

**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): September 30, 2023

Kezar Life Sciences, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-38542
(Commission File Number)

47-3366145
(IRS Employer
Identification No.)

4000 Shoreline Court, Suite 300
South San Francisco, California
(Address of Principal Executive Offices)

94080
(Zip Code)

Registrant's Telephone Number, Including Area Code: 650 822-5600

(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:

- 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 Stock, \$0.001 par value	KZR	The Nasdaq Stock Market LLC

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 2.05 Costs Associated with Exit or Disposal Activities.

On October 1, 2023, the board of directors (the “Board”) of Kezar Life Sciences, Inc. (the “Company”) approved a reduction in force to prioritize the Company’s clinical-stage assets and extend its cash runway. The Company will reduce its workforce by approximately 41% to preserve cash resources. All employees affected by the workforce reduction will be eligible to receive, among other things, severance payments based on the applicable employee’s level and years of service with the Company and the continuation of group health insurance coverage for a specified time period post-termination. Each affected employee’s eligibility for severance benefits is contingent upon such employee’s execution of a separation agreement, which includes a general release of claims against the Company. In addition to the reduction in force, the Company will pause all research and drug discovery activities.

The Company anticipates the one-time severance-related charge associated with the workforce reduction to be approximately \$2.9 million to \$3.2 million. The severance-related charge, which is expected to represent cash expenditures that the Company expects to incur in connection with the workforce reduction, are subject to a number of assumptions, and actual results may differ materially. The Company expects that the majority of the restructuring charges will be incurred in the fourth quarter of 2023. The Company may also incur other charges or cash expenditures not currently contemplated due to events that may occur as a result of, or associated with, the workforce reduction, including potential impairment charges due to the pausing of the Company’s research and drug discovery activities. However, the Company is not able to estimate the amount or range of amounts of such potential impairments as of the date of this Current Report on Form 8-K. If required, the Company will amend this Current Report on Form 8-K at such time as its management is able in good faith to estimate the amount, or range of amounts, of these charges.

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

Chief Executive Officer Transition

On September 30, 2023, John Fowler, the Company’s co-founder, Chief Executive Officer and member of the Board, notified the Board that he will resign and cease serving as Chief Executive Officer, effective November 7, 2023 (the “Effective Date”). Mr. Fowler will continue serving on the Board following the Effective Date. Christopher Kirk, Ph.D., the Company’s co-founder and member of the Board, has been appointed to serve as Chief Executive Officer, effective as of the Effective Date.

In connection with this transition, on October 2, 2023, Mr. Fowler entered into a separation and consulting agreement with the Company (the “Fowler Agreement”), pursuant to which Mr. Fowler will provide transition services to the Company for a period of 12 months. Pursuant to the Fowler Agreement, Mr. Fowler will be paid a consulting fee of \$5,000 per month, and his outstanding equity awards will continue to vest in accordance with their terms so long as Mr. Fowler provides continuous service to the Company, including as a member of the Board. Pursuant to the Fowler Agreement, if Mr. Fowler resigns from the Board prior to the five-year anniversary of the Effective Date and is no longer providing consulting services, such that his continuous service with the Company has ceased, the post-termination exercise period for any unexercised stock options held by Mr. Fowler would be extended to November 7, 2028. In addition, Mr. Fowler has agreed to waive participation in the Company’s Non-Employee Director Compensation Policy for the term of the consulting period.

On October 2, 2023, Dr. Kirk entered into an executive employment agreement with the Company as Chief Executive Officer (the “Kirk Agreement”), pursuant to which Dr. Kirk will receive an annual base salary of \$600,000 with an annual target bonus of up to 55% of his annual base salary. Dr. Kirk will also be entitled to receive a sign-on bonus of \$75,000 and an option to purchase 875,000 shares of common stock (the “Stock Option”) pursuant to the Company’s 2018 Equity Incentive Plan. The Stock Option will vest in equal monthly installments over a four-year period, subject to Dr. Kirk’s continuous service to the Company through each vesting date. Additionally, Dr. Kirk is entitled to certain severance benefits pursuant to the Kirk Agreement. In the event of a covered termination, which includes an “involuntary termination without cause” or a “resignation for good reason” as well as termination due to a “permanent disability,” Dr. Kirk is eligible to receive (i) a payment equal to the sum of his monthly base salary and pro-rata bonus, multiplied by 12, and (ii) 12 monthly payments equal to the monthly cost of his health insurance premiums at the time of termination. Alternatively, upon a covered termination which occurs within three months prior to or twelve months following the effective date of a change in control (a “change in control termination”), Dr. Kirk is eligible to receive (i) a payment equal to the sum of his monthly base salary and pro-rata bonus, multiplied by 18 and (ii) 18 monthly payments equal to the monthly cost of health insurance premium at the time of termination. Under the terms of the Kirk Agreement, in the event of a change in control termination, the vesting of all outstanding stock options and any other equity incentive awards held by Dr. Kirk will be accelerated in full, the period during which each stock option may be exercised will be the date that is 90 days after such termination date and any reacquisition or repurchase rights applicable to any shares issued or issuable to Dr. Kirk under any equity incentive awards will lapse. Any severance payments or benefits due to Dr. Kirk is subject to the execution of a general release of claims in favor of the Company. In addition, pursuant to the Kirk Agreement, following a voluntary termination in which he receives no severance, Dr. Kirk has agreed to consult for the Company for a period of 12 months after such separation date for a consulting fee equal to 50% of his then base salary. On the effective date of the Kirk Agreement, the Advisor Agreement between the Company and Dr. Kirk, dated April 23, 2023 (the “Advisor Agreement”), will be immediately terminated.

Dr. Kirk, 52, is our co-founder, has served as a member of the Board since February 2015, and has served as a Scientific and Strategic Advisor to the Company since April 2023. Dr. Kirk previously served as the Company's President and Chief Scientific Officer from March 2015 to April 2023. Prior to founding the Company, Dr. Kirk was the Vice President of Research at Onyx Pharmaceuticals, Inc., from April 2010 to April 2014. Dr. Kirk previously served as Director of Pharmacology and Biology at Onyx Pharmaceuticals and at Proteolix, Inc. Dr. Kirk has served as a member of the Scientific Advisory Board at Karyopharm Therapeutics, Inc., C4 Therapeutics, Inc. and Avidity Biosciences LLC. Dr. Kirk received his B.S. degree in biochemistry from the University of California, Davis, and his Ph.D. degree in cellular and molecular biology from the University of Michigan.

No arrangement or understanding exists between Dr. Kirk and any other person pursuant to which Dr. Kirk was selected to serve as Chief Executive Officer of the Company. Other than the Advisor Agreement, there have been no related party transactions between the Company or any of its subsidiaries and Dr. Kirk reportable under Item 404(a) of Regulation S-K. Dr. Kirk has no family relationship with any of our directors or executive officers.

The foregoing descriptions of the Fowler Agreement and the Kirk Agreements do not purport to be complete and are qualified in their entirety by reference to the full text of the Fowler Agreement and Kirk Agreement, copies of which will be filed as exhibits to the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Departure of Noreen Roth Henig, M.D.

On September 30, 2023, the Board and Noreen Roth Henig, M.D., the Company's Chief Medical Officer, reached the mutual decision to have Dr. Henig step down as Chief Medical Officer effective October 6, 2023. The Company expects to enter into a Separation Agreement with Dr. Henig, the material terms of which will be disclosed in a subsequent Current Report on Form 8-K.

Item 7.01 Regulation FD Disclosure.

On October 3, 2023, the Company issued a press release announcing a reduction in force to prioritize the Company's clinical stage assets and extend its financial runway and the appointment of Christopher Kirk, Ph.D. as Chief Executive Officer. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

The information provided in Item 7.01 of this Form 8-K, including Exhibit 99.1 hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any of the Company's filings under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press release of the Company, dated October 3, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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.

KEZAR LIFE SCIENCES, INC.

Date: October 3, 2023

By: /s/ Marc L. Belsky

Marc L. Belsky

Chief Financial Officer and Secretary

Kezar Life Sciences Announces Strategic Restructuring to Prioritize Clinical-Stage Assets and Extend Financial Runway and Appoints Christopher Kirk, Ph.D. as Chief Executive Officer

- *Strategic realignment to focus capital resources on clinical programs and reduce workforce by approximately 41%*
- *Cash runway extended to fund PALIZADE global Phase 2b clinical trial evaluating zetomipzomib in lupus nephritis; topline data expected mid-2026*
- *Co-Founder and Board Director, Christopher Kirk, PhD, appointed as Chief Executive Officer*

SOUTH SAN FRANCISCO, Calif., Oct. 3, 2023 – Kezar Life Sciences, Inc. (Nasdaq: KZR), a clinical-stage biotechnology company developing breakthrough treatments for immune-mediated and oncologic disorders, today announced it has initiated a strategic restructuring program to prioritize long-term growth and focus its resources on its clinical-stage programs. The strategic realignment is expected to extend operating capital to fund PALIZADE, Kezar’s Phase 2b clinical trial in lupus nephritis.

Actions to prioritize clinical programs and implement cost saving measures are expected to extend Kezar’s cash runway into late 2026. These measures will focus resources to achieve important clinical data readouts for zetomipzomib in lupus nephritis and autoimmune hepatitis and KZR-261 in solid tumors. All research and drug discovery activities have been paused, and Kezar will explore strategic partnering alternatives for its protein secretion platform and preclinical programs. Kezar anticipates initial data from its KZR-261 Phase 1 clinical trial in 2024, topline data from its PORTOLA Phase 2a clinical trial in autoimmune hepatitis (AIH) in mid-2025 and topline data from PALIZADE in mid-2026.

Kezar will reduce its workforce by approximately 41% to optimize capital allocation and align with strategic priorities. Kezar is also evaluating its Phase 1 clinical trial of KZR-261 in solid tumors and expects to reduce the number of planned expansion cohorts to conserve cash resources while it continues to evaluate safety and biologic activity in the ongoing trial.

John Fowler will be resigning from his role as Chief Executive Officer effective November 7, 2023, and Christopher Kirk, Ph.D. has been appointed as Chief Executive Officer. Dr. Kirk is a co-founder and member of the Board of Directors and previously served as Kezar’s President and Chief Scientific Officer from March 2015 to April 2023. Mr. Fowler will continue as a member of Kezar’s Board of Directors. In addition, Noreen Roth Henig, M.D., will be stepping down as Chief Medical Officer effective October 6, 2023. Zung To, SVP, Clinical Development Operations, will assume responsibilities for clinical trial execution and will oversee development operations.

“These difficult but necessary decisions to streamline our operations and align resources around our clinical programs should put us on a path to long-term success, extending our runway past key data points, particularly the readout for our PALIZADE trial,” said John Fowler, Kezar’s Co-Founder and Chief Executive Officer. “I would like to thank Dr. Henig for her contributions to the company over the last three years and express my enthusiasm for Dr. Kirk’s leadership of Kezar moving forward. I am leaving the company in great hands, and I look forward to supporting the company’s success in the years to come.” Fowler added, “It’s incredibly difficult to part ways with so many talented members of our Kezar team who were instrumental to getting us where we are today. I want to thank every one of our departing employees for their dedication to our mission.”

Dr. Kirk added, “I am very excited to be returning to Kezar as CEO to lead us through this next chapter as we focus on the zetomipzomib and KZR-261 clinical programs. I’m convinced of the therapeutic potential of immunoproteasome inhibition and am committed to the development of zetomipzomib for the treatment of lupus nephritis and other autoimmune disorders.” Dr. Kirk continued, “I am also grateful for the eight years of tremendous leadership John has provided and look forward to continue to work with him as a member of our Board.”

About Kezar Life Sciences

Kezar Life Sciences is a clinical-stage biopharmaceutical company developing novel treatments for immune-mediated disorders. Zetomipzomib, a selective immunoproteasome inhibitor, is currently being evaluated in a Phase 2b clinical trial for lupus nephritis and a Phase 2a clinical trial for autoimmune hepatitis. This product candidate also has the potential to address multiple chronic immune-mediated diseases. Kezar’s oncology product candidate, KZR-261, targeting the Sec61 translocon and protein secretion pathway, is being evaluated in an open-label dose-escalation Phase 1 clinical trial to assess safety, tolerability and preliminary tumor activity in solid tumors. For more information, visit www.kezarlifesciences.com and follow us on LinkedIn, Facebook, Twitter and Instagram.

Cautionary Note on Forward-looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “anticipate”, “may,” “will,” “should,” “expect,” “believe”, “plan” and similar expressions (as well as other words or expressions referencing future events, conditions or circumstances) are intended to identify forward-looking statements. These forward-looking statements are based on Kezar’s expectations and assumptions as of the date of this press release. Each of these forward-looking statements involves risks and uncertainties that could cause Kezar’s clinical development programs, future results or performance to differ materially from those expressed or implied by the forward-looking statements. Forward-looking statements contained in this press release include, but are not limited to, statements about the company’s financial position and cash runway, the timing and amount of future operating expenses, the design, progress, timing, scope and results of clinical trials, the anticipated timing of disclosure of results of clinical trials, the timing and results of strategic partnering alternatives, the likelihood data will support future development, and the likelihood of obtaining regulatory approval of Kezar’s product candidates. Many factors may cause differences between current expectations and actual results, including unexpected safety or efficacy data observed during clinical studies, clinical trial site activation or enrollment rates that are lower than expected, changes in expected or existing competition, changes in the regulatory environment, the uncertainties and timing of the regulatory approval process, the sufficiency of Kezar’s capital and other resources; and unexpected litigation or other disputes. Other factors that may cause actual results to differ from those expressed or implied in the forward-looking statements in this press release are discussed in Kezar’s filings with the U.S. Securities and Exchange Commission, including the “Risk Factors” contained therein. Except as required by law, Kezar assumes no obligation to update any forward-looking statements contained herein to reflect any change in expectations, even as new information becomes available.

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