

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 12, 2021

XENON PHARMACEUTICALS INC.

(Exact name of Registrant as Specified in Its Charter)

Canada
(State or Other Jurisdiction
of Incorporation)

001-36687
(Commission File Number)

98-0661854
(IRS Employer
Identification No.)

200-3650 Gilmore Way
Burnaby, British Columbia, Canada
(Address of Principal Executive Offices)

V5G 4W8
(Zip Code)

Registrant's Telephone Number, Including Area Code: (604) 484-3300

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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.

Item 1.01 Entry into a Material Definitive Agreement.

On January 13, 2021, Xenon Pharmaceuticals Inc. (the “Company”) and Neurocrine Biosciences, Inc. (“Neurocrine”) entered into an amendment (the “Amendment”) to the License and Collaboration Agreement (the “Collaboration Agreement”) originally entered into on December 2, 2019 pursuant to which the parties revised certain investigational new drug application (“IND”) acceptance criteria relating to Neurocrine’s NBI-921352 product candidate (formerly known as XEN901) (the “Product Candidate”) for the potential treatment of SCN8A-DEE.

Under the terms of the Amendment, a partial IND acceptance (“Partial IND Acceptance”) for the Product Candidate in the SCN8A-DEE indication will be deemed to have occurred upon the authorization of the U.S. Food and Drug Administration (“FDA”) to initiate a Phase 2 randomized, double-blind, placebo-controlled study to evaluate the efficacy, safety, tolerability, and pharmacokinetics of the Product Candidate in subjects with SCN8A-DEE (the “Study”) aged between 12 and 21 years. A full IND acceptance (“Full IND Acceptance”) for the Product Candidate in the SCN8A-DEE indication will be deemed to have occurred upon FDA approval of a protocol amendment to the Study that expands the subject population to include subjects with SCN8A-DEE aged between 2 and 11 years.

If the Product Candidate achieves Full IND Acceptance in SCN8A-DEE or IND or equivalent regulatory authority acceptance in a Major Indication (each of Full IND Acceptance for SCN8A-DEE or IND or equivalent regulatory acceptance in a Major Indication are referred to as an “IND Acceptance”), the Company will be entitled to a milestone cash payment of \$11.25 million or \$4.5 million, respectively. In addition to such cash payment, the Company will issue and sell either \$13.75 million or \$5.5 million of its common shares to Neurocrine, depending on whether the IND Acceptance is for SCN8A-DEE or a Major Indication, respectively (the “Milestone Equity Purchase”). The common shares sold to Neurocrine in the Milestone Equity Purchase will have a price equal to 115% of the Company’s 30-day volume-weighted average price immediately prior to the public announcement of the IND Acceptance. “Major Indication” means an indication that meets or exceeds a specified prevalence threshold, including without limitation, focal seizures.

If the IND Acceptance first occurs for a Major Indication and subsequently Full IND Acceptance for the Product Candidate in SCN8A-DEE occurs, Neurocrine will pay to the Company an additional \$6.75 million cash payment and an additional \$8.25 million of common shares will be issued and sold to Neurocrine at a price equal to 115% of the Company’s 30-day volume-weighted average price immediately prior to the public announcement of the subsequent IND Acceptance (the “Subsequent Milestone Equity Purchase”). If the aggregate number of common shares to be sold to Neurocrine pursuant to the terms of the Collaboration Agreement, as amended by the Amendment, would exceed 19.9% of the Company’s common shares outstanding on the date of the Collaboration Agreement, then the number of shares to be purchased shall be reduced such that the percentage cap is not exceeded.

Except as amended by the Amendment, the terms of the Collaboration Agreement remain in full force and effect. The foregoing description of the Amendment is not complete and is qualified in its entirety by reference to the full text of the Amendment, a copy of which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated by reference herein.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.***Officer Changes***

On January 12, 2021, the Company’s Board of Directors (the “Board”) approved the following changes to the Company’s management, which will become effective on the date of the Company’s 2021 Annual Meeting of Shareholders (the “Annual Meeting”).

The Board appointed Mr. Ian Mortimer, the Company's current President and Chief Financial Officer, as the Company's new Chief Executive Officer, succeeding Dr. Simon Pimstone in this role. Following the appointment, Mr. Mortimer will retain his current responsibilities as President and principal operating officer of the Company and Dr. Pimstone will begin serving as the Company's Executive Chair of the Board. The Board further appointed Ms. Sherry Aulin, the Company's current Vice President, Finance, as the Company's new Chief Financial Officer.

Mr. Mortimer, 45, has served as the Company's President and Chief Financial Officer since March 2018. Mr. Mortimer previously served as the Company's Chief Financial Officer and Chief Operating Officer since March 2015 and as its Chief Financial Officer since October 2013. Prior to joining the Company, Mr. Mortimer served as Executive Vice President and Chief Financial Officer at Tekmira Pharmaceuticals Corporation (now Arbutus Biopharma Corporation), a Nasdaq-listed biotechnology company, from 2007 until October 2013. From 2004 to 2007, Mr. Mortimer was Chief Financial Officer at Inex Pharmaceuticals and held various other positions at Inex Pharmaceuticals from 1997 to 2004. Since November 2017, Mr. Mortimer has served on the Board of Directors and as chair of the audit committee, and since January 2020 has served as chair of the Board of Directors and of the audit committee, for Appili Therapeutics Inc., a publicly-traded biopharmaceutical company focused on developing treatments for infectious diseases. Since July 2020, Mr. Mortimer has served on the Board of Directors and as chair of the audit committee of Perimeter Medical Imaging AI, Inc., a publicly-traded medical device company focused on advanced in-procedural medical imaging tools. Mr. Mortimer has an M.B.A. from Queen's University, a B.Sc. in Microbiology from the University of British Columbia and is a Chartered Professional Accountant, Certified Management Accountant.

Dr. Pimstone, 53, has served as a member of the Board since November 1996, as the Company's Chief Executive Officer since January 2003 and as the Company's President from January 2003 to March 2018. Since 2012, Dr. Pimstone has been a Consultant Physician at the University of British Columbia Hospital, Cardiology Clinic, and since 2014, he has held the position of Clinical Associate Professor at the University of British Columbia, Division of General Internal Medicine. Currently, Dr. Pimstone is an Investigator at the Centre for Heart Lung Innovation (HLI) research centre. Dr. Pimstone currently serves as chair of the board of Eupraxia Pharmaceuticals Inc., TopiRx Pharmaceuticals, and Alpha9 Theranostics Inc., three private specialty pharmaceutical companies, where he has served as a director since 2012, 2019 and 2020, respectively. Dr. Pimstone holds an MBChB from the University of Cape Town, a FRCPC from the University of British Columbia, and a Ph.D. from the University of Amsterdam in cardiovascular genetics. Dr. Pimstone is a former director of Accuro Technologies, Indel Therapeutics Inc., Cyon Therapeutics Inc. and Enject, Inc. Previously, Dr. Pimstone was director and chair of the board of directors of LifeSciences British Columbia, a non-profit industry association that supports the life science community, and a former director of the Providence Healthcare Research Trust, BC Advantage Life Sciences Fund, Centre for Molecular Medicine and Therapeutics, BIOTECanada, and BC Health Research Strategy Advisory Board of the Michael Smith Foundation for Health Research.

Ms. Aulin, 37, has served as the Company's Vice President, Finance since March 2019, and has led the Company's finance function since June 2015. From 2011 until 2015, Ms. Aulin provided independent financial consulting and advisory services to various publicly-traded companies including to support the Company through its initial public offering process. From 2004 to 2011, Ms. Aulin was at KPMG LLP, most recently as Senior Manager in the assurance practice, where she provided professional services to publicly-traded companies across various industries including in the life sciences sector. Ms. Aulin holds a BCom from the University of British Columbia and is a Chartered Professional Accountant, Chartered Accountant.

There are no arrangements or understandings between any of Mr. Mortimer, Dr. Pimstone and Ms. Aulin and any other persons pursuant to which any of them were appointed to their new positions. There are no family relationships between any of Mr. Mortimer, Dr. Pimstone and Ms. Aulin and any director or executive officer of the Company, and none of Mr. Mortimer, Dr. Pimstone and Ms. Aulin has any direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

Employment Agreements

On January 13, 2021, the Company entered into new employment agreements with Mr. Mortimer, Dr. Pimstone and Ms. Aulin. The material terms of these employment agreements, which will become effective on the date of the Annual Meeting, are as follows:

Mr. Mortimer

Mr. Mortimer's employment agreement will be for an indefinite term. Mr. Mortimer's annual base salary will be \$541,000, and he will be eligible for an annual incentive payment up to 55% of his base salary, subject to achievement of performance metrics. Subject to approval of the Board or its Compensation Committee, Mr. Mortimer will also be granted a one-time option grant to purchase 125,000 common shares of the Company. The U.S. dollar amount of Mr. Mortimer's semi-monthly pay will be converted to Canadian dollars at the Bank of Canada exchange rate five (5) days prior to each pay date and paid to Mr. Mortimer in Canadian dollars. Additionally, the employment agreement will provide for severance benefits if Mr. Mortimer is terminated without cause or resigns for good reason in connection with a change of control. For details regarding the Company's obligations to Mr. Mortimer under such circumstances, please see the section captioned "Potential Payments upon a Termination or Change in Control" below.

Dr. Pimstone

Dr. Pimstone's employment agreement will be for a fixed period (the "Pimstone Term") beginning on the date of the Annual Meeting and ending on the date of the Company's 2022 Annual Meeting of Shareholders. Unless previously terminated in accordance with the terms of the employment agreement or extended by mutual written consent, Dr. Pimstone's employment with the Company will automatically terminate as of the date of the Company's 2022 Annual Meeting of Shareholders. Dr. Pimstone's annual base salary will be \$525,000, and he will be eligible for an annual incentive payment up to 55% of his base salary, subject to achievement of performance metrics. For 2022, any bonus that Dr. Pimstone may be entitled to will be based on the period he is employed as the Executive Chair in 2022, and any such bonus would be evaluated and paid in the first quarter of 2023. The U.S. dollar amount of Dr. Pimstone's semi-monthly pay will be converted to Canadian dollars at the Bank of Canada exchange rate five (5) days prior to each pay date and paid to Dr. Pimstone in Canadian dollars. Additionally, the employment agreement will provide for severance benefits if Dr. Pimstone is terminated without cause or resigns for good reason in connection with a change of control. For details regarding the Company's obligations to Dr. Pimstone under such circumstances, please see the section captioned "Potential Payments upon a Termination or Change in Control" below.

Ms. Aulin

Ms. Aulin's employment agreement will be for an indefinite term. Ms. Aulin's annual base salary will be \$320,000, and she will be eligible for an annual incentive payment up to 40% of her base salary, subject to achievement of performance metrics. Subject to approval of the Board or its Compensation Committee, Ms. Aulin will also be granted a one-time option grant to purchase 100,000 common shares of the Company. The U.S. dollar amount of Ms. Aulin's semi-monthly pay will be converted to Canadian dollars at the Bank of Canada exchange rate five (5) days prior to each pay date and paid to Ms. Aulin in Canadian dollars. Additionally, the employment agreement will provide for severance benefits if Ms. Aulin is terminated without cause or resigns for good reason in connection with a change of control. For details regarding the Company's obligations to Ms. Aulin under such circumstances, please see the section captioned "Potential Payments upon a Termination or Change in Control" below. In connection with the effectiveness of Ms. Aulin's appointment as Chief Financial Officer, she will enter into the Company's standard form of indemnification agreement for directors and executive officers.

Potential Payments upon a Termination or Change in Control

Each of the employment agreements described above provides that if the Company terminates the applicable officer's employment without cause outside of the period beginning three months before a Change of Control (as such term is defined in the officer's employment agreement) and ending 12 months after the Change of Control (the "change of control period"), the Company will provide a working notice of termination (in which case all terms and conditions of employment including compensation and benefits, subject to the applicable insurer's terms of coverage), base salary continuance, a lump sum payment of base salary, or an equivalent combination of any of the foregoing, in the amount of 12 months plus one additional month for every one year of consecutive service (up to a combined maximum of 18 months) (the "Payment Period"), with the amount of notice and/or payment in excess of the amount to which the officer is entitled under the British Columbia Employment Standards Act (the "Statutory Notice") conditional upon the officer signing and returning a full and final release of all claims. If the Company provides the working notice of termination, base salary continuance, and/or lump sum payment of base salary in excess of the Statutory Notice, it will also provide the officer with the following: (i) continued coverage for the officer under the Company's group benefits insurance until the Payment Period ends or the officer commences full-time employment, subject to the applicable insurer's terms of coverage (and if the insurer does not continue coverage, payment to the officer of an amount equal to what the monthly premiums for such continued coverage would have cost), (ii) payment to the officer of a pro-rated portion of his or her Average Bonus (as defined below), (iii) payment to the officer of the contributions for retirement savings that the Company would have paid on his or her behalf for the balance of the Payment Period, (iv) in the case of Dr. Pimstone and Mr. Mortimer, continued vesting of stock options granted under the Company's Amended and Restated Stock Option Plan (the "Stock Option Plan") during the Payment Period and continued exercisability of such options for up to three months following the end of the Payment Period, and (v) continued vesting of stock options and other deferred compensation granted under the Company's Amended and Restated 2014 Equity Incentive Plan, as amended (the "Amended and Restated 2014 Equity Incentive Plan"), or any subsequent incentive compensation plan for three months following the date the officer's employment terminates and continued exercisability of such options and deferred compensation for up to six months following termination of employment. "Average Bonus" means an amount that is (i) the sum of the annual bonus awards (expressed as a percentage of the applicable year's base salary) that the officer earned in each of the three completed calendar years preceding the date the officer's employment terminates, divided by (ii) three, and multiplied by (iii) the officer's base salary at the time his or her employment terminates.

If, during the change of control period, the officer's employment is terminated without cause or the officer resigns for Good Reason (as such term is defined in the officer's employment agreement), the Company will, in exchange for and conditional upon receipt of a full and final release of all claims, (i) in the case of Dr. Pimstone and Mr. Mortimer, pay their base salary for 24 months, and in the case of Ms. Aulin, for the Payment Period, (ii) pay the officer 100% of his or her applicable target bonus, (iii) in the case of Dr. Pimstone and Mr. Mortimer, pay their contributions for retirement savings that the Company would have paid on their behalf for the 24-month period after the termination of their employment, and in the case of Ms. Aulin, for the Payment Period, (iv) fully accelerate the vesting of all of the officer's unvested stock options and other deferred compensation awards, (v) in the case of Dr. Pimstone and Mr. Mortimer, provide for the continued exercisability of the officer's stock options for (A) 90 days from the end of the Payment Period for such stock options and awards granted under the Stock Option Plan or (B) the longer of the period stipulated in the applicable plan or grant, (vi) provide for the continued exercisability of the officer's stock options for six months from the termination of the officer's employment for such stock options and awards granted under the Amended and Restated 2014 Equity Incentive Plan or any subsequent deferred compensation plan, and (vii) in the case of Dr. Pimstone and Mr. Mortimer, arrange for continued coverage under the Company's group benefits insurance for the 24-month period after the termination of their employment, and in the case of Ms. Aulin, for the Payment Period, or in the case of each officer until such officer commences full-time employment, subject to the applicable insurer's terms of coverage (and if the insurer does not continue coverage, pay the officer an amount equal to what the monthly premiums for such continued coverage would have cost). Pursuant to the terms of Dr. Pimstone's employment agreement, the automatic termination of his employment agreement at the end of the Pimstone Term shall not constitute Good Reason, even if such automatic termination occurs within three months prior to a Change of Control or within 12 months after a Change of Control.

The foregoing descriptions of the employment agreements are not complete and are qualified in their entirety by reference to the full text of the employment agreements, copies of which are filed as Exhibits 10.2, 10.3 and 10.4 to this Current Report on Form 8-K and are incorporated herein by reference.

Director Changes

On January 12, 2021, Michael Tarnow, current Chair of the Board, notified the Board that he would not stand for re-election as a director of the Board at the Annual Meeting. Mr. Tarnow's decision not to stand for re-election was not due to any disagreement with the Company on any matter relating to the Company's operations, policies or practices.

On January 12, 2021, the Board, pursuant to the recommendation of the Nominating and Corporate Governance Committee of the Board, appointed Ms. Dawn Svoronos, a member of the Board since September 2016, as the Board's lead independent director effective upon Dr. Pimstone's appointment as Executive Chair of the Board and subject to his re-election as a director at the Annual Meeting. The Board also named Mr. Mortimer as a nominee for election as a director at the Annual Meeting to fill the vacancy that will be created upon the conclusion of Mr. Tarnow's term at the end of the Annual Meeting.

Further, the Board appointed Patrick Machado to the Audit Committee of the Board on January 12, 2021, as separately disclosed in Amendment No. 1 to the Current Report on Form 8-K filed by the Company on January 14, 2021, following which the Audit Committee is composed of the following members:

- Frank Holler (Chair)
- Steven Gannon
- Patrick Machado
- Michael Tarnow (until the conclusion of his current term at the end of the Annual Meeting)

Item 8.01 Other Events.

On January 14, 2021, the Company issued a press release announcing the matters described above and providing an update on the Company's development programs, a copy of which is filed as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
10.1†	Amendment #1, dated January 13, 2021, to the License and Collaboration Agreement, dated December 2, 2019, by and between Xenon Pharmaceuticals Inc. and Neurocrine Biosciences, Inc.
10.2	Employment Agreement, dated January 13, 2021, by and between the Company and Ian Mortimer.
10.3	Employment Agreement, dated January 13, 2021, by and between the Company and Simon Pimstone.
10.4	Employment Agreement, dated January 13, 2021, by and between the Company and Sherry Aulin.
99.1	Press Release issued by Xenon Pharmaceuticals Inc. dated January 14, 2021.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

† Certain portions of this exhibit have been omitted because they are not material and would likely cause competitive harm to the registrant if disclosed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

XENON PHARMACEUTICALS INC.

Date: January 14, 2021

By: /s/ Ian Mortimer

Ian Mortimer

President & Chief Financial Officer

January 13, 2021

Neurocrine Biosciences, Inc.

12780 El Camino Real
San Diego, California
92130, U.S.

Attention: Kyle Gano

Dear Kyle,

Re: License and Collaboration Agreement between Xenon Pharmaceuticals Inc. (“**Xenon**”) and Neurocrine Biosciences, Inc. (“**Neurocrine**”) made as of December 2, 2019 (the “**Agreement**”)

Further to our recent discussions and in accordance with Section 14.8 of the Agreement, and in consideration of the premises and mutual covenants contained herein, Xenon and Neurocrine agree as follows:

1. LETTER AMENDMENT #1

Except as specifically defined below, capitalized terms used in this Letter Amendment #1 shall have the same meaning as ascribed to such terms in the Agreement.

2. DEFINITIONS

2.1 Article 1 of the Agreement shall be amended to add the following definitions:

“**Adolescents**” means humans aged between 12 and 21 years old.

“**Children**” means humans aged between 2 to 11 years old.

“**Full IND Acceptance in SCN8A-EE**” means the FDA’s approval of the protocol amendment to expand the Study to Children.

“**Partial IND Acceptance in SCN8A-EE**” means the FDA’s authorization to initiate a clinical trial entitled “A Phase 2 Randomized, Double-Blind, Placebo-Controlled Study to Evaluate the Efficacy, Safety, Tolerability, and Pharmacokinetics of NBI-921352 as Adjunctive Therapy in Subjects with SCN8A Developmental and Epileptic Encephalopathy Syndrome (SCN8A-DEE)” (the “**Study**”) in Adolescents.

2.2 Section 1.52 of the Agreement shall be amended and restated as follows:

“**1.52. “IND Acceptance**” means

(i) with respect to an IND for a XEN901 Product in SCN8A-EE, Full IND Acceptance in SCN8A-EE; or

- (ii) with respect to an IND for a XEN901 Product in a Major Indication, either (a) [†] days after submission of such IND to a Regulatory Authority (such [†] day period, the Initial Period”), if at such time the Regulatory Authority has confirmed in writing that it has no comments to such IND, or (b) if the Regulatory Authority indicates during the Initial Period that it will have comments to the IND, either (1) Neurocrine’s failure to notify Xenon of a Neurocrine Negative IND Decision pursuant to Section 6.3(b) within [†] days after Neurocrine’s receipt of such comments or (2) the JSC’s failure to make a JSC Negative IND Decision pursuant to Section 6.3(b) within the applicable time periods under Section 3.5, or (c) [†] days after submission of such IND to the Regulatory Authority, if at such time the Regulatory Authority has taken no action with respect to such IND.”

3. IND ACCEPTANCE IN SCN8A

- 3.1 No Neurocrine Negative IND Decision notification shall be required under Section 6.3(b) for this Partial IND Acceptance.
- 3.2 The first paragraph of Section 8.3(c) shall be replaced with:

“**Milestone True-Up.** Notwithstanding anything to the contrary in the preceding Section 8.3(a) and Section 8.3(b), if the IND Acceptance for a XEN901 Product in a Major Indication occurs before the IND Acceptance in SCN8A, then Neurocrine shall, upon the IND Acceptance in SCN8A (the “**Subsequent SCN8A-EE IND Acceptance**”) make a true-up cash payment and shall purchase an additional number of Common Shares as follows:”

4. GENERAL

- 4.1 This Letter Amendment #1 amends the terms of the Agreement and is deemed incorporated into, and governed by all other terms of, the Agreement. The Agreement shall, together with this Letter Amendment #1, be read and construed as a single instrument.
- 4.2 In the event of a conflict between the terms of this Letter Amendment #1 and the terms of the Agreement, to the extent that the Agreement is explicitly amended by this Letter Amendment #1, the terms of this Letter Amendment #1 shall prevail.
- 4.3 Except as specifically provided above in this Letter Amendment #1, the Agreement remains in full force and effect, unamended.
- 4.4 This Letter Amendment #1 may be signed in any number of counterparts, including electronic scan copies thereof delivered by electronic mail, each of which shall be deemed an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.
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By the signatures below, the Parties have caused this Letter Amendment #1 to be executed by their respective duly authorized officers to be effective as of the Amendment Date.

Sincerely,

Xenon Pharmaceuticals Inc.

By: /s/ Simon Pimstone

Simon Pimstone
CEO

By: /s/ Robin Sherrington

Robin Sherrington
EVP, Strategy & Innovation

Neurocrine Biosciences, Inc.

By: /s/ Kyle Gano

Name: Kyle Gano
Title: Chief Business Development Officer

January 13, 2021

Confidential

Via Electronic Mail

Ian Mortimer

Dear Ian,

Re: Employment Agreement

We are pleased to offer you a promotion to the position President & Chief Executive Officer (“**CEO**”) with Xenon Pharmaceuticals Inc. (the “**Company**”), effective as of the Company’s 2021 annual meeting of shareholders expected to take place on or about June 4, 2021 (the “**Effective Date**”), on the terms and conditions set forth in this Employment Agreement. Please note that this new Employment Agreement will replace and supersede your earlier Employment Agreement as of the Effective Date. You will be credited for all purposes with your service to the Company back to your start date of October 21, 2013, unless stated otherwise.

A. Base Salary. As of the Effective Date, you will earn a base salary of \$541,000 USD per year, less statutory and other applicable deductions as required, for all work and services you perform for the Company (the “**Base Salary**”). The Base Salary is payable semi-monthly in arrears in accordance with the Company’s applicable payroll policies. The US dollar amount of your semi-monthly pay will be converted to Canadian dollars at the Bank of Canada exchange rate approximately five (5) days prior to each pay date and paid in Canadian dollars. You hereby agree and understand that the exchange rate between US and Canadian dollars may vary either in your favour or in Xenon’s favour (the “**Exchange Rate Variance**”), and you accept that such Exchange Rate Variance is an accepted term and condition of your employment.

B. Annual Discretionary Bonus. In addition to your Base Salary, you are eligible to earn an annual discretionary bonus, less statutory and other applicable deductions as required, of up to fifty-five percent (55%) of your base salary earnings actually earned in the applicable calendar year of service, in Canadian dollars. Any bonus payable will be paid in Canadian dollars. The payment and amount of the annual bonus is within the sole discretion of the Board of Directors (the “**Board**”) and will be evaluated in the first quarter of each year in relation to the achievement of corporate objectives for the previous year. Such objectives will be established annually by the Board in its sole discretion. Bonuses are not earned until paid.

C. Annual Review. The Company will conduct an annual review of your compensation package, including your salary and bonus percentage, in accordance with its policies. Any adjustment to the same is at the sole discretion of the Company provided that the Base Salary benchmarked in US dollars will not be reduced without your consent and subject to Sections L and M of this Agreement. You will be paid in Canadian dollars, but the Company may, at its sole discretion, benchmark your compensation in US dollars based on the peer group that is identified from time to time. You hereby agree and acknowledge that the Company has no control over the applicable foreign currency exchange rate and that your compensation in Canadian dollars may be reduced compared to the previous year because of such applicable exchange rate. You further agree and acknowledge that such lower compensation will not constitute constructive dismissal if solely due to the then applicable foreign currency exchange rate.

D. Expense Reimbursement. In accordance with its expense policy, as amended from time to time, the Company will reimburse any authorized expenses actually and reasonably incurred in the course of performing your employment duties. The Company will also provide to you, for the duration of your employment, any necessary work tools, such as a laptop computer and mobile phone. Subject to approval by the Company, you will also be reimbursed for out-of-pocket expenses incurred for attending courses or workshops related to your employment duties.

E. Reporting Structure/Responsibilities. You will report to the Board of Directors. You agree that the Company may change the reporting structure, including the person and position to whom you report, and the people and positions who report to you. You will perform the responsibilities and duties of your position, as described in Schedule A, and subject to Sections L and M, such other responsibilities and duties as may be reasonably requested by the Company from time to time. You will at all times: (i) conform to the reasonable and lawful directions of the Company and the Board; (ii) adhere to all applicable Company policies; (iii) give the Company the full benefit of your knowledge, expertise, skill and ingenuity; (iv) well and faithfully serve the Company; (v) devote your best efforts to furthering the interests of the Company; and (vi) exercise the degree of care, diligence and skill that a prudent executive would exercise in comparable circumstances.

You will not during your employment with the Company, be employed by, or provide products or services of any nature whatsoever to, any other person, company, organization or other entity without prior written permission from the Company. This does not restrict you from performing reasonable volunteer activities; however, you must obtain the consent of the Company if you wish to serve on a board of directors or advisory board, or if you perform any paid work or services for other organizations. Schedule B contains a description of all such appointments and positions that you currently occupy, and all paid work and services you currently provide to outside organizations, to which the Company confirms that it provides its permission.

F. Vacation and Sick Days. In accordance with the Company's policies, you will earn twenty (20) days of paid vacation per calendar year on a pro rata basis. You may also be entitled to other leaves, including without limitation, an additional allotment of paid sick days and statutory holidays, as provided in the Company's policies during the applicable period. Accrued but unused paid time off and sick days will expire in accordance with the Company's policies, as amended from time to time.

G. Non-Disclosure, Non-Solicitation & Non-Competition Agreement. The Employee Non-Disclosure, Non-Solicitation and Non-Competition Agreement that you signed dated October 3, 2014 continues to be in full force and effect. Please note that this agreement also deals with confidentiality and the ownership of intellectual property developments. You continue to agree that compliance with its provisions is reasonable and a necessary requirement in our highly competitive industry, and may be required by our agreements with our suppliers, customers, and distributors.

H. Stock Options. You will continue to be eligible to participate in Xenon's Amended and Restated 2014 Equity Incentive Plan ("the Plan"), a copy of which is attached. Nothing in this Agreement will affect in any way the stock options granted to you by the Company to date, all of which will, except as expressly provided in this Agreement, continue to vest and be exercisable in accordance with their terms while you are employed by the Company. Subject to the terms of the Plan (as such may be amended from time to time) and approval by Xenon's Board of Directors on or around the Effective Date, or if the Company is in a trading blackout, as soon as possible thereafter, you will receive a onetime option to purchase 125,000 common shares of Xenon Pharmaceuticals Inc.

I. Benefits. You will continue to be eligible to participate in the Company's employee group benefit plans, as amended from time to time, subject to the Company's policies, eligibility rules, and terms established by the service providers, as amended from time to time. You will continue to be eligible to participate in the Company's current Group RRSP Plan, under which the Company will match your contributions up to a maximum of 5% of your Base Salary, in the same currency in which your Base Salary is paid.

J. Taxes. Any taxes applicable to your employment compensation package with the Company will be deducted and remitted to the appropriate authorities in accordance with the Company's standard policies and the law.

If you work in a second tax jurisdiction at the Company's request, the Company will cover the reasonable costs for you to use the services of the Company's tax adviser or another adviser mutually agreed upon by the Parties to prepare your home and host country tax returns for any year during which you are required to file tax returns in more than one country as a result of your employment with the Company.

K. Insurance and Indemnification. As a corporate and/or executive officer of the Company, during your employment with the Company, you will be covered by its Directors' and Officers' Liability Insurance Policy and such other indemnity policy, agreement or commitment established by the Company, subject to the terms of the Insurance Policy and other policy, agreement or commitment and any amendments made from time to time at the Board's discretion provided that no amendment will substantially reduce your entitlements. Your coverage under such Insurance Policy and any other policy, agreement, or commitment, will continue after your employment ends in respect of your employment. The Indemnification Agreement that you signed dated November 4, 2014 continues to be in full force and effect.

L. Change of Control. In this Agreement:

- a. **"Average Bonus"** means an amount that is (i) the sum of the annual bonus awards (expressed as a percentage of the applicable year's Base Salary) that you earned in each of the three (3) completed calendar years preceding the date your employment with the Company terminates, divided by (ii) three (3), multiplied by (iii) your Base Salary at the time your employment with the Company terminates [for example: $(15\%+5\%+10\%)/3 = 10\%$ of Base Salary]. If you have been employed for more than one (1) but fewer than three (3) completed calendar years of service, then your "Average Bonus" will be the average of the annual bonus awards (as expressed as a percentage of the applicable year's Base Salary) that you have received for the completed calendar year(s) preceding the date of your employment with the Company terminates.
- b. **"Change of Control"** means:
- (i) the acquisition by any person or persons acting jointly or in concert (as determined by the Securities Act) ("**Person**"), whether directly or indirectly, of voting securities of the Company that, together with all other voting securities of the Company held by such Person, constitute in the aggregate more than 50% of all outstanding voting securities of the Company; provided, however, that for purposes of this subsection, the acquisition of additional securities by any one Person, who owns more than 50% of all outstanding voting securities of the Company will not be a Change of Control;
 - (ii) an amalgamation, arrangement or other form of business combination of the Company with another corporation that results in the holders of voting securities of that other corporation holding, in the aggregate, more than 50% of all outstanding voting securities of the corporation resulting from the business combination; provided, however, that for purposes of this subsection, the acquisition of additional securities by any one Person, who owns more than 50% of all outstanding voting securities of the Company will not be a Change of Control; or
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- (iii) a change in the ownership of a substantial portion of the Company's assets, including the sale, lease, transfer or exchange of a substantial portion of the Company's assets, to another Person, other than in the ordinary course of business of the Company, which occurs on the date that such Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to a Related Entity, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity of which the Company has Control, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the all outstanding voting securities of the Company, or (4) an entity of which a Person described in this subsection (iii)(B)(3) has Control. For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets;

provided, however, that a Change in Control will not be deemed to have occurred if such Change in Control results solely from the issuance, in connection with a *bona fide* public offering, financing or series of financings by the Company, of voting securities of the Company or any rights to acquire voting securities of the Company which are convertible into voting securities.

Further and for the avoidance of doubt, a transaction will not constitute a Change of Control if: (x) its sole purpose is to change the state or jurisdiction of the Company's incorporation, or (y) its sole purpose is to create a holding company the voting securities of which will be owned in substantially the same proportions by the persons who held the Company's voting securities immediately before such transaction.

c. **"Good Reason"** means any of the following:

- (i) any unilateral change or series of changes to your employment responsibilities, reporting relationship, or status within the Company, such that immediately after such a change or series of changes to your responsibilities, reporting relationship, and status, taken as a whole, and taking into account the size and complexity of the business of the Company at that time, are substantially less than those assigned to you immediately prior to such change or series of changes; or
 - (ii) a material reduction by the Company in your Base Salary or other compensation as in effect prior to the Change of Control that would constitute a constructive dismissal at common law; or
 - (iii) the taking of any action by the Company, or the failure by the Company to take any action, that would materially and adversely affect your participation in, or materially reduce your aggregate benefits under, the total package of long-term incentive, bonus, compensation, RRSP, life insurance, health, accidental disability and other similar plans in which you are participating prior to the action by the Company or the failure by the Company to take any action; or
 - (iv) the unilateral requirement that you relocate to a new location that is both (a) more than 60 kilometers from your previous work location and (b) more than 60 kilometers from your primary residence; or
 - (v) failure or refusal of the Successor Company to offer you terms and conditions of employment, including the provisions of Section M of this Agreement, that are substantially the same as the provisions of this Agreement; or
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(vi) subject to the terms of this Agreement, any reason which would be considered to amount to constructive dismissal by an arbitrator under the laws applicable in British Columbia;

provided that any change or series of changes in reporting relationships alone will not constitute good reason.

d. **“Successor Company”** means, in connection with a Change of Control, the surviving or acquiring company or entity.

M. Termination Without Cause or Resignation for Good Reason in Connection With or Following A Change of Control.

In the event of (i) a termination without cause or (ii) resignation for Good Reason, in either case, occurring within three (3) months prior to a Change of Control and related or connected to that Change of Control or occurring within twelve (12) months after a Change of Control, your employment will end on the date it is terminated without cause by the Company or Successor Company or the date terminated by you for Good Reason, in which case the Company or Successor Company will provide you with the notice or pay in lieu of notice to which you are entitled under the British Columbia Employment Standards Act (the **“Statutory Notice”**). In exchange for and conditional upon you signing and returning a full and final Release of all claims in the form attached hereto as Schedule C, the Company or Successor Company will provide you with the following:

- a. payment equal to twenty-four (24) months (the **“COC Payment Period”**). The COC Payment Period is inclusive of, and not in addition to, the Statutory Notice;
 - b. payment of 100% of your then-applicable bonus eligibility calculated on your then-applicable annual Base Salary (i.e. not prorated for the partial year worked), less statutory and other applicable deductions as required;
 - c. the contributions to your retirement savings plan the Company would have paid on your behalf during the COC Payment Period;
 - d. notwithstanding any provision in the Company’s Amended and Restated Stock Option Plan (the **“Pre-IPO Equity Plan”**), the Amended and Restated 2014 Equity Incentive Plan and any subsequent deferred compensation plan to the contrary:
 - (i) immediate vesting of all unvested stock options and other deferred compensation awards granted to you by the Company or the Successor Company; and
 - (ii) with respect to stock options granted pursuant to the Pre-IPO Equity Plan and any prior stock option plan, continued exercise rights up to ninety (90) days after the end of the Payment Period, at which time, such rights will be null and void; and
 - (iii) continued exercise rights for the longer of the period stipulated in the applicable plan or grant and six (6) months after the date your employment actually terminates (i.e. the last day you are actually at work); and
 - e. subject to the applicable insurer’s terms of coverage, at the Company’s discretion, the Company will arrange for you to continue to receive group benefits insurance coverage up to the earlier of (i) the end of the COC Payment Period, or (ii) the date you commence new work or employment with comparable coverage. In the event the insurer does not continue coverage, the Company will pay you an amount equivalent to the cost of the monthly premiums the Company would have paid on your behalf for the group benefits insurance coverage that are terminated.
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In the case of Good Reason, you must within three (3) months after the occurrence of Good Reason provide the Company or Successor Company with thirty (30) days' written notice of Good Reason during which you will continue to provide services to the Company or Successor Company. Where the Good Reason is based in whole or in part on a series of changes, the notice period will commence on the occurrence of the last change in the series. Within your thirty (30) day working notice, the Company or the Successor Company may correct, reverse, rectify or otherwise resolve the change or series of changes that constitute Good Reason, in which case your employment with the Company or Successor Company will continue.

The payments described above are inclusive of any termination or severance pay owing to you under applicable employment standards legislation. You further agree that you will not be eligible for any additional payment pursuant to the termination sections below (e.g. you will **not** be entitled to receive both the payments described in this Section M and the Termination Without Cause payments or notice described below in Section P).

Termination:

N. Resignation. If for any reason you should wish to leave the Company, you will provide the Company with three (3) months' prior written notice of your intention (the "**Resignation Period**"). You agree that the Company may, in its sole and unfettered discretion, waive the Resignation Period in whole or in part and end your employment immediately by delivering to you a written notice promptly followed by payment of the Base Salary due to you during the remainder of the Resignation Period and any pay accrued and owing under this Agreement up to the date of such notice. It is further expressly agreed that you will not be entitled to any bonus or pro rata bonus after you give notice of resignation. For example, if you give notice of resignation partway during the calendar year, or any time prior to the bonus payment date following that calendar year, you will not be entitled to any bonus for that calendar year.

O. Termination for Cause. The Company may terminate your employment at any time for cause, effective upon delivery by the Company to you of a written notice of termination of your employment for cause. You will not be entitled to receive any further pay or compensation (except for pay, if any, accrued and owing under this Agreement up to the date of termination of your employment), severance pay, notice, payment in lieu of notice, benefits or damages of any kind, and for clarity, without limiting the foregoing, you will not be entitled to any bonus or pro rata bonus payment that has not already been awarded by the Company.

P. Termination Without Cause.

(This Section P does not apply to a termination without cause that occurs within three (3) months prior to a Change of Control and in relation or connection to that Change of Control or within twelve (12) months after a Change of Control – such terminations are covered by Section M).

The Company may terminate your employment without cause at any time upon providing you with the notice or pay in lieu of notice to which you are entitled under the Statutory Notice. In exchange for and conditional upon you signing and returning a full and final Release of all claims in the form attached hereto as Schedule C, the Company will provide you with notice or pay in lieu of notice beyond that required by the Statutory Notice – in particular, the Company will provide you with working notice of termination (in which case all of your terms and conditions of employment including compensation and benefits, subject to the applicable insurer's terms of coverage, will continue during the working notice period, or Base Salary continuance, or a lump sum payment of Base Salary, or an equivalent combination of any of the foregoing, in the amount of twelve (12) months plus one (1) additional month for every one (1) year of consecutive service with the Company, up to a combined maximum of eighteen (18) months (the "**Notice Period**").

It is within the Company's sole discretion to decide whether to provide working notice, Base Salary Continuance, or a lump sum payment of Base Salary, or a combination of the foregoing, for the Notice Period.

The Notice Period is inclusive of, and not in addition to, the Statutory Notice. If the Company elects to provide Base Salary Continuance or a lump sum payment of Base Salary for all or part of the Notice Period, the portion of the Notice Period covered by such payment(s) shall be defined as the "Payment Period".

The parties further agree as follows, also conditional upon you signing and returning a full and final Release of all claims in the form attached hereto as Schedule C:

- (i) subject to the applicable insurer's terms of coverage, the Company will arrange for you to continue to receive group benefits insurance coverage up to the earlier of (i) the end of the Notice Period, or (ii) the date you commence full-time employment. In the event the insurer does not continue coverage, the Company will pay you an amount equivalent to the cost of the monthly premiums the Company would have paid on your behalf for the group benefits insurance coverage that are terminated;
- (ii) you will receive an Average Bonus pro-rated for the period of the calendar year that you actually worked, up to your last day at work, less statutory and other applicable deductions as required. For example, if your last day of work is March 31, you will receive three (3) months of your Average Bonus. Payment of your pro-rated Average Bonus will be within four (4) weeks of the termination date provided that if a bonus has not yet been determined for the preceding completed calendar year, the Company will first make that determination in the ordinary course using relevant criteria in a manner consistent with prior practice so that the Average Bonus can then be determined and paid. For clarity, it is expressly agreed that you will not be entitled to any bonus whatsoever for any period of time after your last actual day at work, including during the Payment Period;
- (iii) the Company will pay the contributions to your retirement savings plan the Company would have paid on your behalf during the Notice Period; and
- (iv) notwithstanding any provision in this Agreement or in the Pre-IPO Equity Plan, the Amended and Restated 2014 Equity Incentive Plan and any subsequent incentive compensation plan to the contrary, the Company will extend the vesting and exercise rights of your vested and unvested options and other deferred compensation as follows:
 - a. for stock options granted under the Pre-IPO Equity Plan and any prior stock option plan, the stock options will continue vesting until the end of the Notice Period, at which time all unvested options will be null and void, and all vested stock options will be exercisable until the earlier of the original expiry date of the options and the date that is three (3) months following the end of the Notice Period; and
 - b. for stock options and other deferred compensation granted under the Amended and Restated 2014 2014 Equity Incentive Plan and any subsequent incentive compensation plan, the stock options and other deferred compensation will continue to vest for a period of three (3) months after the date your employment terminates and all vested stock options and other deferred compensation will be exercisable until the earlier of the original expiry date of the stock options and deferred compensation and the date that is six (6) months after the date your employment terminates.

Any payment in lieu of notice provided to you will be inclusive of any termination or severance pay owing to you under applicable employment standards legislation and subject to statutory withholdings and other regular payroll deductions. You will not be entitled to receive any further pay or compensation except (i) as expressly set out in this Agreement, and (ii) the pay, if any, accrued and owing under this Agreement up to the date of termination of your employment.

Q. Work Permit. As a condition of your employment, you may become required to work in other jurisdictions where the Company or the Company's affiliates maintain an office. In that event, the continuance of your employment with the Company will become contingent upon your signing and complying with an Employee Secondment Agreement Letter, receiving authorization to work in that or those other jurisdiction(s), and to your maintaining such status. The Company will support your application for any such authorization(s).

R. FDA Debarment. As a condition of your employment, you must certify that you are not under investigation by the FDA for debarment action, have not been debarred under the Generic Drug Enforcement Act of 1992 (21 U.S.C. 301 et seq.), and are not otherwise being investigated, restricted or disqualified from performing services relating to clinical trials by the FDA or any other regulatory authority or professional body in any other jurisdiction. If, during the course of your employment with Xenon, you become subject to such investigation or otherwise are restricted or disqualified, you will promptly inform Xenon's Legal Department of such event.

S. Miscellaneous

No Implied Entitlement. Other than as expressly provided herein or in any of the Company's policies, as amended from time to time at the Company's sole discretion, you will not be entitled to receive any further pay or compensation, severance pay, notice, payment in lieu of notice, incentives, bonuses, benefits or damages of any kind.

Continued Effect. Notwithstanding any changes in the terms and conditions of your employment which may occur in the future, including any changes in position, duties or compensation, the termination provisions in this Agreement will continue to be in effect for the duration of your employment with the Company unless otherwise amended in writing and signed by the Company.

Authorization to Deduct Debts. If, on the date you leave employment, you owe the Company any money, you hereby authorize the Company to deduct any such debt from your final pay or any other payment due to you to the extent permitted by the *BC Employment Standards Act* if applicable. Any remaining debt will be immediately payable to the Company and you agree to satisfy such debt within fourteen (14) days after any demand for repayment.

Dispute Resolution. In the event of a dispute arising out of or in connection with this Agreement, or in respect of any legal relationship associated with it or from it, which does not involve the Company seeking a court injunction or other injunctive or equitable relief to protect its business, confidential information or intellectual property, or enforce the covenants hereunder, that dispute will be resolved confidentially as follows:

- a. *Amicable Negotiation* – The parties agree that, both during and after the performance of their responsibilities under this Agreement, each of them will make *bona fide* efforts to resolve any disputes arising between them by amicable and expeditious negotiations.
 - b. *Mediation* – If the parties are unable to negotiate resolution of a dispute, either party may with the agreement of the other party refer the dispute to mediation by providing written notice to the other party. If the parties cannot agree on a mediator within fifteen (15) days after receipt of the notice to mediate, then either party may make application to the British Columbia Arbitration and Mediation Society to have one appointed. The mediation will be held in Vancouver, BC, in accordance with the British Columbia International Commercial Arbitration Centre's (the "BCICAC") Commercial Mediation Rules, and each party will bear its own costs, including one-half share of the mediator's fees.
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- c. *Arbitration* – If, after mediation, the parties have been unable to resolve a dispute or at any time if mediation is not undertaken, either party may refer the dispute for final and binding arbitration by providing written notice to the other party. If the parties cannot agree on an arbitrator within fifteen (15) days after receipt of the notice to arbitrate, then either party may make application to the British Columbia Arbitration and Mediation Society to appoint one. The arbitration will be held in Vancouver, BC, in accordance with the BCICAC's Shorter Rules for Domestic Commercial Arbitration. Each party will bear its own costs, including one-half share of the arbitrator's fees, provided that the arbitrator will have discretion to award costs against either party.

Legal Counsel. You have been advised by the Company to retain independent legal advice with respect to this Employment Agreement.

Employment Standards Act. The parties hereby agree that if any provision in this Employment Agreement, in any circumstance, provides for less than what is required by the *BC Employment Standards Act*, such provision shall be replaced with the minimum provision(s) of the *BC Employment Standards Act*.

Currency. Except as otherwise specifically indicated, all monetary amounts referenced herein are in Canadian dollars.

Severability. If any part, article, section, clause, paragraph or subparagraph of this Agreement is held to be indefinite, invalid, illegal or otherwise voidable or unenforceable for any reason, the entire Agreement will not fail on the account thereof and the validity, legality and enforceability of the remaining provisions will in no way be affected or impaired thereby.

Entire Understanding. We also confirm that this Agreement and the other agreements, documents, and plans that are referred to in this Agreement (including the Non-Disclosure, Non-Solicitation and Non-Competition Agreement) set forth our entire understanding of the terms of your employment with the Company, and cancels and supersedes all previous invitations, proposals, letters, correspondence, negotiations, promises, agreements (including your former employment agreement), covenants, conditions, representations and warranties with respect to the subject matter of this Agreement. Any modifications to these employment terms must be made in writing and signed by both you and the Company.

Governing Law. This Agreement and all matters arising hereunder will be governed by and construed in accordance with the laws of the Province of British Columbia.

If you have any questions or concerns regarding the above, please do not hesitate to contact Shelley McCloskey.

To accept this Agreement on the terms set out herein, please sign where indicated below, and return a signed copy of this Agreement to Shelley McCloskey before January 13, 2021.

Yours sincerely,

XENON PHARMACEUTICALS INC.

/s/ Simon Pimstone
Simon Pimstone
CEO

Attachments:

- 1) Employee Non-Disclosure, Non-Solicitation and Non-Competition Agreement previously executed between Xenon and Ian Mortimer as of October 3, 2014
- 2) Xenon Amended and Restated 2014 Equity Incentive Plan

I hereby confirm that I have read, understand and voluntarily accept the terms of this Agreement:

/s/ Ian Mortimer
Ian Mortimer

13/01/2021
DD/MM/YYYY

SCHEDULE A

Duties and Responsibilities

Reporting to the Board of Directors, the President and Chief Executive Officer (“CEO”) is responsible for oversight of all aspects of the Company’s business and directs the organization to ensure the attainment of strategic and financial goals and maximize return on invested capital. The CEO will provide corporate leadership and vision, overseeing the Company’s scientific and technology research; product and clinical development; commercialization; in-licensing, out-licensing and partnering plans; merger and acquisition opportunities; and financial and organizational matters.

The Chief Executive Officer will:

- Collaborate with the Executive Chair and Lead Independent Director to plan agendas and materials for Board and Board Committee meetings to ensure the Board’s ability to operate effectively in accordance with its’ mandate
 - Build, lead and manage cohesive a Senior Executive Team (“Management”) with the skills and capacity to carry out the Company’s business
 - Lead and work with the Management to develop, recommend and, as approved by the Board, execute on
 - Company strategy and corporate objectives, including Company purpose and vision
 - Corporate financial and operating performance with respect to capital and revenue strategies and plans, annual operating plans and budgets, resource allocation and risk management
 - A robust research and product pipeline, including both in-house and externally acquired compounds
 - Clinical development strategies and plans
 - Commercialization strategies and plans, including partnering, for global marketing and sales of products and product candidates
 - Organizational matters, including culture, hiring, talent and performance management, organizational capabilities and succession planning
 - Be responsible for all day to day operating decisions in execution of the Company’s Board approved strategies and plans
 - Lead and work with the Management to ensure the Company’s full compliance with legal, environmental, human rights and regulatory requirements in all of the jurisdictions in which it operates
 - Collaborate with the Executive Chair and other relevant executives to identify, evaluate and plan strategic opportunities such as licensing opportunities and mergers and acquisitions
 - Act as the key spokesperson for the Company, ensuring clear, consistent and timely communication with the Company’s Board of Directors, investors, bankers and others in the financial community, partners and potential partners, scientific and medical key opinion leaders, and all levels of internal staff
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- At all times, act in the best interest of the Company and its shareholders
 - Travel for meetings, conferences, and other applicable business
 - Act in accordance with Company policies, including, for example, the Code of Business Conduct and Ethics and ensure policies are understood and followed by direct reports and all employees
 - Other duties as required from time to time
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SCHEDULE C

Form of Release

IN CONSIDERATION OF the terms and conditions set out in the [DATE] letter from **Xenon Pharmaceuticals Inc.** (hereinafter called "**Xenon**") to me, [NAME], and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, I do hereby remise, release and forever discharge Xenon, its officers, directors, servants, employees and agents, and their heirs, executors, administrators, successors and assigns, as the case may be (defined collectively as the "Releasees"), of and from any and all manner of actions, causes of action, suits, contracts, claims, damages, costs and expenses of any nature or kind whatsoever, whether in law or in equity, which as against Xenon or such persons as aforesaid or any of them, I have ever had, now have, or at any time hereafter I or my personal representatives can, shall or may have, by reason of or arising out of the termination of my employment with Xenon on or about [DATE], without limiting the generality of the foregoing, any and all claims for damages for termination of my employment, constructive termination of my employment, loss of position, loss of status, loss of future job opportunity, loss of opportunity to enhance my reputation, the timing of the termination and the manner in which it was effected, loss of bonuses, loss of shares and/or share options, loss of benefits, including life insurance and short and long-term disability benefit coverage, and any other type of damages arising from the above.

IT IS UNDERSTOOD AND AGREED that this Release includes any and all claims arising under the *Employment Standards Act*, *Human Rights Code*, or other applicable legislation as it relates to the termination of my employment and that the consideration provided includes any amount that I may be entitled to under such legislation.

IT IS FURTHER UNDERSTOOD AND AGREED that this Release is subject to compliance by Xenon with the said conditions as stipulated in the aforementioned employment agreement entered into between the undersigned and Xenon.

IT IS FURTHER UNDERSTOOD AND AGREED THAT XENON will withhold and remit income tax and other statutory deductions from the aforesaid consideration and I agree to indemnify and hold harmless Xenon from any further assessments for income tax, repayment of any employment insurance benefits received by me, or other statutory deductions which may be made under statutory authority.

IT IS FURTHER UNDERSTOOD AND AGREED that this is a compromise and is not to be construed as an admission of liability on the part of Xenon. The terms of this Release set out the entire agreement between Xenon and me with respect to the matters described herein and are intended to be contractual and not a mere recital. If the facts on which this Release is made prove to be other than or different from the facts in that connection now know or believed to be true by the parties or either of them, the parties and each of them expressly accept and assume the risk of the facts being different and agree that all the terms

of this Release shall be in all respects effective and not subject to termination, variation, or rescission by any discovery of any difference in the facts. If any party of provision of this Release or its application to any circumstance is restricted, prohibited or unenforceable, such part or provision will be ineffective only to the extent of such restriction, prohibition or unenforceability, and the remainder of the Release will remain in full force and effect.

IT IS FURTHER UNDERSTOOD AND AGREED that I will keep the contents of this settlement and all communication relating thereto confidential except to Revenue Canada or as is required to obtain legal and tax advice, or to enforce my rights hereunder in a court of law, or as is required by law.

IT IS FURTHER UNDERSTOOD AND AGREED that the law governing this Release is that of British Columbia, and the parties will resolve any disputes they have under this Release in the courts of British Columbia, provided that if, contrary to this Release, I commence, pursue, or maintain any such proceedings against any of the Releasees, I hereby irrevocably consent to such Releasee(s) relying on this Release to obtain a stay or dismissal or such proceedings.

IT IS FURTHER UNDERSTOOD AND AGREED that the consideration described herein was voluntarily accepted by me for the purpose of making a full and final settlement of all claims described above and that prior to agreeing to the settlement, I was advised by Xenon of my right to receive independent legal advice.

IN WITNESS WHEREOF this Release has been executed effective the _____ (please insert date of signature).

SIGNED, SEALED AND DELIVERED)
By **[NAME]** in the presence of:)
)

Signature of Witness)

Name of Witness)

Address)

Occupation)

[NAME]

January 13, 2021

Confidential

Via Electronic Mail

Simon Pimstone

Dear Simon,

Re: Employment Agreement

Further to your discussion with the Board to transition from the Chief Executive Officer role, we are pleased to offer you the position of Executive Chair of the Board of Directors, from the Company's 2021 annual meeting of shareholders expected to take place on or about June 4, 2021 (the "**Effective Date**") to the Company's 2022 annual meeting of shareholders expected to take place in June 2022 (the "**End Date**") (from the Effective Date to the End Date, the "**Term**"), on the terms and conditions set forth in this Employment Agreement. Unless previously terminated in accordance with Section M, N, O or P or extended by mutual written agreement, your employment with the Company will automatically end as of the End Date. Please note that this new Employment Agreement will replace and supersede any earlier Employment Agreements you may have had with the Company as of the Effective Date.

A. Base Salary. As of the Effective Date and during the Term, you will earn a base salary of \$525,000 USD per year, less statutory and other applicable deductions as required, for all work and services you perform for the Company (the "**Base Salary**"). The Base Salary is payable semi-monthly in arrears in accordance with the Company's applicable payroll policies. The US dollar amount of your semi-monthly pay will be converted to Canadian dollars at the Bank of Canada exchange rate approximately five (5) days prior to each pay date and paid in Canadian dollars. You hereby agree and understand that the exchange rate between US and Canadian dollars may vary either in your favour or in Xenon's favour (the "**Exchange Rate Variance**"), and you accept that such Exchange Rate Variance is an accepted term and condition of your employment.

B. Annual Discretionary Bonus. In addition to your Base Salary, you are eligible to earn an annual discretionary bonus, less statutory and other applicable deductions as required, of up to fifty-five percent (55%) of your base salary earnings actually earned in the applicable calendar year of service, in Canadian dollars. Any bonus payable will be paid in Canadian dollars. The payment and amount of the annual bonus is within the sole discretion of the Board of Directors (the "**Board**") and will be evaluated in the first quarter of each year in relation to the achievement of corporate objectives for the previous year. For the avoidance of doubt, any bonus for 2022 will be based on the period you are employed as Executive Chair of the Board of Directors in 2022 and will be evaluated and paid in the first quarter of 2023. Such objectives will be established annually by the Board in its sole discretion. Bonuses are not earned until paid.

C. Annual Review. The Company will conduct an annual review of your compensation package, including your salary and bonus percentage, in accordance with its policies. Any adjustment to the same is at the sole discretion of the Company provided that the Base Salary benchmarked in US dollars will not be reduced without your consent and subject to Sections L and M of this Agreement. You will be paid in Canadian dollars, but the Company may, at its sole discretion, benchmark your compensation in US dollars based on the peer group that is identified from time to time. You hereby agree and acknowledge that the Company has no control over the applicable foreign currency exchange rate and that your compensation in Canadian dollars may be reduced compared to the previous year because of such applicable exchange rate. You further agree and acknowledge that such lower compensation will not constitute constructive dismissal if solely due to the then applicable foreign currency exchange rate.

D. Expense Reimbursement. In accordance with its expense policy, as amended from time to time, the Company will reimburse any authorized expenses actually and reasonably incurred in the course of performing your employment duties. The Company will also provide to you, for the duration of your employment, any necessary work tools, such as a laptop computer and mobile phone. Subject to approval by the Company, you will also be reimbursed for out-of-pocket expenses incurred for attending courses or workshops related to your employment duties.

E. Reporting Structure/Responsibilities. As Executive Chair of the Board of Directors, you are appointed by the Board of Directors. You will perform the responsibilities and duties of your position, as described in Schedule A, and subject to Sections L and M, such other responsibilities and duties as may be reasonably requested by the Company from time to time. You will at all times: (i) conform to the reasonable and lawful directions of the Company and the Board; (ii) adhere to all applicable Company policies; (iii) give the Company the full benefit of your knowledge, expertise, skill and ingenuity; (iv) well and faithfully serve the Company; (v) devote your best efforts to furthering the interests of the Company; and (vi) exercise the degree of care, diligence and skill that a prudent executive would exercise in comparable circumstances.

You will not during your employment with the Company, be employed by, or provide products or services of any nature whatsoever to, any other person, company, organization or other entity without prior written permission from the Company. This does not restrict you from performing reasonable volunteer activities; however, you must obtain the consent of the Company if you wish to serve on a board of directors or advisory board, or if you perform any paid work or services for other organizations. Schedule B contains a description of all such appointments and positions that you currently occupy, and all paid work and services you currently provide to outside organizations, to which the Company confirms that it provides its permission.

F. Vacation and Sick Days. In accordance with the Company's policies, you will earn twenty (20) days of paid vacation per calendar year on a pro rata basis. You may also be entitled to other leaves, including without limitation, an additional allotment of paid sick days and statutory holidays, as provided in the Company's policies during the applicable period. Accrued but unused paid time off and sick days will expire in accordance with the Company's policies, as amended from time to time.

G. Non-Disclosure, Non-Solicitation & Non-Competition Agreement. The Employee Non-Disclosure, Non-Solicitation and Non-Competition Agreement that you signed dated October 3, 2014 continues to be in full force and effect. Please note that this agreement also deals with confidentiality and the ownership of intellectual property developments. You continue to agree that compliance with its provisions is reasonable and a necessary requirement in our highly competitive industry, and may be required by our agreements with our suppliers, customers, and distributors.

H. Stock Options. You will continue to be eligible to participate in Xenon's Amended and Restated 2014 Equity Incentive Plan (the "Plan"), a copy of which is attached. Nothing in this Agreement will affect in any way the stock options granted to you by the Company to date, all of which will, except as expressly provided in this Agreement, continue to vest and be exercisable in accordance with their terms while you are employed by the Company.

I. Benefits. You will continue to be eligible to participate in the Company's employee group benefit plans, as amended from time to time, subject to the Company's policies, eligibility rules, and terms established by the service providers, as amended from time to time. You will continue to be eligible to participate in the Company's current Group RRSP Plan, under which the Company will match your contributions up to a maximum of 5% of your Base Salary, in the same currency in which your Base Salary is paid.

J. Taxes. Any taxes applicable to your employment compensation package with the Company will be deducted and remitted to the appropriate authorities in accordance with the Company's standard policies and the law.

If you work in a second tax jurisdiction at the Company's request, the Company will cover the reasonable costs for you to use the services of the Company's tax adviser or another adviser mutually agreed upon by the Parties to prepare your home and host country tax returns for any year during which you are required to file tax returns in more than one country as a result of your employment with the Company.

K. Insurance and Indemnification. As a corporate and/or executive officer of the Company, during your employment with the Company, you will be covered by its Directors' and Officers' Liability Insurance Policy and such other indemnity policy, agreement or commitment established by the Company, subject to the terms of the Insurance Policy and other policy, agreement or commitment and any amendments made from time to time at the Board's discretion provided that no amendment will substantially reduce your entitlements. Your coverage under such Insurance Policy and any other policy, agreement, or commitment, will continue after your employment ends in respect of your employment. The Indemnification Agreement that you signed dated November 4, 2014 continues to be in full force and effect.

L. Change of Control. In this Agreement:

- a. **"Average Bonus"** means an amount that is (i) the sum of the annual bonus awards (expressed as a percentage of the applicable year's Base Salary) that you earned in each of the three (3) completed calendar years preceding the date your employment with the Company terminates, divided by (ii) three (3), multiplied by (iii) your Base Salary at the time your employment with the Company terminates [for example: $(15\%+5\%+10\%)/3 = 10\%$ of Base Salary]. If you have been employed for more than one (1) but fewer than three (3) completed calendar years of service, then your "Average Bonus" will be the average of the annual bonus awards (as expressed as a percentage of the applicable year's Base Salary) that you have received for the completed calendar year(s) preceding the date of your employment with the Company terminates.
- b. **"Change of Control"** means:
- (i) the acquisition by any person or persons acting jointly or in concert (as determined by the Securities Act) ("**Person**"), whether directly or indirectly, of voting securities of the Company that, together with all other voting securities of the Company held by such Person, constitute in the aggregate more than 50% of all outstanding voting securities of the Company; provided, however, that for purposes of this subsection, the acquisition of additional securities by any one Person, who owns more than 50% of all outstanding voting securities of the Company will not be a Change of Control;
 - (ii) an amalgamation, arrangement or other form of business combination of the Company with another corporation that results in the holders of voting securities of that other corporation holding, in the aggregate, more than 50% of all outstanding voting securities of the corporation resulting from the business combination; provided, however, that for purposes of this subsection, the acquisition of additional securities by any one Person, who owns more than 50% of all outstanding voting securities of the Company will not be a Change of Control; or
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- (iii) a change in the ownership of a substantial portion of the Company's assets, including the sale, lease, transfer or exchange of a substantial portion of the Company's assets, to another Person, other than in the ordinary course of business of the Company, which occurs on the date that such Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to a Related Entity, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity of which the Company has Control, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the all outstanding voting securities of the Company, or (4) an entity of which a Person described in this subsection (iii)(B)(3) has Control. For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets;

provided, however, that a Change in Control will not be deemed to have occurred if such Change in Control results solely from the issuance, in connection with a *bona fide* public offering, financing or series of financings by the Company, of voting securities of the Company or any rights to acquire voting securities of the Company which are convertible into voting securities.

Further and for the avoidance of doubt, a transaction will not constitute a Change of Control if: (x) its sole purpose is to change the state or jurisdiction of the Company's incorporation, or (y) its sole purpose is to create a holding company the voting securities of which will be owned in substantially the same proportions by the persons who held the Company's voting securities immediately before such transaction.

c. **"Good Reason"** means any of the following:

- (i) any unilateral change or series of changes to your employment responsibilities, reporting relationship, or status within the Company, such that immediately after such a change or series of changes to your responsibilities, reporting relationship, and status, taken as a whole, and taking into account the size and complexity of the business of the Company at that time, are substantially less than those assigned to you immediately prior to such change or series of changes; or
 - (ii) a material reduction by the Company in your Base Salary or other compensation as in effect prior to the Change of Control that would constitute a constructive dismissal at common law; or
 - (iii) the taking of any action by the Company, or the failure by the Company to take any action, that would materially and adversely affect your participation in, or materially reduce your aggregate benefits under, the total package of long-term incentive, bonus, compensation, RRSP, life insurance, health, accidental disability and other similar plans in which you are participating prior to the action by the Company or the failure by the Company to take any action; or
 - (iv) the unilateral requirement that you relocate to a new location that is both (a) more than 60 kilometers from your previous work location and (b) more than 60 kilometers from your primary residence; or
 - (v) failure or refusal of the Successor Company to offer you terms and conditions of employment, including the provisions of Section M of this Agreement, that are substantially the same as the provisions of this Agreement; or
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(vi) subject to the terms of this Agreement, any reason which would be considered to amount to constructive dismissal by an arbitrator under the laws applicable in British Columbia;

provided that any change or series of changes in reporting relationships alone will not constitute good reason. Notwithstanding the foregoing, the Parties hereby agree that the automatic termination of this Agreement at the end of the Term shall not constitute a "Good Reason" even if it occurs within three (3) months prior to a Change of Control or within twelve (12) months after a Change of Control.

d. "**Successor Company**" means, in connection with a Change of Control, the surviving or acquiring company or entity.

M. Termination Without Cause or Resignation for Good Reason in Connection With or Following A Change of Control.

In the event of (i) a termination without cause or (ii) resignation for Good Reason, in either case, occurring within three (3) months prior to a Change of Control and related or connected to that Change of Control or occurring within twelve (12) months after a Change of Control, your employment will end on the date it is terminated without cause by the Company or Successor Company or the date terminated by you for Good Reason, in which case the Company or Successor Company will provide you with the notice or pay in lieu of notice to which you are entitled under the British Columbia Employment Standards Act (the "**Statutory Notice**"). In exchange for and conditional upon you signing and returning a full and final Release of all claims in the form attached hereto as Schedule C, the Company or Successor Company will provide you with the following:

- a. payment equal to twenty-four (24) months (the "**COC Payment Period**"). The COC Payment Period is inclusive of, and not in addition to, the Statutory Notice;
 - b. payment of 100% of your then-applicable bonus eligibility calculated on your then-applicable annual Base Salary (i.e. not prorated for the partial year worked), less statutory and other applicable deductions as required;
 - c. the contributions to your retirement savings plan the Company would have paid on your behalf during the COC Payment Period;
 - d. notwithstanding any provision in the Company's Amended and Restated Stock Option Plan (the "**Pre-IPO Equity Plan**"), the Amended and Restated 2014 Equity Incentive Plan and any subsequent deferred compensation plan to the contrary:
 - (i) immediate vesting of all unvested stock options and other deferred compensation awards granted to you by the Company or the Successor Company; and
 - (ii) with respect to stock options granted pursuant to the Pre-IPO Equity Plan and any prior stock option plan, continued exercise rights up to ninety (90) days after the end of the Payment Period, at which time, such rights will be null and void; and
 - (iii) continued exercise rights for the longer of the period stipulated in the applicable plan or grant and six (6) months after the date your employment actually terminates (i.e. the last day you are actually at work); and
 - e. subject to the applicable insurer's terms of coverage, at the Company's discretion, the Company will arrange for you to continue to receive group benefits insurance coverage up to the earlier of (i) the end of the COC Payment Period, or (ii) the date you commence new work or employment with comparable coverage. In the event the insurer does not continue coverage, the Company will pay you an amount equivalent to the cost of the monthly premiums the Company would have paid on your behalf for the group benefits insurance coverage that are terminated.
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In the case of Good Reason, you must within three (3) months after the occurrence of Good Reason provide the Company or Successor Company with thirty (30) days' written notice of Good Reason during which you will continue to provide services to the Company or Successor Company. Where the Good Reason is based in whole or in part on a series of changes, the notice period will commence on the occurrence of the last change in the series. Within your thirty (30) day working notice, the Company or the Successor Company may correct, reverse, rectify or otherwise resolve the change or series of changes that constitute Good Reason, in which case your employment with the Company or Successor Company will continue.

The payments described above are inclusive of any termination or severance pay owing to you under applicable employment standards legislation. You further agree that you will not be eligible for any additional payment pursuant to the termination sections below (e.g. you will **not** be entitled to receive both the payments described in this Section M and the Termination Without Cause payments or notice described below in Section P).

Termination:

N. Resignation. If for any reason you should wish to leave the Company, you will provide the Company with three (3) months' prior written notice of your intention (the "**Resignation Period**"). You agree that the Company may, in its sole and unfettered discretion, waive the Resignation Period in whole or in part and end your employment immediately by delivering to you a written notice promptly followed by payment of the Base Salary due to you during the remainder of the Resignation Period and any pay accrued and owing under this Agreement up to the date of such notice. It is further expressly agreed that you will not be entitled to any bonus or pro rata bonus after you give notice of resignation. For example, if you give notice of resignation partway during the calendar year, or any time prior to the bonus payment date following that calendar year, you will not be entitled to any bonus for that calendar year.

O. Termination for Cause. The Company may terminate your employment at any time for cause, effective upon delivery by the Company to you of a written notice of termination of your employment for cause. You will not be entitled to receive any further pay or compensation (except for pay, if any, accrued and owing under this Agreement up to the date of termination of your employment), severance pay, notice, payment in lieu of notice, benefits or damages of any kind, and for clarity, without limiting the foregoing, you will not be entitled to any bonus or pro rata bonus payment that has not already been awarded by the Company.

P. Termination Without Cause.

(This Section P does not apply to a termination without cause that occurs within three (3) months prior to a Change of Control and in relation or connection to that Change of Control or within twelve (12) months after a Change of Control – such terminations are covered by Section M).

The Company may terminate your employment without cause at any time upon providing you with the notice or pay in lieu of notice to which you are entitled under the Statutory Notice. In exchange for and conditional upon you signing and returning a full and final Release of all claims in the form attached hereto as Schedule C, the Company will provide you with notice or pay in lieu of notice beyond that required by the Statutory Notice – in particular, the Company will provide you with working notice of termination (in which case all of your terms and conditions of employment including compensation and benefits, subject to the applicable insurer's terms of coverage, will continue during the working notice period, or Base Salary continuance, or a lump sum payment of Base Salary, or an equivalent combination of any of the foregoing, in the amount of twelve (12) months plus one (1) additional month for every one (1) year of consecutive service with the Company, up to a combined maximum of eighteen (18) months (the "**Notice Period**").

It is within the Company's sole discretion to decide whether to provide working notice, Base Salary Continuance, or a lump sum payment of Base Salary, or a combination of the foregoing, for the Notice Period.

The Notice Period is inclusive of, and not in addition to, the Statutory Notice. If the Company elects to provide Base Salary Continuance or a lump sum payment of Base Salary for all or part of the Notice Period, the portion of the Notice Period covered by such payment(s) shall be defined as the "**Payment Period**".

The parties further agree as follows, also conditional upon you signing and returning a full and final Release of all claims in the form attached hereto as Schedule C:

- (i) subject to the applicable insurer's terms of coverage, the Company will arrange for you to continue to receive group benefits insurance coverage up to the earlier of (i) the end of the Notice Period, or (ii) the date you commence full-time employment. In the event the insurer does not continue coverage, the Company will pay you an amount equivalent to the cost of the monthly premiums the Company would have paid on your behalf for the group benefits insurance coverage that are terminated;
- (ii) you will receive an Average Bonus pro-rated for the period of the calendar year that you actually worked, up to your last day at work, less statutory and other applicable deductions as required. For example, if your last day of work is March 31, you will receive three (3) months of your Average Bonus. Payment of your pro-rated Average Bonus will be within four (4) weeks of the termination date provided that if a bonus has not yet been determined for the preceding completed calendar year, the Company will first make that determination in the ordinary course using relevant criteria in a manner consistent with prior practice so that the Average Bonus can then be determined and paid. For clarity, it is expressly agreed that you will not be entitled to any bonus whatsoever for any period of time after your last actual day at work, including during the Payment Period;
- (iii) the Company will pay the contributions to your retirement savings plan the Company would have paid on your behalf during the Notice Period; and
- (iv) notwithstanding any provision in this Agreement or in the Pre-IPO Equity Plan, the Amended and Restated 2014 Equity Incentive Plan and any subsequent incentive compensation plan to the contrary, the Company will extend the vesting and exercise rights of your vested and unvested options and other deferred compensation as follows:
 - a. for stock options granted under the Pre-IPO Equity Plan and any prior stock option plan, the stock options will continue vesting until the end of the Notice Period, at which time all unvested options will be null and void, and all vested stock options will be exercisable until the earlier of the original expiry date of the options and the date that is three (3) months following the end of the Notice Period; and
 - b. for stock options and other deferred compensation granted under the Amended and Restated 2014 Equity Incentive Plan and any subsequent incentive compensation plan, the stock options and other deferred compensation will continue to vest for a period of three (3) months after the date your employment terminates and all vested stock options and other deferred compensation will be exercisable until the earlier of the original expiry date of the stock options and deferred compensation and the date that is six (6) months after the date your employment terminates.

Any payment in lieu of notice provided to you will be inclusive of any termination or severance pay owing to you under applicable employment standards legislation and subject to statutory withholdings and other regular payroll deductions. You will not be entitled to receive any further pay or compensation except (i) as expressly set out in this Agreement, and (ii) the pay, if any, accrued and owing under this Agreement up to the date of termination of your employment.

Q. Work Permit. As a condition of your employment, you may become required to work in other jurisdictions where the Company or the Company's affiliates maintain an office. In that event, the continuance of your employment with the Company will become contingent upon your signing and complying with an Employee Secondment Agreement Letter, receiving authorization to work in that or those other jurisdiction(s), and to your maintaining such status. The Company will support your application for any such authorization(s).

R. FDA Debarment. As a condition of your employment, you must certify that you are not under investigation by the FDA for debarment action, have not been debarred under the Generic Drug Enforcement Act of 1992 (21 U.S.C. 301 et seq.), and are not otherwise being investigated, restricted or disqualified from performing services relating to clinical trials by the FDA or any other regulatory authority or professional body in any other jurisdiction. If, during the course of your employment with Xenon, you become subject to such investigation or otherwise are restricted or disqualified, you will promptly inform Xenon's Legal Department of such event.

S. Miscellaneous

No Implied Entitlement. Other than as expressly provided herein or in any of the Company's policies, as amended from time to time at the Company's sole discretion, you will not be entitled to receive any further pay or compensation, severance pay, notice, payment in lieu of notice, incentives, bonuses, benefits or damages of any kind.

Continued Effect. Notwithstanding any changes in the terms and conditions of your employment which may occur in the future, including any changes in position, duties or compensation, the termination provisions in this Agreement will continue to be in effect for the duration of your employment with the Company unless otherwise amended in writing and signed by the Company.

Authorization to Deduct Debts. If, on the date you leave employment, you owe the Company any money, you hereby authorize the Company to deduct any such debt from your final pay or any other payment due to you to the extent permitted by the *BC Employment Standards Act* if applicable. Any remaining debt will be immediately payable to the Company and you agree to satisfy such debt within fourteen (14) days after any demand for repayment.

Dispute Resolution. In the event of a dispute arising out of or in connection with this Agreement, or in respect of any legal relationship associated with it or from it, which does not involve the Company seeking a court injunction or other injunctive or equitable relief to protect its business, confidential information or intellectual property, or enforce the covenants hereunder, that dispute will be resolved confidentially as follows:

- a. *Amicable Negotiation* – The parties agree that, both during and after the performance of their responsibilities under this Agreement, each of them will make *bona fide* efforts to resolve any disputes arising between them by amicable and expeditious negotiations.
 - b. *Mediation* – If the parties are unable to negotiate resolution of a dispute, either party may with the agreement of the other party refer the dispute to mediation by providing written notice to the other party. If the parties cannot agree on a mediator within fifteen (15) days after receipt of the notice to mediate, then either party may make application to the British Columbia Arbitration and Mediation Society to have one appointed. The mediation will be held in Vancouver, BC, in accordance with the British Columbia International Commercial Arbitration Centre's (the "BCICAC") Commercial Mediation Rules, and each party will bear its own costs, including one-half share of the mediator's fees.
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- c. *Arbitration* – If, after mediation, the parties have been unable to resolve a dispute or at any time if mediation is not undertaken, either party may refer the dispute for final and binding arbitration by providing written notice to the other party. If the parties cannot agree on an arbitrator within fifteen (15) days after receipt of the notice to arbitrate, then either party may make application to the British Columbia Arbitration and Mediation Society to appoint one. The arbitration will be held in Vancouver, BC, in accordance with the BCICAC's Shorter Rules for Domestic Commercial Arbitration. Each party will bear its own costs, including one-half share of the arbitrator's fees, provided that the arbitrator will have discretion to award costs against either party.

Legal Counsel. You have been advised by the Company to retain independent legal advice with respect to this Employment Agreement.

Employment Standards Act. The parties hereby agree that if any provision in this Employment Agreement, in any circumstance, provides for less than what is required by the *BC Employment Standards Act*, such provision shall be replaced with the minimum provision(s) of the *BC Employment Standards Act*.

Currency. Except as otherwise specifically indicated, all monetary amounts referenced herein are in Canadian dollars.

Severability. If any part, article, section, clause, paragraph or subparagraph of this Agreement is held to be indefinite, invalid, illegal or otherwise voidable or unenforceable for any reason, the entire Agreement will not fail on the account thereof and the validity, legality and enforceability of the remaining provisions will in no way be affected or impaired thereby.

Entire Understanding. We also confirm that this Agreement and the other agreements, documents, and plans that are referred to in this Agreement (including the Non-Disclosure, Non-Solicitation and Non-Competition Agreement) set forth our entire understanding of the terms of your employment with the Company, and cancels and supersedes all previous invitations, proposals, letters, correspondence, negotiations, promises, agreements (including your former employment agreement), covenants, conditions, representations and warranties with respect to the subject matter of this Agreement. Any modifications to these employment terms must be made in writing and signed by both you and the Company.

Governing Law. This Agreement and all matters arising hereunder will be governed by and construed in accordance with the laws of the Province of British Columbia.

If you have any questions or concerns regarding the above, please do not hesitate to contact me.

To accept this Agreement on the terms set out herein, please sign where indicated below, and return a signed copy of this Agreement to me before January 13, 2021.

Yours sincerely,

XENON PHARMACEUTICALS INC.

/s/ Ian Mortimer
Ian Mortimer
President & CFO

Attachments:

- 1) Employee Non-Disclosure, Non-Solicitation and Non-Competition Agreement previously executed between Xenon and Simon Pimstone as of October 3, 2014
- 2) Xenon Amended and Restated 2014 Equity Incentive Plan

I hereby confirm that I have read, understand and voluntarily accept the terms of this Agreement:

/s/ Simon Pimstone
Simon Pimstone

13/01/2021
DD/MM/YYYY

SCHEDULE A

Duties and Responsibilities

Mandate

The Executive Chair of the Board is appointed by the Board of Directors (the "Board") of Xenon Pharmaceuticals Inc. (the "Company"). The primary functions of the Executive Chair are to provide leadership and direction to the Board, facilitate the operations and deliberations of the Board and the satisfaction of the Board's functions and responsibilities under its mandate, and assume responsibility and/or participate in strategic corporate initiatives outlined below.

Responsibilities

In addition to the responsibilities applicable to all other Directors, and subject to the authority and responsibilities of the Lead Director and oversight of the Board, the Executive Chair's responsibilities shall include:

Board Meetings

- Working collaboratively with the Lead Director and Chief Executive Officer ("CEO"), scheduling and setting the agenda for Board meetings; chairing meetings of the Board, and, working with the Lead Director, assuming principal responsibility for the Board's operation and functioning.
- In conjunction with the Nominating and Corporate Governance Committee, recommending the committees of the Board and their composition, reviewing the need for, and the performance and suitability of those committees and make such adjustments as deemed necessary from time to time.
- Ensuring that the interests of various stakeholders are considered by the Board.
- Assisting the Board in reviewing and monitoring the strategy, policies and direction of the Company and taking all reasonable steps with the CEO to ensure that Board decisions are implemented by Management.

Relationship with Management

- Acting as principal liaison between the Directors and the CEO and taking all reasonable steps to ensure that the expectations of the Board towards management are clearly expressed, understood and respected.
- Working with the CEO to ensure Management strategies, plans and performance are appropriately represented to the Board.

General Corporate Strategic Initiatives

- Working with the Board and with the Company's CEO to develop and present the strategy for the Company's future growth.
 - Working with the CEO to identify opportunities for strategic initiatives including acquisitions, partnerships and other strategically important relationships and communicating regularly with the CEO regarding the pursuit of such strategic initiatives.
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Internal Operations

- Working with the CEO to review discovery, development and commercial data and plans.
 - Acting as an external spokesperson for the Company, including participation in analyst calls, at investor conferences, at scientific and medical conferences, and other external work as agreed upon with the CEO and/or the accountable Xenon executive.
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SCHEDULE C

Form of Release

IN CONSIDERATION OF the terms and conditions set out in the [DATE] letter from **Xenon Pharmaceuticals Inc.** (hereinafter called "**Xenon**") to me, [NAME], and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, I do hereby remise, release and forever discharge Xenon, its officers, directors, servants, employees and agents, and their heirs, executors, administrators, successors and assigns, as the case may be (defined collectively as the "Releasees"), of and from any and all manner of actions, causes of action, suits, contracts, claims, damages, costs and expenses of any nature or kind whatsoever, whether in law or in equity, which as against Xenon or such persons as aforesaid or any of them, I have ever had, now have, or at any time hereafter I or my personal representatives can, shall or may have, by reason of or arising out of the termination of my employment with Xenon on or about [DATE], without limiting the generality of the foregoing, any and all claims for damages for termination of my employment, constructive termination of my employment, loss of position, loss of status, loss of future job opportunity, loss of opportunity to enhance my reputation, the timing of the termination and the manner in which it was effected, loss of bonuses, loss of shares and/or share options, loss of benefits, including life insurance and short and long-term disability benefit coverage, and any other type of damages arising from the above.

IT IS UNDERSTOOD AND AGREED that this Release includes any and all claims arising under the *Employment Standards Act*, *Human Rights Code*, or other applicable legislation as it relates to the termination of my employment and that the consideration provided includes any amount that I may be entitled to under such legislation.

IT IS FURTHER UNDERSTOOD AND AGREED that this Release is subject to compliance by Xenon with the said conditions as stipulated in the aforementioned employment agreement entered into between the undersigned and Xenon.

IT IS FURTHER UNDERSTOOD AND AGREED THAT XENON will withhold and remit income tax and other statutory deductions from the aforesaid consideration and I agree to indemnify and hold harmless Xenon from any further assessments for income tax, repayment of any employment insurance benefits received by me, or other statutory deductions which may be made under statutory authority.

IT IS FURTHER UNDERSTOOD AND AGREED that this is a compromise and is not to be construed as an admission of liability on the part of Xenon. The terms of this Release set out the entire agreement between Xenon and me with respect to the matters described herein and are intended to be contractual and not a mere recital. If the facts on which this Release is made prove to be other than or different from the facts in that connection now know or believed to be true by the parties or either of them, the parties and each of them expressly accept and assume the risk of the facts being different and agree that all the terms

of this Release shall be in all respects effective and not subject to termination, variation, or rescission by any discovery of any difference in the facts. If any party of provision of this Release or its application to any circumstance is restricted, prohibited or unenforceable, such part or provision will be ineffective only to the extent of such restriction, prohibition or unenforceability, and the remainder of the Release will remain in full force and effect.

IT IS FURTHER UNDERSTOOD AND AGREED that I will keep the contents of this settlement and all communication relating thereto confidential except to Revenue Canada or as is required to obtain legal and tax advice, or to enforce my rights hereunder in a court of law, or as is required by law.

IT IS FURTHER UNDERSTOOD AND AGREED that the law governing this Release is that of British Columbia, and the parties will resolve any disputes they have under this Release in the courts of British Columbia, provided that if, contrary to this Release, I commence, pursue, or maintain any such proceedings against any of the Releasees, I hereby irrevocably consent to such Releasee(s) relying on this Release to obtain a stay or dismissal or such proceedings.

IT IS FURTHER UNDERSTOOD AND AGREED that the consideration described herein was voluntarily accepted by me for the purpose of making a full and final settlement of all claims described above and that prior to agreeing to the settlement, I was advised by Xenon of my right to receive independent legal advice.

IN WITNESS WHEREOF this Release has been executed effective the _____ (please insert date of signature).

SIGNED, SEALED AND DELIVERED)
By **[NAME]** in the presence of:)
)

Signature of Witness)

Name of Witness)

Address)

Occupation)

[NAME]

January 13, 2021

Confidential

Via Electronic Mail

Sherry Aulin

Dear Sherry,

Re: Employment Agreement

We are pleased to offer you a promotion to the position of Chief Financial Officer ("**CFO**") with Xenon Pharmaceuticals Inc. (the "**Company**"), effective as of the Company's 2021 annual meeting of shareholders expected to take place on or about June 4, 2021 (the "**Effective Date**"), on the terms and conditions set forth in this Employment Agreement. Please note that this new Employment Agreement will replace and supersede your earlier Employment Agreement as of the Effective Date. You will be credited for all purposes with your service to the Company back to your start date of June 22, 2015, unless stated otherwise.

A. Base Salary. As of the Effective Date, you will earn a base salary of \$320,000 USD per year, less statutory and other applicable deductions as required, for all work and services you perform for the Company (the "**Base Salary**"). The Base Salary is payable semi-monthly in arrears in accordance with the Company's applicable payroll policies. The US dollar amount of your semi-monthly pay will be converted to Canadian dollars at the Bank of Canada exchange rate approximately five (5) days prior to each pay date and paid in Canadian dollars. You hereby agree and understand that the exchange rate between US and Canadian dollars may vary either in your favour or in Xenon's favour (the "**Exchange Rate Variance**"), and you accept that such Exchange Rate Variance is an accepted term and condition of your employment.

B. Annual Discretionary Bonus. In addition to your Base Salary, you are eligible to earn an annual discretionary bonus, less statutory and other applicable deductions as required, of up to forty (40%) of your base salary earnings actually earned in the applicable calendar year of service, in Canadian dollars. Any bonus payable will be paid in Canadian dollars. The payment and amount of the annual bonus is within the sole discretion of the Board of Directors (the "**Board**") and will be evaluated in the first quarter of each year in relation to the achievement of corporate and/or personal objectives for the previous year. Such objectives will be established annually by the Board in its sole discretion. Bonuses are not earned until paid.

C. Annual Review. The Company will conduct an annual review of your compensation package, including your salary and bonus percentage, in accordance with its policies. Any adjustment to the same is at the sole discretion of the Company provided that the Base Salary benchmarked in US dollars will not be reduced without your consent and subject to Sections L and M of this Agreement. You will be paid in Canadian dollars, but the Company may, at its sole discretion, benchmark your compensation in US dollars based on the peer group that is identified from time to time. You hereby agree and acknowledge that the Company has no control over the applicable foreign currency exchange rate and that your compensation in Canadian dollars may be reduced compared to the previous year because of such applicable exchange rate. You further agree and acknowledge that such lower compensation will not constitute constructive dismissal if solely due to the then applicable foreign currency exchange rate.

D. Expense Reimbursement. In accordance with its expense policy, as amended from time to time, the Company will reimburse any authorized expenses actually and reasonably incurred in the course of performing your employment duties. The Company will also provide to you, for the duration of your employment, any necessary work tools, such as a laptop computer and mobile phone. Subject to approval by the Company, you will also be reimbursed for out-of-pocket expenses incurred for attending courses or workshops related to your employment duties.

E. Reporting Structure/Responsibilities. You will report to Ian Mortimer, President and Chief Executive Officer (“CEO”). You agree that the Company may change the reporting structure, including the person and position to whom you report, and the people and positions who report to you. You will perform the responsibilities and duties of your position, as described in Schedule A, and subject to Sections L and M, such other responsibilities and duties as may be reasonably requested by the Company from time to time. You will at all times: (i) conform to the reasonable and lawful directions of the Company and the Board; (ii) adhere to all applicable Company policies; (iii) give the Company the full benefit of your knowledge, expertise, skill and ingenuity; (iv) well and faithfully serve the Company; (v) devote your best efforts to furthering the interests of the Company; and (vi) exercise the degree of care, diligence and skill that a prudent executive would exercise in comparable circumstances.

You will not during your employment with the Company, be employed by, or provide products or services of any nature whatsoever to, any other person, company, organization or other entity without prior written permission from the Company. This does not restrict you from performing reasonable volunteer activities; however, you must obtain the consent of the Company if you wish to serve on a board of directors or advisory board, or if you perform any paid work or services for other organizations. Schedule B contains a description of all such appointments and positions that you currently occupy, and all paid work and services you currently provide to outside organizations, to which the Company confirms that it provides its permission.

F. Vacation and Sick Days. In accordance with the Company’s policies, you will continue to earn twenty (20) days of paid vacation per calendar year on a pro rata basis. You may also be entitled to other leaves, including without limitation, an additional allotment of paid sick days and statutory holidays, as provided in the Company’s policies during the applicable period. Accrued but unused paid time off and sick days will expire in accordance with the Company’s policies, as amended from time to time.

G. Non-Disclosure, Non-Solicitation & Non-Competition Agreement. The Employee Non-Disclosure, Non-Solicitation and Non-Competition Agreement that you signed dated March 20, 2019 continues to be in full force and effect. Please note that this agreement also deals with confidentiality and the ownership of intellectual property developments. You continue to agree that compliance with its provisions is reasonable and a necessary requirement in our highly competitive industry, and may be required by our agreements with our suppliers, customers, and distributors.

H. Stock Options. You will continue to be eligible to participate in Xenon’s Amended and Restated 2014 Equity Incentive Plan (the “Plan”), a copy of which is attached. Nothing in this Agreement will affect in any way the stock options granted to you by the Company to date, all of which will, except as expressly provided in this Agreement, continue to vest and be exercisable in accordance with their terms while you are employed by the Company. Subject to the terms of the Plan (as such may be amended from time to time) and approval by Xenon’s Board of Directors on or around the Effective Date, or if the Company is in a trading blackout, as soon as possible thereafter, you will receive a onetime option to purchase 100,000 common shares of Xenon Pharmaceuticals Inc.

I. Benefits. You will continue to be eligible to participate in the Company’s employee group benefit plans, as amended from time to time, subject to the Company’s policies, eligibility rules, and terms established by the service providers, as amended from time to time. You will continue to be eligible to participate in the Company’s current Group RRSP Plan, under which the Company will match your contributions up to a maximum of 5% of your Base Salary, in the same currency in which your Base Salary is paid.

J. Taxes. Any taxes applicable to your employment compensation package with the Company will be deducted and remitted to the appropriate authorities in accordance with the Company's standard policies and the law.

If you work in a second tax jurisdiction at the Company's request, the Company will cover the reasonable costs for you to use the services of the Company's tax adviser or another adviser mutually agreed upon by the Parties to prepare your home and host country tax returns for any year during which you are required to file tax returns in more than one country as a result of your employment with the Company.

K. Insurance and Indemnification. As a corporate and/or executive officer of the Company, during your employment with the Company, you will be covered by its Directors' and Officers' Liability Insurance Policy and such other indemnity policy, agreement or commitment established by the Company, subject to the terms of the Insurance Policy and other policy, agreement or commitment and any amendments made from time to time at the Board's discretion provided that no amendment will substantially reduce your entitlements. Your coverage under such Insurance Policy and any other policy, agreement, or commitment, will continue after your employment ends in respect of your employment.

L. Change of Control. In this Agreement:

- a. **"Average Bonus"** means an amount that is (i) the sum of the annual bonus awards (expressed as a percentage of the applicable year's Base Salary) that you earned in each of the three (3) completed calendar years preceding the date your employment with the Company terminates, divided by (ii) three (3), multiplied by (iii) your Base Salary at the time your employment with the Company terminates [for example: $(15\%+5\%+10\%)/3 = 10\%$ of Base Salary]. If you have been employed for more than one (1) but fewer than three (3) completed calendar years of service, then your "Average Bonus" will be the average of the annual bonus awards (as expressed as a percentage of the applicable year's Base Salary) that you have received for the completed calendar year(s) preceding the date of your employment with the Company terminates.
- b. **"Change of Control"** means:
- (i) the acquisition by any person or persons acting jointly or in concert (as determined by the Securities Act) ("**Person**"), whether directly or indirectly, of voting securities of the Company that, together with all other voting securities of the Company held by such Person, constitute in the aggregate more than 50% of all outstanding voting securities of the Company; provided, however, that for purposes of this subsection, the acquisition of additional securities by any one Person, who owns more than 50% of all outstanding voting securities of the Company will not be a Change of Control;
 - (ii) an amalgamation, arrangement or other form of business combination of the Company with another corporation that results in the holders of voting securities of that other corporation holding, in the aggregate, more than 50% of all outstanding voting securities of the corporation resulting from the business combination; provided, however, that for purposes of this subsection, the acquisition of additional securities by any one Person, who owns more than 50% of all outstanding voting securities of the Company will not be a Change of Control; or
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- (iii) a change in the ownership of a substantial portion of the Company's assets, including the sale, lease, transfer or exchange of a substantial portion of the Company's assets, to another Person, other than in the ordinary course of business of the Company, which occurs on the date that such Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to a Related Entity, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity of which the Company has Control, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the all outstanding voting securities of the Company, or (4) an entity of which a Person described in this subsection (iii)(B)(3) has Control. For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets;

provided, however, that a Change in Control will not be deemed to have occurred if such Change in Control results solely from the issuance, in connection with a *bona fide* public offering, financing or series of financings by the Company, of voting securities of the Company or any rights to acquire voting securities of the Company which are convertible into voting securities.

Further and for the avoidance of doubt, a transaction will not constitute a Change of Control if: (x) its sole purpose is to change the state or jurisdiction of the Company's incorporation, or (y) its sole purpose is to create a holding company the voting securities of which will be owned in substantially the same proportions by the persons who held the Company's voting securities immediately before such transaction.

c. **"Good Reason"** means any of the following:

- (i) any unilateral change or series of changes to your employment responsibilities, reporting relationship, or status within the Company, such that immediately after such a change or series of changes to your responsibilities, reporting relationship, and status, taken as a whole, and taking into account the size and complexity of the business of the Company at that time, are substantially less than those assigned to you immediately prior to such change or series of changes; or
 - (ii) a material reduction by the Company in your Base Salary or other compensation as in effect prior to the Change of Control that would constitute a constructive dismissal at common law; or
 - (iii) the taking of any action by the Company, or the failure by the Company to take any action, that would materially and adversely affect your participation in, or materially reduce your aggregate benefits under, the total package of long-term incentive, bonus, compensation, RRSP, life insurance, health, accidental disability and other similar plans in which you are participating prior to the action by the Company or the failure by the Company to take any action; or
 - (iv) the unilateral requirement that you relocate to a new location that is both (a) more than 60 kilometers from your previous work location and (b) more than 60 kilometers from your primary residence; or
 - (v) failure or refusal of the Successor Company to offer you terms and conditions of employment, including the provisions of Section M of this Agreement, that are substantially the same as the provisions of this Agreement; or
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- (vi) subject to the terms of this Agreement, any reason which would be considered to amount to constructive dismissal by an arbitrator under the laws applicable in British Columbia;

provided that any change or series of changes in reporting relationships alone will not constitute good reason.

- d. **“Successor Company”** means, in connection with a Change of Control, the surviving or acquiring company or entity.

M. Termination Without Cause or Resignation for Good Reason in Connection With or Following A Change of Control.

In the event of (i) a termination without cause or (ii) resignation for Good Reason, in either case, occurring within three (3) months prior to a Change of Control and related or connected to that Change of Control or occurring within twelve (12) months after a Change of Control, your employment will end on the date it is terminated without cause by the Company or Successor Company or the date terminated by you for Good Reason, in which case the Company or Successor Company will provide you with the notice or pay in lieu of notice to which you are entitled under the British Columbia Employment Standards Act (the **“Statutory Notice”**). In exchange for and conditional upon you signing and returning a full and final Release of all claims in the form attached hereto as Schedule C, the Company or Successor Company will provide you with the following:

- a. payment equal to twelve (12) months' Base Salary, plus one (1) additional month of Base Salary for every year of consecutive service with the Company and Successor Company, up to a combined maximum of eighteen (18) months (the **“COC Payment Period”**). The COC Payment Period is inclusive of, and not in addition to, the Statutory Notice. In recognition for the period you were a Consultant for the Company, April 14, 2014 to June 21, 2015, the Company will use the date of April 14, 2014 instead of June 22, 2015 as your start date for calculating your severance under the COC Payment Period. For all other applicable purposes, your start date with the Company will be June 22, 2015;
 - b. payment of 100% of your then-applicable bonus eligibility calculated on your then-applicable annual Base Salary (i.e. not prorated for the partial year worked), less statutory and other applicable deductions as required;
 - c. the contributions to your retirement savings plan the Company would have paid on your behalf during the COC Payment Period;
 - d. notwithstanding any provision in the Amended and Restated 2014 Equity Incentive Plan and any subsequent deferred compensation plan to the contrary:
 - (i) immediate vesting of all unvested stock options and other deferred compensation awards granted to you by the Company or the Successor Company; and
 - (ii) continued exercise rights for the longer of the period stipulated in the applicable plan or grant and six (6) months after the date your employment actually terminates (i.e. the last day you are actually at work); and
 - e. subject to the applicable insurer's terms of coverage, at the Company's discretion, the Company will arrange for you to continue to receive group benefits insurance coverage up to the earlier of (i) the end of the COC Payment Period, or (ii) the date you commence new work or employment with comparable coverage. In the event the insurer does not continue coverage, the Company will pay you an amount equivalent to the cost of the monthly premiums the Company would have paid on your behalf for the group benefits insurance coverage that are terminated.
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In the case of Good Reason, you must within three (3) months after the occurrence of Good Reason provide the Company or Successor Company with thirty (30) days' written notice of Good Reason during which you will continue to provide services to the Company or Successor Company. Where the Good Reason is based in whole or in part on a series of changes, the notice period will commence on the occurrence of the last change in the series. Within your thirty (30) day working notice, the Company or the Successor Company may correct, reverse, rectify or otherwise resolve the change or series of changes that constitute Good Reason, in which case your employment with the Company or Successor Company will continue.

The payments described above are inclusive of any termination or severance pay owing to you under applicable employment standards legislation. You further agree that you will not be eligible for any additional payment pursuant to the termination sections below (e.g. you will **not** be entitled to receive both the payments described in this Section M and the Termination Without Cause payments or notice described below in Section P).

Termination:

N. Resignation. If for any reason you should wish to leave the Company, you will provide the Company with three (3) months' prior written notice of your intention (the "**Resignation Period**"). You agree that the Company may, in its sole and unfettered discretion, waive the Resignation Period in whole or in part and end your employment immediately by delivering to you a written notice promptly followed by payment of the Base Salary due to you during the remainder of the Resignation Period and any pay accrued and owing under this Agreement up to the date of such notice. It is further expressly agreed that you will not be entitled to any bonus or pro rata bonus after you give notice of resignation. For example, if you give notice of resignation partway during the calendar year, or any time prior to the bonus payment date following that calendar year, you will not be entitled to any bonus for that calendar year.

O. Termination for Cause. The Company may terminate your employment at any time for cause, effective upon delivery by the Company to you of a written notice of termination of your employment for cause. You will not be entitled to receive any further pay or compensation (except for pay, if any, accrued and owing under this Agreement up to the date of termination of your employment), severance pay, notice, payment in lieu of notice, benefits or damages of any kind, and for clarity, without limiting the foregoing, you will not be entitled to any bonus or pro rata bonus payment that has not already been awarded by the Company.

P. Termination Without Cause.

(This Section P does not apply to a termination without cause that occurs within three (3) months prior to a Change of Control and in relation or connection to that Change of Control or within twelve (12) months after a Change of Control – such terminations are covered by Section M).

The Company may terminate your employment without cause at any time upon providing you with the notice or pay in lieu of notice to which you are entitled under the Statutory Notice. In exchange for and conditional upon you signing and returning a full and final Release of all claims in the form attached hereto as Schedule C, the Company will provide you with notice or pay in lieu of notice beyond that required by the Statutory Notice – in particular, the Company will provide you with working notice of termination (in which case all of your terms and conditions of employment including compensation and benefits, subject to the applicable insurer's terms of coverage, will continue during the working notice period, or Base Salary continuance, or a lump sum payment of Base Salary, or an equivalent combination of any of the foregoing, in the amount of twelve (12) months plus one (1) additional month for every one (1) year of consecutive service with the Company, up to a combined maximum of eighteen (18) months (the "**Notice Period**"). In recognition for the period you were a Consultant for the Company, April 14, 2014 to June 21, 2015, the Company will use the date of April 14, 2014 instead of June 22, 2015 as your start date for calculating your severance under the Notice Period. For all other applicable purposes, your start date with the Company will be June 22, 2015.

It is within the Company's sole discretion to decide whether to provide working notice, Base Salary Continuance, or a lump sum payment of Base Salary, or a combination of the foregoing, for the Notice Period.

The Notice Period is inclusive of, and not in addition to, the Statutory Notice. If the Company elects to provide Base Salary Continuance or a lump sum payment of Base Salary for all or part of the Notice Period, the portion of the Notice Period covered by such payment(s) shall be defined as the "**Payment Period**".

The parties further agree as follows, also conditional upon you signing and returning a full and final Release of all claims in the form attached hereto as Schedule C:

- (i) subject to the applicable insurer's terms of coverage, the Company will arrange for you to continue to receive group benefits insurance coverage up to the earlier of (i) the end of the Notice Period, or (ii) the date you commence full-time employment. In the event the insurer does not continue coverage, the Company will pay you an amount equivalent to the cost of the monthly premiums the Company would have paid on your behalf for the group benefits insurance coverage that are terminated;
- (ii) you will receive an Average Bonus pro-rated for the period of the calendar year that you actually worked, up to your last day at work, less statutory and other applicable deductions as required. For example, if your last day of work is March 31, you will receive three (3) months of your Average Bonus. Payment of your pro-rated Average Bonus will be within four (4) weeks of the termination date provided that if a bonus has not yet been determined for the preceding completed calendar year, the Company will first make that determination in the ordinary course using relevant criteria in a manner consistent with prior practice so that the Average Bonus can then be determined and paid. For clarity, it is expressly agreed that you will not be entitled to any bonus whatsoever for any period of time after your last actual day at work, including during the Payment Period;
- (iii) the Company will pay the contributions to your retirement savings plan the Company would have paid on your behalf during the Notice Period; and
- (iv) notwithstanding any provision in this Agreement or in the Equity Incentive Plan and any subsequent incentive compensation plan to the contrary, all options and any other deferred compensation granted to you will continue to vest for a period of three (3) months after the date your employment terminates and all vested stock options and other deferred compensation will be exercisable until the earlier of the original expiry day of the stock options and deferred compensation and the date that is six (6) months after the date your employment terminates (i.e. the last day you are actually at work).

Any payment in lieu of notice provided to you will be inclusive of any termination or severance pay owing to you under applicable employment standards legislation and subject to statutory withholdings and other regular payroll deductions. You will not be entitled to receive any further pay or compensation except (i) as expressly set out in this Agreement, and (ii) the pay, if any, accrued and owing under this Agreement up to the date of termination of your employment.

Q. Work Permit. As a condition of your employment, you may become required to work in other jurisdictions where the Company or the Company's affiliates maintain an office. In that event, the continuance of your employment with the Company will become contingent upon your signing and complying with an Employee Secondment Agreement Letter, receiving authorization to work in that or those other jurisdiction(s), and to your maintaining such status. The Company will support your application for any such authorization(s).

R. FDA Debarment. As a condition of your employment, you must certify that you are not under investigation by the FDA for debarment action, have not been debarred under the Generic Drug Enforcement Act of 1992 (21 U.S.C. 301 et seq.), and are not otherwise being investigated, restricted or disqualified from performing services relating to clinical trials by the FDA or any other regulatory authority or professional body in any other jurisdiction. If, during the course of your employment with Xenon, you become subject to such investigation or otherwise are restricted or disqualified, you will promptly inform Xenon's Legal Department of such event.

S. Miscellaneous

No Implied Entitlement. Other than as expressly provided herein or in any of the Company's policies, as amended from time to time at the Company's sole discretion, you will not be entitled to receive any further pay or compensation, severance pay, notice, payment in lieu of notice, incentives, bonuses, benefits or damages of any kind.

Continued Effect. Notwithstanding any changes in the terms and conditions of your employment which may occur in the future, including any changes in position, duties or compensation, the termination provisions in this Agreement will continue to be in effect for the duration of your employment with the Company unless otherwise amended in writing and signed by the Company.

Authorization to Deduct Debts. If, on the date you leave employment, you owe the Company any money, you hereby authorize the Company to deduct any such debt from your final pay or any other payment due to you to the extent permitted by the *BC Employment Standards Act* if applicable. Any remaining debt will be immediately payable to the Company and you agree to satisfy such debt within fourteen (14) days after any demand for repayment.

Dispute Resolution. In the event of a dispute arising out of or in connection with this Agreement, or in respect of any legal relationship associated with it or from it, which does not involve the Company seeking a court injunction or other injunctive or equitable relief to protect its business, confidential information or intellectual property, or enforce the covenants hereunder, that dispute will be resolved confidentially as follows:

- a. *Amicable Negotiation* – The parties agree that, both during and after the performance of their responsibilities under this Agreement, each of them will make *bona fide* efforts to resolve any disputes arising between them by amicable and expeditious negotiations.
- b. *Mediation* – If the parties are unable to negotiate resolution of a dispute, either party may with the agreement of the other party refer the dispute to mediation by providing written notice to the other party. If the parties cannot agree on a mediator within fifteen (15) days after receipt of the notice to mediate, then either party may make application to the British Columbia Arbitration and Mediation Society to have one appointed. The mediation will be held in Vancouver, BC, in accordance with the British Columbia International Commercial Arbitration Centre's (the "**BCICAC**") Commercial Mediation Rules, and each party will bear its own costs, including one-half share of the mediator's fees.
- c. *Arbitration* – If, after mediation, the parties have been unable to resolve a dispute or at any time if mediation is not undertaken, either party may refer the dispute for final and binding arbitration by providing written notice to the other party. If the parties cannot agree on an arbitrator within fifteen (15) days after receipt of the notice to arbitrate, then either party may make application to the British Columbia Arbitration and Mediation Society to appoint one. The arbitration will be held in Vancouver, BC, in accordance with the BCICAC's Shorter Rules for Domestic Commercial Arbitration. Each party will bear its own costs, including one-half share of the arbitrator's fees, provided that the arbitrator will have discretion to award costs against either party.

Legal Counsel. You have been advised by the Company to retain independent legal advice with respect to this Employment Agreement.

Employment Standards Act. The parties hereby agree that if any provision in this Employment Agreement, in any circumstance, provides for less than what is required by the *BC Employment Standards Act*, such provision shall be replaced with the minimum provision(s) of the *BC Employment Standards Act*.

Currency. Except as otherwise specifically indicated, all monetary amounts referenced herein are in Canadian dollars.

Severability. If any part, article, section, clause, paragraph or subparagraph of this Agreement is held to be indefinite, invalid, illegal or otherwise voidable or unenforceable for any reason, the entire Agreement will not fail on the account thereof and the validity, legality and enforceability of the remaining provisions will in no way be affected or impaired thereby.

Entire Understanding. We also confirm that this Agreement and the other agreements, documents, and plans that are referred to in this Agreement (including the Non-Disclosure, Non-Solicitation and Non-Competition Agreement) set forth our entire understanding of the terms of your employment with the Company, and cancels and supersedes all previous invitations, proposals, letters, correspondence, negotiations, promises, agreements (including your former employment agreement), covenants, conditions, representations and warranties with respect to the subject matter of this Agreement. Any modifications to these employment terms must be made in writing and signed by both you and the Company.

Governing Law. This Agreement and all matters arising hereunder will be governed by and construed in accordance with the laws of the Province of British Columbia.

If you have any questions or concerns regarding the above, please do not hesitate to contact Shelley McCloskey.

To accept this Agreement on the terms set out herein, please sign where indicated below, and return a signed copy of this Agreement to Shelley McCloskey before January 13, 2020.

Yours sincerely,

XENON PHARMACEUTICALS INC.

/s/ Simon Pimstone
Simon Pimstone
Chief Executive Officer

Attachment:

- 1) Employee Non-Disclosure, Non-Solicitation and Non-Competition Agreement previous executed by Xenon and Sherry Aulin as of March 20, 2019
- 2) Xenon Amended and Restated 2014 Equity Incentive Plan
- 3) Indemnification Agreement

I hereby confirm that I have read, understand and voluntarily accept the terms of this Agreement:

/s/ Sherry Aulin
Sherry Aulin

13/01/2021
DD/MM/YYYY

SCHEDULE A

Duties and Responsibilities

Reporting to the President & Chief Executive Officer, the Chief Financial Officer (“CFO”) of Xenon Pharmaceuticals Inc. (“Xenon Canada” and, together with its subsidiary Xenon Pharmaceuticals USA Inc., the “Company”), the Chief Financial Officer provides strategic leadership and oversight of planning and execution for the following functions: Finance, Legal Affairs, Investor Relations and Corporate Communications, Information Technology, Facilities and Safety.

The Chief Financial Officer serves as a member of the Senior Executive Team and collaborates closely with senior executive colleagues to propose and contribute to overall Company strategy, product strategies, and financial and operational planning, including development of the Annual Operating Plan.

The Chief Financial Officer interacts with a variety of key external stakeholders, including, but not limited to the Company’s Board of Directors, investors, bankers, financial analysts, financial regulators, partners, potential partners, expert advisors, and all levels of internal staff.

The Chief Financial Officer will:

- Perform a key role on the Senior Executive Team, leading and/or supporting development of the Company’s 5 year strategic plan, including product portfolio, financial strategies and plans, human resource strategies and plans, and Company operations
 - Perform a key role in developing proposals and presentations to and interactions with the Board of Directors; act as a primary management representative to the Audit Committee and support the Nominating and Governance Committee and Compensation Committee
 - Oversee all accounting, finance and related functions within the Company; including budget planning and reporting to the Senior Executive Team and department heads on results; build and maintain multi-year financial forecasts, including revenue when applicable
 - Assure necessary compliance on all tax, reporting, regulatory and financial obligations
 - Oversee the treasury function
 - Lead all capital markets strategies and activities including equity and debt financings and other financial arrangements as required; primary point of contact with investment community including sell-side analysts, institutional investors and bankers
 - Oversee corporate positioning, investor and public relations, press releases and all SEC and applicable Canadian securities regulatory compliance
 - Work with Business Development and other senior colleagues to collaborate with partners in accordance with partnering agreements and to evaluate, manage and transact partnering opportunities
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- Oversee legal affairs plans and activities; support the protection of the Company by mitigating key elements of the Company's risk profile and ensuring compliance with all applicable laws and policies
 - Oversee information systems strategies and plans in accordance with the Company's 5 year strategic plan, including but not limited to a multi-year systems roadmap, including data mapping and cybersecurity
 - Oversee facilities strategies and plans in accordance with the Company's 5 year strategic plan, including plans for office and lab space, lease negotiation and safety and other facilities related compliance
 - Develop and propose short and long term goals for relevant departments in accordance with overall Company and Development strategies
 - Oversee department budget proposals and approved budgets in accordance with the Company's strategic and operating plans and Finance policies
 - Plan, recruit, lead, direct, develop, coach and evaluate direct reports in accordance with the Company's Human Resource policies and practices; in future, may have U.S. direct reports and therefore may require compliance with US immigration and tax laws
 - Travel for meetings, conferences, and other applicable business
 - Act in accordance with Company policies, including, for example, the Code of Business Conduct and Ethics and ensure policies are understood and followed by employees in reporting and other departments
 - Other duties as required from time to time
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SCHEDULE C

Form of Release

IN CONSIDERATION OF the terms and conditions set out in the [DATE] letter from **Xenon Pharmaceuticals Inc.** (hereinafter called "**Xenon**") to me, [NAME], and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, I do hereby remise, release and forever discharge Xenon, its officers, directors, servants, employees and agents, and their heirs, executors, administrators, successors and assigns, as the case may be (defined collectively as the "Releasees"), of and from any and all manner of actions, causes of action, suits, contracts, claims, damages, costs and expenses of any nature or kind whatsoever, whether in law or in equity, which as against Xenon or such persons as aforesaid or any of them, I have ever had, now have, or at any time hereafter I or my personal representatives can, shall or may have, by reason of or arising out of the termination of my employment with Xenon on or about [DATE], without limiting the generality of the foregoing, any and all claims for damages for termination of my employment, constructive termination of my employment, loss of position, loss of status, loss of future job opportunity, loss of opportunity to enhance my reputation, the timing of the termination and the manner in which it was effected, loss of bonuses, loss of shares and/or share options, loss of benefits, including life insurance and short and long-term disability benefit coverage, and any other type of damages arising from the above.

IT IS UNDERSTOOD AND AGREED that this Release includes any and all claims arising under the *Employment Standards Act*, *Human Rights Code*, or other applicable legislation as it relates to the termination of my employment and that the consideration provided includes any amount that I may be entitled to under such legislation.

IT IS FURTHER UNDERSTOOD AND AGREED that this Release is subject to compliance by Xenon with the said conditions as stipulated in the aforementioned employment agreement entered into between the undersigned and Xenon.

IT IS FURTHER UNDERSTOOD AND AGREED THAT XENON will withhold and remit income tax and other statutory deductions from the aforesaid consideration and I agree to indemnify and hold harmless Xenon from any further assessments for income tax, repayment of any employment insurance benefits received by me, or other statutory deductions which may be made under statutory authority.

IT IS FURTHER UNDERSTOOD AND AGREED that this is a compromise and is not to be construed as an admission of liability on the part of Xenon. The terms of this Release set out the entire agreement between Xenon and me with respect to the matters described herein and are intended to be contractual and not a mere recital. If the facts on which this Release is made prove to be other than or different from the facts in that connection now know or believed to be true by the parties or either of them, the parties and

each of them expressly accept and assume the risk of the facts being different and agree that all the terms of this Release shall be in all respects effective and not subject to termination, variation, or rescission by any discovery of any difference in the facts. If any party of provision of this Release or its application to any circumstance is restricted, prohibited or unenforceable, such part or provision will be ineffective only to the extent of such restriction, prohibition or unenforceability, and the remainder of the Release will remain in full force and effect.

IT IS FURTHER UNDERSTOOD AND AGREED that I will keep the contents of this settlement and all communication relating thereto confidential except to Revenue Canada or as is required to obtain legal and tax advice, or to enforce my rights hereunder in a court of law, or as is required by law.

IT IS FURTHER UNDERSTOOD AND AGREED that the law governing this Release is that of British Columbia, and the parties will resolve any disputes they have under this Release in the courts of British Columbia, provided that if, contrary to this Release, I commence, pursue, or maintain any such proceedings against any of the Releasees, I hereby irrevocably consent to such Releasee(s) relying on this Release to obtain a stay or dismissal or such proceedings.

IT IS FURTHER UNDERSTOOD AND AGREED that the consideration described herein was voluntarily accepted by me for the purpose of making a full and final settlement of all claims described above and that prior to agreeing to the settlement, I was advised by Xenon of my right to receive independent legal advice.

IN WITNESS WHEREOF this Release has been executed effective the _____ (please insert date of signature).

SIGNED, SEALED AND DELIVERED)
By **[NAME]** in the presence of:)
)

Signature of Witness

Name of Witness

Address

Occupation

[NAME]

NEWS RELEASE

Xenon Pharmaceuticals Outlines Key Milestone Opportunities and Planned Leadership Transition in 2021

Simon Pimstone to Assume New Role as Executive Chair and Ian Mortimer to be Named Chief Executive Officer at Annual Meeting of Shareholders in June 2021

Topline Data from XEN1101 Phase 2b X-TOLE Clinical Trial in Adult Focal Epilepsy on Track for Third Quarter of 2021

Phase 3 XEN496 “EPIK” Clinical Trial Initiated in Patients with KCNQ2-DEE, a Rare Orphan Pediatric Disease

BURNABY, British Columbia, January 14, 2021 – Xenon Pharmaceuticals Inc. (Nasdaq:XENE), a neurology-focused biopharmaceutical company, today outlined its key milestone opportunities and plans for a leadership transition in 2021, with all changes anticipated to take effect in June 2021 at the time of the Company’s annual meeting of shareholders. As part of the leadership transition, Dr. Simon Pimstone, Xenon’s co-founder and Chief Executive Officer, will step down from his current role as Chief Executive Officer and assume the new role of Executive Chair of the Board of Directors, replacing Mr. Michael Tarnow, current Chair of the Board, who will not be standing for re-election at the 2021 annual meeting of shareholders. Mr. Ian Mortimer, who currently serves as President and Chief Financial Officer, will be appointed as President and Chief Executive Officer and will also be nominated for election as a director at the 2021 annual meeting of shareholders. Concurrent with these appointments, Ms. Sherry Aulin, Xenon’s current Vice President, Finance, will be appointed Chief Financial Officer, and Ms. Dawn Svoronos will be appointed Lead Independent Director of the Board.

Dr. Simon Pimstone, Xenon’s Chief Executive Officer, stated, “As co-founder of Xenon, I am proud of Xenon’s immense progress over the years, resulting in one of the most robust and novel neurology-focused therapeutic pipelines in our industry. I have forged a strong partnership with Ian, who has been integral to Xenon’s growth and a key strategic partner in building our company and pipeline, as well as our strong balance sheet. Xenon is in excellent shape and, as a founder and long-time CEO, this is a natural leadership transition that will allow me to focus on a strategic role while continuing to work closely with Ian and the rest of the leadership team as we execute on Xenon’s plans for the continued advancement of our pipeline programs. In addition, I want to extend my deep gratitude to Michael Tarnow for his more than 20 years of service as a member of Xenon’s Board since the company’s inception. We have all benefitted immensely from Michael’s guidance, leadership and mentorship as Board Chair.”

Mr. Ian Mortimer, Xenon’s President and Chief Financial Officer said, “It is Simon’s vision and drive that has helped position Xenon today as a premier neuroscience company focused on developing and delivering innovative medicines to improve the health of patients with epilepsy and other neurological disorders. We have attracted top talent across our business while building a strong leadership team, and I am excited to take on this new role as we work together to advance our therapeutic programs into later-stage development.”

Dr. Pimstone and Mr. Mortimer jointly stated, “Looking ahead to 2021, we anticipate a number of key milestone events. Importantly, we expect a topline read-out in the third quarter from our XEN1101 Phase 2b X-TOLE study. Given its unique mechanism of action and other key pharmaceutical attributes, we believe XEN1101 has the opportunity to be an important new therapeutic choice in the adult focal epilepsy space. In addition, we have now initiated our Phase 3 EPIK clinical trial studying XEN496 in pediatric patients with KCNQ2-DEE and continue to work with the KCNQ2 community to develop a therapeutic that could address this rare, pediatric disorder. By mid-year, we expect additional data from a physician-led study examining the use of XEN007 to treat childhood absence epilepsy. We also anticipate a number of important milestone events from our partnered programs, including the initiation of a Phase 2 clinical trial with NBI-921352, related to our collaboration with Neurocrine Biosciences focused on developing treatments for epilepsy. Coming out of our partnered program with Flexion Therapeutics, we expect clinical development to start in 2021, examining the use of FX301 for the treatment of post-operative pain.”

Highlights and Anticipated Milestones

Proprietary Programs

- XEN1101 is a differentiated Kv7 potassium channel modulator being developed for the treatment of epilepsy and potentially other neurological disorders. Designed as a randomized, double-blind, placebo-controlled, multicenter study, Xenon's "X-TOLE" study is an ongoing Phase 2b clinical trial to evaluate the clinical efficacy, safety, and tolerability of XEN1101 administered as adjunctive treatment in approximately 300 adult patients with focal epilepsy. The primary endpoint is the median percent change in monthly focal seizure frequency from baseline compared to treatment period of active versus placebo. Xenon anticipates that patient randomization will be completed in the first half of 2021, with topline data anticipated in the third quarter of 2021, dependent upon ongoing patient enrollment rates. In addition, Xenon expects to support the initiation of a Phase 2 proof-of-concept clinical trial examining XEN1101 in a non-epilepsy indication within the first half of 2021.
- XEN496, a Kv7 potassium channel modulator, is a proprietary pediatric formulation of the active ingredient ezogabine being developed for the treatment of KCNQ2 developmental and epileptic encephalopathy (KCNQ2-DEE). Xenon has received Fast Track designation and Orphan Drug Designation for XEN496 for the treatment of seizures associated with KCNQ2-DEE from the U.S. Food and Drug Administration (FDA), as well as an orphan medicinal product designation in Europe. Xenon has initiated a Phase 3 randomized, double-blind, placebo-controlled, parallel group, multicenter clinical trial, called the "EPIK" study, evaluating the efficacy, safety, and tolerability of XEN496 administered as adjunctive treatment in approximately 40 pediatric patients aged one month to less than 6 years with KCNQ2-DEE.
- XEN007 (active ingredient flunarizine) is a CNS-acting Cav2.1 and T-type calcium channel modulator that is being studied in treatment-resistant childhood absence epilepsy (CAE) and potentially other neurological disorders. A physician-led, Phase 2 proof-of-concept study is ongoing to examine the potential clinical efficacy, safety, and tolerability of XEN007 as an adjunctive treatment in pediatric patients diagnosed with treatment-resistant CAE. A presentation of promising interim data collected from a small number of patients was presented at the virtual annual meeting of the American Epilepsy Society in December 2020. Xenon continues to work with its collaborators and expects that topline results from a larger data set will be available by the middle of 2021. Depending on the final results, CAE may represent a potential orphan indication for future development of XEN007.

Partnered Programs

- Xenon has an ongoing collaboration with Neurocrine Biosciences to develop treatments for epilepsy. Neurocrine Biosciences has an exclusive license to XEN901, now known as NBI-921352, a clinical stage selective Nav1.6 sodium channel inhibitor with potential in SCN8A developmental and epileptic encephalopathy (SCN8A-DEE) and other forms of epilepsy. The FDA has provided feedback on an Investigational New Drug (IND) application submitted by Neurocrine Biosciences in support of a Phase 2 clinical trial in SCN8A-DEE patients. Based on this feedback, Neurocrine Biosciences anticipates initiating a Phase 2 clinical trial in adolescent patients (aged 12 years and older) with SCN8A-DEE in the third quarter of 2021, and the trial protocol will be amended to include younger pediatric patients (aged 2-11 years) with SCN8A-DEE as soon as the FDA has reviewed and approved additional non-clinical information. In parallel, Neurocrine Biosciences is advancing clinical plans to develop NBI-921352 for the treatment of adult focal epilepsy and expects to initiate a Phase 2 clinical trial in 2021. Upon IND or equivalent regulatory acceptance for NBI-921352 in adult focal epilepsy, Xenon is eligible to receive a \$10.0 million milestone payment; upon FDA acceptance of a protocol amendment for NBI-921352 in pediatric patients (aged 2-11 years) with SCN8A-DEE, Xenon is eligible to receive a \$25.0 million milestone payment, or a \$15.0 million milestone payment if the IND acceptance for adult focal epilepsy occurs first. Both milestone payments are in the form of 45% cash and a 55% equity investment in Xenon at a 15% premium to Xenon's 30-day trailing volume weighted average price at that time.
 - Flexion Therapeutics, Inc. acquired the global rights to develop and commercialize XEN402, a Nav1.7 inhibitor also known as funapide. Flexion's pre-clinical FX301 consists of XEN402 formulated for extended release from a thermosensitive hydrogel. The initial development of FX301 is intended to support administration as a peripheral nerve block for control of post-operative pain. Flexion anticipates filing an IND application in the first half of 2021 to support a proof-of-concept clinical trial of popliteal fossa block with FX301 in patients undergoing bunionectomy. Results from that trial could potentially be available in late 2021. Pursuant to the terms of the agreement, Xenon is eligible to receive up to an additional \$8.0 million in milestone payments through initiation of a Phase 2 clinical trial.
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Corporate Highlights

- In addition to the planned leadership transition described above, the Board appointed Mr. Patrick Machado to the Audit Committee of the Board on January 12, 2021, effective immediately.

About Xenon Pharmaceuticals Inc.

We are a clinical stage biopharmaceutical company committed to developing innovative therapeutics to improve the lives of patients with neurological disorders. We are advancing a novel product pipeline of neurology therapies to address areas of high unmet medical need, with a focus on epilepsy. For more information, please visit www.xenon-pharma.com.

Safe Harbor Statement

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995 and Canadian securities laws. These forward-looking statements are not based on historical fact, and include statements regarding the timing of and impact of anticipated leadership changes; the timing of and results from clinical trials and pre-clinical development activities, including those related to XEN496, XEN1101, XEN007, and other proprietary products, and those related to NBI-921352, FX301, and other partnered product candidates; the potential efficacy, safety profile, future development plans, addressable market, regulatory success and commercial potential of XEN496, XEN1101, XEN007 and other proprietary and partnered product candidates; the anticipated timing of IND, or IND-equivalent, submissions and the initiation of future clinical trials for XEN496, XEN1101, XEN007, and other proprietary products, and those related to NBI-921352, FX301, and other partnered candidates; the efficacy of our clinical trial designs; our ability to successfully develop and achieve milestones in the XEN496, XEN1101, XEN007 and other proprietary development programs; the timing and results of our interactions with regulators; the potential to advance certain of our product candidates directly into Phase 2 or later stage clinical trials; anticipated enrollment in our clinical trials and the timing thereof; the progress and potential of our other ongoing development programs; the potential receipt of milestone payments and royalties from our collaborators; and the timing of potential publication or presentation of future clinical data. These forward-looking statements are based on current assumptions that involve risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from those expressed or implied by such forward-looking statements. These risks and uncertainties, many of which are beyond our control, include, but are not limited to: the impact of the COVID-19 pandemic on our business, research and clinical development plans and timelines and results of operations, including impact on our clinical trial sites, collaborators, and contractors who act for or on our behalf, may be more severe and more prolonged than currently anticipated; clinical trials may not demonstrate safety and efficacy of any of our or our collaborators' product candidates; our assumptions regarding our planned expenditures and sufficiency of our cash to fund operations may be incorrect; our ongoing discovery and pre-clinical efforts may not yield additional product candidates; promising results from trials involving a small number of patients may not be replicated in subsequent, larger trials; any of our or our collaborators' product candidates may fail in development, may not receive required regulatory approvals, or may be delayed to a point where they are not commercially viable; we may not achieve additional milestones in our proprietary or partnered programs; regulatory agencies may impose additional requirements or delay the initiation of clinical trials; regulatory agencies may be delayed in reviewing, commenting on or approving any of our or our collaborators' clinical development plans as a result of the COVID-19 pandemic, which could further delay development timelines; the impact of competition; the impact of expanded product development and clinical activities on operating expenses; impact of new or changing laws and regulations; adverse conditions in the general domestic and global economic markets; as well as the other risks identified in our filings with the Securities and Exchange Commission and the securities commissions in British Columbia, Alberta and Ontario. These forward-looking statements speak only as of the date hereof and we assume no obligation to update these forward-looking statements, and readers are cautioned not to place undue reliance on such forward-looking statements.

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