a) trade in the securities of the other public company, (b) "tip" or disclose such material nonpublic information concerning that company to anyone, or (c) give trading advice of any kind to anyone concerning the other public company.

B. Additional Restrictions Applicable to Section 16 Individuals and Key Employees.

1. No Section 16 Individual or Key Employee listed on **Exhibit A** may trade in Company securities outside of the Company trading window described in Section V.B below.

2. No Section 16 Individual may trade in Company securities unless the trade(s) have been approved by the Compliance Officer in accordance with the procedures set forth in Section V.C.1 below.

C. Exceptions.

The prohibited activities above do not apply to:

1. Exercises of stock options or similar equity awards or the surrender of shares to the Company in payment of the stock option exercise price or in satisfaction of any tax withholding obligations, provided that any securities acquired pursuant to such exercise may not be sold while the Insider is in possession of material nonpublic information or subject to a special trading blackout or, with respect to Section 16 Individuals and Key Employees, while the Company's trading window is closed.

2. Acquisitions or dispositions of Company securities under the Company's 401(k) plan or any other individual account that are made pursuant to standing instructions entered into while the Insider is not in possession of material nonpublic information or otherwise subject to a special trading blackout and, with respect to Section 16 Individuals and Key Employees, while the Company's trading window is open.

3. Purchases or sales made pursuant to a Rule 10b5-1 plan that is adopted and operated in compliance with the terms of this Policy (see Section VII).

IV. DETERMINING WHETHER INFORMATION IS MATERIAL AND NONPUBLIC

A. Definition of "Material" Information.

1. There is no bright line test for determining whether particular information is material. Such a determination depends on the facts and circumstances unique to each situation, and cannot be made solely based on the potential financial impact of the information.

2. In general, information about the Company should be considered "material" if:

   - A reasonable investor would consider the information significant when deciding whether to buy or sell Company securities; or

   - The information, if disclosed, could be viewed by a reasonable investor as having significantly altered the total mix of information available in the marketplace about the Company.

   Put simply, if the information could reasonably be expected to affect the price of the Company's stock, it should be considered material.

3. It is important to remember that whether information is material will be viewed by enforcement authorities with the benefit of hindsight. In other words, if the price of the Company's stock changed as a result of the information having been made public, it will likely be considered material by enforcement authorities.

4. While it is not possible to identify every type of information that could be deemed "material," the following matters ordinarily should be considered material:

   - significant changes in the Company's prospects, whether positive or negative (e.g., news regarding approval of a drug candidate by the FDA, results of clinical trials or FDA regulatory actions);

   - major discoveries or significant changes or developments in products or product lines, research or technologies;

   - significant developments regarding product and research development;

   - significant litigation or government agency investigations;

   - financial performance, especially quarterly and year-end earnings or significant changes in financial performance or liquidity;

   - major changes in management;

   - development of a significant new product or process;

- proposals, plans or agreements, even if preliminary in nature, involving mergers, acquisitions, divestitures, strategic alliances, joint ventures, licensing arrangements, or purchases or sales of substantial assets;
- the contents of forthcoming publications that may affect the market price of Company securities; and
- offerings of Company securities.

B. Definition of "Nonpublic" Information.

Information is "nonpublic" if it has not been disseminated to investors through a widely circulated news or wire service (such as Dow Jones, Bloomberg, PR Newswire, etc.) or through a public filing with the Securities and Exchange Commission (the "SEC"). For the purposes of this Policy, information will be not considered public until after the close of trading on the second full trading day following the Company's widespread public release of the information.

C. Consult the Compliance Officer for Guidance.

Any Insider who is unsure whether the information that he or she possesses is material or nonpublic should consult the Compliance Officer for guidance before trading in any Company securities.

D. Post Termination Transactions

This Policy continues to apply to transactions in Company securities even after the termination of services to the Company. If an individual is in possession of material non-public information when his or her service terminates, that individual may not trade in the Company Securities until that information has become public or is no longer material.

V. ADDITIONAL PROVISIONS FOR SECTION 16 INDIVIDUALS AND KEY EMPLOYEES

A. Definitions of Section 16 Individuals and Key Employees.

1. "Section 16 Individual" – Each member of the Company's Board of Directors ("Board"), those executive officers of the Company designated by the Board as "Section 16 officers" of the Company and their respective family members and others in their households. A list of the Section 16 Individuals is contained on Appendix A, which may be supplemented or amended from time to time by the Compliance Officer.

2. “Key Employees” –Certain individuals listed are designated as Key Employees because of their position with the Company and their possible access to material nonpublic information. A list of the Key Employees is contained on Appendix A, which may be supplemented or amended from time to time by the Compliance Officer.

B. The Trading Window.

Section 16 Individuals and Key Employees may buy, sell or trade in Company securities only while the Company’s trading window is open. In general, the Company’s trading window opens after the close of trading on the second full trading day following the earlier of the Company's filing its Form 10-Q or Form 10-K or the Company’s public announcement of quarterly earnings, and remains open through the last trading day of the third calendar month of the then-current fiscal quarter (the "Open Window").

In addition, the Company, through the Compliance Officer, may authorize longer or additional trading windows in which buying, selling or otherwise effecting transactions in the Company's securities shall be permitted pursuant to this Policy as if it were the "Open Window." Similarly, the Company, through the Compliance Officer, may impose special black-out periods during which certain persons will be prohibited from buying, selling or otherwise effecting transactions in any stock or other securities of the Company or derivative securities thereof, even through the trading windows would otherwise be open. If a special black-out period is imposed, the Company will notify affected individuals, who should not engage in any transaction involving the purchase or sale of the Company's securities during the blackout period and should not disclose to others the fact of such suspension of trading.

It should be noted that even during the Open Window, any Section 16 Individual or Key Employee who is in possession of material nonpublic information regarding the Company shall not engage in any transaction in the Company's securities until the close of trading on the second full trading day following the Company’s widespread public release of the material information.

C. Procedures for approving trades by Section 16 Individuals

1. Section 16 Individual Trades. No Section 16 Individual may trade in Company securities until:

   a. the individual has notified the Compliance Officer in writing, at least three business days prior to the proposed trade(s), of the amount and nature of the proposed trade(s), and

b. the individual has certified to the Compliance Officer in writing, no more than three business days prior to the proposed trade(s), that he or she is not aware of material nonpublic information regarding the Company.

The notice and certification required by this Section V.C.1 shall be given using the form attached hereto as **Exhibit B**. Beginning on the day that is the fourth business day following the date of such notice, and for four additional business days thereafter, provided that the facts referred to in the certification remain correct, the Section 16 Individual may execute the trade set forth in such notice. Once the approval period identified in the notice has expired, a new notice and certification pursuant to this Section V.C.1 must be given in order for the Section 16 Individual to trade in Company securities.

2. No Obligation to Approve Trades. The existence of the foregoing approval procedures does not in any way obligate the Compliance Officer (or, in the case of any trade by the Compliance Officer, the Chief Executive Officer or the Chief Financial Officer of the Company) to approve any trades requested by Section 16 Individuals or the Compliance Officer.

D. Prohibited Transactions.

1. 16 Section Individuals who purchase Company securities may not sell any Company securities of the same class for at least six months after the purchase.

2. Section 16 Individuals may not sell the Company's securities short.

3. Section 16 Individuals may not buy or sell puts or calls or other derivate securities on the Company's securities.

4. Section 16 Individuals may not hold Company securities in a margin account or pledge Company securities as collateral for a loan.

5. Section 16 Individuals may not enter into hedging or monetization transactions or similar arrangements with respect to Company securities.

VI. COMPLIANCE OFFICER

The Company has designated Angela Hu, Director of Finance, as the individual responsible for ensuring compliance with this Policy (the "Compliance Officer"). The duties of the Compliance Officer include the following:

A. Administering this Policy and monitoring and enforcing compliance with all Policy provisions and procedures.

B. Responding to all inquiries relating to this Policy.

C. Reviewing and either approving or denying all proposed trades by Section 16 Individuals in accordance with the procedures set forth in Section V.C.1 above.

D. After discussing with the blackout assessment team, designating and announcing special trading blackout periods during which certain Insiders may not trade in Company securities.

E. Providing copies of this Policy and other appropriate materials to all new Insiders.

F. Administering, monitoring and enforcing compliance with all federal and state insider trading laws and regulations.

G. Assisting in the preparation and filing of all required SEC reports relating to insider trading in Company securities.

H. Revising the Policy as necessary to reflect changes in federal or state insider trading laws and regulations, or as otherwise deemed necessary or appropriate.

The Compliance Officer may designate one or more individuals who may perform the Compliance Officer's duties in the event that the Compliance Officer is unable or unavailable to perform such duties.

VII. RULE 10b5-1 TRADING PLANS

A. General Information.

Under Rule 10b5-1 of the Securities Exchange Act of 1934, an individual has an affirmative defense against an allegation of insider trading if he or she demonstrates that the purchase, sale or trade in question took place pursuant to a binding contract, specific instruction or written plan that was put into place before he or she became aware of material nonpublic information. Such contracts, irrevocable instructions and plans are commonly referred to as Rule 10b5-1 plans.

Rule 10b5-1 plans have the obvious advantage of protecting against insider trading liability. However, they also require advance commitments regarding the amounts, prices and timing of purchases or sales of Company securities and thus limit flexibility and discretion. In addition, once a Rule 10b5-1 plan has been adopted, it is generally not permissible to amend or modify such plan. Accordingly, while some individuals may find Rule 10b5-1 plans attractive, they may not be suitable for all Insiders.

B. Specific Requirements.

1. Pre-Approval. For a Rule 10b5-1 plan to serve as an adequate defense against an allegation of insider trading, a number of legal requirements must be satisfied. Accordingly, anyone wishing to establish a Rule 10b5-1 plan must first receive

approval from the Compliance Officer or his or her designee. Section 16 Individuals wanting to establish a Rule 10b5-1 plan must also satisfy the notification and certification requirements set forth in Section V.C.1 above.

2. Material Nonpublic Information and Special Blackouts. An individual desiring to enter into a Rule 10b5-1 plan must enter into the plan at a time when he or she is not aware of any material nonpublic information about the Company or otherwise subject to a special trading blackout.

3. Trading Window. Section 16 Individuals and Key Employees may only establish a Rule 10b5-1 plan when the Company's trading window is open.

4. 30-Day Waiting Period. To avoid even the appearance of impropriety, the Company requires a waiting period of 30 days between the date the Rule 10b5-1 plan is adopted and the date of the first possible transaction under the plan.

VIII. POTENTIAL PENALTIES AND DISCIPLINARY SANCTIONS

A. Civil and Criminal Penalties.

The consequences of prohibited insider trading or tipping can be severe. Persons violating insider trading or tipping rules may be required to disgorge the profit made or the loss avoided by the trading, pay the loss suffered by the person who purchased securities from or sold securities to the Insider or tippee, pay significant civil and/or criminal penalties, and serve a lengthy jail term. The Company in such circumstances may also be required to pay major civil or criminal penalties.

B. Company Discipline.

Violation of this Policy or federal or state insider trading or tipping laws by any Insider may, in the case of a director, subject the director to removal proceedings and, in the case of an officer or employee, subject the officer or employee to disciplinary action by the Company up to and including termination for cause.

C. Reporting of Violations.

Any Insider who violates this Policy or any federal or state law governing insider trading or tipping, or knows of any such violation by any other Insider, must report the violation immediately to the Compliance Officer. Upon determining that any such violation has occurred, the Compliance Officer, in consultation with the Company's Disclosure Committee and, where appropriate, the Chair of the Audit Committee of the Board, will determine whether the Company should release any material nonpublic information, and, when required by applicable law, shall cause the Company to report the violation to the SEC or other appropriate governmental authority.

IX. MISCELLANEOUS

This Policy will be delivered to all directors, officers, employees and designated outsiders upon its adoption by the Company and to all new directors, officers, employees and designated outsiders at the start of their employment or relationship with the Company. Upon first receiving a copy of this Policy or any revised versions, each Section 16 Individual and Key Employee must sign an acknowledgment that he or she has received a copy of this Policy and agrees to comply with the terms.

ACKNOWLEDGMENT AND CERTIFICATION

The undersigned does hereby acknowledge receipt of the Company's Insider Trading Policy. The undersigned has read and understands such Insider Trading Policy and agrees to be governed by such Insider Trading Policy at all times in connection with the purchase and sale of securities and the confidentiality of non-public information.

______________________________	______________________________
(Signature)	Date

____

(Print Name)

EXHIBIT A

Section 16 Individuals and Key Employees

Section 16 Individuals

John Simard, CEO and President
Sushma Shivaswamy, Chief Scientific Officer
Angela Hu, Director of Finance
Craig Rademaker, Board Director
Thomas Kündig, Board Director
Tevi Troy, Board Director
David Soffer, Board Director

Key Employees

Norma I. Gonzalez
Qian Wu
Michael C. Cavalier
Triveni H. Pallapotu
Tzu-Yu Kwan

EXHIBIT B

XBIOTECH INC.
INSIDER TRADING POLICY

Notice and Certification for Section 16 Individuals and Key Employees

To the Compliance Officer:

I hereby notify you of my intent to trade in securities of XBiotech Inc. (the "Company"). The amount and nature of the proposed trade is as follows:

☐ Exercise _______________ stock options granted under the 2015 Incentive Stock Option Plan or the 2025 Equity Incentive Plan ____________________;

☐ on Sell in the open market ___________ shares of Company Common Stock currently held at _______________ (example: Fidelity; another broker; in certificated form); market

☐ Purchase in the open market _____________ shares of Company Common Stock;

☐ Gift _______ shares of Company Common Stock to ______________________________;

☐ Adopt a Rule 10b5-1 plan to sell ______ shares granted on _________________________;

☐Other (explain) ____.

I understand that I am not authorized to trade in Company Securities or adopt a Rule 10b5-1 plan in reliance upon this Notice and Certification until _____ (insert the date that is four business days after the date hereof), and that such authorization will continue until _____ (insert the date that is eight business days after the date hereof). I understand that if I have not completed my proposed trade or adopted my Rule 10b5-1 plan by the last date of the authorization period set forth in the immediately preceding sentence, I must submit a new Notice and Certification in order to trade in Company securities or adopt a plan.

I hereby certify that I am not aware of material nonpublic information concerning the Company.

Date: ______________________________ Signature: ______________________________

Print Name: ______________________________

To be completed by Compliance Officer

Approved: ______________________________

Date: ______________________________

Exhibit 21.1

LIST OF SUBSIDIARIES

Name	Country
XBiotech USA, Inc. (Delaware)	United States

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-8 (File Nos. 333-207476, 333-249288 and 333-294218) of our report dated March 13, 2026 relating to the consolidated financial statements of XBiotech Inc. and its subsidiary appearing in this Annual Report on Form 10-K of XBiotech Inc. and its subsidiary for the year ended December 31, 2025.

/s/ Whitley Penn LLP
Austin, Texas
March 13, 2026

Exhibit 31.1

CERTIFICATIONS

I, Sushma Shivaswamy, certify that:

1. I have reviewed this annual report on Form 10-K of XBiotech Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 13, 2026

/s/ Sushma Shivaswamy
Sushma Shivaswamy
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Angela Hu, certify that:

1. I have reviewed this annual report on Form 10-K of XBiotech Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 13, 2026

/s/Angela Hu
Angela Hu
Director of Finance
(Principal Financial Officer)

Exhibit 32.1

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 XBiotech Inc. on Form 10-K for the period ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sushma Shivaswamy, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the best of 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 XBiotech Inc.

/s/ **Sushma Shivaswamy**
Sushma Shivaswamy
Chief Executive Officer
(Principal Executive Officer)
Date: March 13, 2026

Exhibit 32.2

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 XBiotech Inc. on Form 10-K for the period ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Angela Hu, Principal Financial Officer and Principal Accounting Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the best of 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 XBiotech Inc.

/s/ Angela Hu
Angela Hu
Director of Finance
(Principal Financial Officer)
Date: March 13, 2026