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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2026

OR

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

For the transition period from _____ to _____

Commission File Number: 001-38542

Kezar Life Sciences, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**47-3366145**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

4000 Shoreline Court, Suite 300
South San Francisco, CA, 94080
(650) 822-5600
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

Title of each class	**Trading symbol**	**Name of each exchange on which registered**
Common Stock, $0.001 par value	KZR	The Nasdaq Stock Market LLC
Preferred Share Purchase Rights		The Nasdaq Stock Market LLC

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

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

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

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

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

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

As of May 7, 2026, the registrant had 7,387,701 shares of common stock, $0.001 par value per share, outstanding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Quarterly Report") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that involve substantial risks and uncertainties. In some cases, you can identify these statements by forward-looking words such as "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "could," "should," "would," "potential," "project," "plan," "expect," "seek," "target" or similar expressions, or the negative or plural of these words or expressions. These forward-looking statements include statements concerning the following:

- our ability to successfully consummate the transaction contemplated pursuant to the Merger Agreement (as defined in this Quarterly Report) or, if we are not successful in consummating such transaction, our ability to successfully identify and implement any other strategic alternative;
- the possibility that our board of directors may decide to pursue a dissolution and liquidation, if a strategic transaction is not consummated, and the amount of cash available for distribution to our stockholders in such event;
- the expected timing and completion of the proposed Merger (as defined in this Quarterly Report), including the satisfaction of conditions to the consummation of the Offer (as defined in this Quarterly Report) and the Merger;
- the potential payments under the CVR Agreement (as defined in this Quarterly Report), including payments related to the Legacy Assets (as defined in this Quarterly Report) and other contingent milestones;
- our ability to fund our working capital requirements and expectations regarding the sufficiency of our capital resources; and
- other factors that may impact our financial results or the consummation of the Merger.

These statements are only current predictions and are subject to known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from those anticipated by the forward-looking statements. We discuss many of these risks in greater detail under the heading "Risk Factors" and elsewhere in this Quarterly Report. You should not rely upon forward-looking statements as predictions of future events.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by law, we are under no duty to update or revise any of the forward-looking statements in this report, whether as a result of new information, future events or otherwise, after the date of this report.

Unless the context otherwise requires, the terms "Kezar," "Kezar Life Sciences," "the Company," "we," "us," "our" and similar references in this Quarterly Report on Form 10-Q refer to Kezar Life Sciences, Inc. and our former wholly owned Australian subsidiary, Kezar Life Sciences Australia Pty Ltd. Kezar Life Sciences Australia Pty Ltd., which was legally dissolved as of September 29, 2025, was a private limited company, registered in Australia.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

KEZAR LIFE SCIENCES, INC.

Condensed Consolidated Balance Sheets
(in thousands, except share and per share amounts)

	March 31, 2026 (Unaudited)	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 66,229	$ 71,878
Prepaid expenses and other current assets	1,334	3,334
Assets held for sale	—	520
Total current assets	67,563	75,732
Property and equipment, net	—	166
Operating lease right-of-use asset	436	749
Total assets	$ 67,999	$ 76,647
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 273	$ 507
Accrued and other current liabilities	1,135	3,741
Operating lease liabilities, current	1,354	2,326
Total current liabilities	2,762	6,574
Total liabilities	2,762	6,574
Stockholders' equity:		
Common stock, $0.001 par value, 250,000,000 shares authorized as of March 31, 2026 (unaudited) and December 31, 2025; 7,374,375 and 7,331,739 shares issued and outstanding as of March 31, 2026 (unaudited) and December 31, 2025, respectively	7	7
Preferred stock, $0.001 par value, 10,000,000 shares authorized; zero shares issued and outstanding as of March 31, 2026 (unaudited) and December 31, 2025	—	—
Additional paid-in capital	561,518	560,598
Accumulated other comprehensive income (loss)	—	—
Accumulated deficit	(496,288)	(490,532)
Total stockholders' equity	65,237	70,073
Total liabilities and stockholders' equity	$ 67,999	$ 76,647

See accompanying notes to the unaudited condensed consolidated financial statements

KEZAR LIFE SCIENCES, INC.

Condensed Consolidated Statements of Operations
(Unaudited)
(In thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2026	**2025**
Operating expenses:		
Research and development	$ 1,545	$ 12,180
General and administrative	5,208	5,449
Restructuring and impairment charges	612	—
Total operating expenses	7,365	17,629
Loss from operations	(7,365)	(17,629)
Interest income	609	1,420
Gain on sale of nonfinancial asset	1,000	—
Interest expense	—	(347)
Net loss	$ (5,756)	$ (16,556)
Net loss per common share, basic and diluted	$ (0.78)	$ (2.27)
Weighted-average shares used to compute net loss per common share, basic and diluted	7,343,909	7,305,658

See accompanying notes to the unaudited condensed consolidated financial statements

KEZAR LIFE SCIENCES, INC.

Condensed Consolidated Statements of Comprehensive Loss
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2026	**2025**
Net loss	$ (5,756)	$ (16,556)
Other comprehensive income (loss):		
Foreign currency translation adjustments	—	5
Unrealized loss on marketable securities	—	(75)
Total other comprehensive income (loss), net of tax	—	(70)
Comprehensive loss	$ (5,756)	$ (16,626)

See accompanying notes to the unaudited condensed consolidated financial statements

KEZAR LIFE SCIENCES, INC.

Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)
(In thousands, except share amounts)

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE LOSS	ACCUMULATED DEFICIT	TOTAL STOCKHOLDERS' EQUITY
	SHARES	AMOUNTS				
Balance at December 31, 2025	7,331,739	$ 7	$ 560,598	$ —	$ (490,532)	$ 70,073
Issuance of common stock under employee stock incentive plans	42,636	—	267	—	—	267
Stock-based compensation expense	—	—	653	—	—	653
Net loss	—	—	—	—	(5,756)	(5,756)
Balance as of March 31, 2026	7,374,375	$ 7	$ 561,518	$ —	$ (496,288)	$ 65,237

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE LOSS	ACCUMULATED DEFICIT	TOTAL STOCKHOLDERS' EQUITY
	SHARES	AMOUNTS				
Balance at December 31, 2024	7,303,629	$ 7	$ 551,570	$ (162)	$ (434,499)	$ 116,916
Issuance of common stock under employee stock incentive plans	2,171	—	—	—	—	—
Stock-based compensation expense	—	—	2,779	—	—	2,779
Other comprehensive loss	—	—	—	(70)	—	(70)
Net loss	—	—	—	—	(16,556)	(16,556)
Balance as of March 31, 2025	7,305,800	$ 7	$ 554,349	$ (232)	$ (451,055)	$ 103,069

See accompanying notes to the unaudited condensed consolidated financial statements

KEZAR LIFE SCIENCES, INC.

Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2026	**2025**
Cash flows from operating activities:		
Net loss	$ (5,756)	$ (16,556)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	47	251
Stock-based compensation	653	2,779
Amortization of premiums and discounts on marketable securities	—	(688)
Amortization of debt discount and issuance costs and other non-cash interest	—	159
Loss on fixed asset write-off	119	—
Gain on sale of nonfinancial asset	(1,000)	—
Gain on disposition of fixed assets	(9)	—
Changes in operating assets and liabilities		
Prepaid expenses and other current assets	2,000	(714)
Other assets	—	1,741
Accounts payable, accrued and other current liabilities	(2,840)	(3,597)
Operating lease assets and liabilities	(659)	(565)
Net cash used in operating activities	(7,445)	(17,190)
Cash flows from investing activities:		
Purchases of property and equipment	—	(8)
Proceeds from sale of nonfinancial asset	1,000	—
Proceeds from sale of fixed assets	529	—
Maturities of marketable securities	—	13,750
Net cash provided by investing activities	1,529	13,742
Cash flows from financing activities:		
Repayment of loan principal	—	(1,304)
Proceeds from issuance of common stock under employee stock incentive plans	267	—
Net cash provided by (used in) financing activities	267	(1,304)
Effect of exchange rate changes on cash and cash equivalents	—	5
Net decrease in cash and cash equivalents	(5,649)	(4,747)
Cash and cash equivalents at the beginning of period	71,878	41,749
Cash and cash equivalents at the end of period	$ 66,229	$ 37,002
Supplemental disclosures		
Cash paid for interest	$ —	$ 189

See accompanying notes to the unaudited condensed consolidated financial statements

Kezar Life Sciences, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

1. Organization and Description of the Business

Description of Business

Kezar Life Sciences, Inc. (the "Company," "we," "us," or "our") was incorporated in the state of Delaware in February 2015 and commenced operations in June 2015. The Company is a clinical-stage biotechnology company developing novel small molecule therapeutics to treat unmet needs in immune-mediated diseases. The Company's principal operations are in South San Francisco, California, and it operates in one segment.

The Agreement and Plan of Merger

On March 30, 2026, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among the Company, Aurinia Pharma U.S., Inc., a Delaware corporation ("Parent" or "Aurinia"), Aurinia Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Aurinia ("Merger Sub" and together with Parent, the "Buyer Entities"), and, solely for purposes of Section 10.13 of the Merger Agreement, Aurinia Pharmaceuticals Inc., a company incorporated under the laws of the Province of Alberta ("Ultimate Parent"), and the parent entity of Parent.

Pursuant to the Merger Agreement, and upon the terms and subject to the conditions thereof, Parent caused Merger Sub to commence a cash tender offer (the "Offer") on April 13, 2026. The Offer consists of an offer to purchase all of the outstanding shares of common stock of the Company, par value $0.001 per share (the "Shares"), for (i) $6.955 per Share, payable in cash, without interest (such amount, or any different amount per Share paid pursuant to the Offer, the "Cash Amount"), plus (ii) one contingent value right per Share (each, a "CVR"), which represents the right to receive certain payments in cash in accordance with the terms and subject to the conditions of a contingent value rights agreement (the "CVR Agreement") to be entered into by and among Ultimate Parent, the Buyer Entities, a representative, agent and attorney in fact of the CVR holders and a rights agent (the Cash Amount plus one CVR, together, the "Offer Price").

Enodia Asset Purchase Agreement

On March 6, 2026, the Company entered into an asset purchase agreement (the "Asset Purchase Agreement") with Enodia Therapeutics SAS ("Enodia"), under which Enodia has acquired the Company's assets from its Sec61-based discovery and development program. Under the terms of the Asset Purchase Agreement, the Company received initial upfront payments totaling $1.0 million, and may receive future payments from Enodia upon achievement of certain development, regulatory and commercial milestones, for a potential total of up to $127 million. In addition, Enodia will pay the Company tiered royalties on any net sales, subject to certain reductions for patent expiration, generic competition and payments for licenses to third party patents.

Liquidity

Since commencing operations in mid-2015, substantially all of the Company's efforts have been focused on research, development, and the advancement of the Company's product candidates. The Company has not yet generated product sales and as a result has experienced operating losses since inception and had an accumulated deficit of $496.3 million as of March 31, 2026. Management believes that its existing cash and cash equivalents will be sufficient to fund the Company's cash requirements for at least 12 months following the issuance of these financial statements.

Restructuring

In October 2025, the Company announced plans to explore a full range of strategic alternatives focused on maximizing stockholder value. If the process for evaluating strategic alternatives does not result in the Company consummating a transaction or any other strategic outcome, the Board of Directors may decide to pursue a dissolution and liquidation of the Company.

On November 6, 2025, the Company reduced its workforce by approximately 70% in connection with its strategic review process. In connection with the restructuring, the Company recorded a restructuring charge of $6.8 million in the fourth quarter of 2025, consisting primarily of one-time severance and termination benefit expense for employees terminated with separation dates before December 31, 2025, and a charge related to the impairment of property and equipment. The Company further recorded a restructuring charge of $0.6 million in the first quarter of 2026. The restructuring charge in the first quarter of 2026 included one-time severance and termination benefit expense for employees terminated with

separation dates before March 31, 2026, and a charge related to fixed asset write-off. Refer to Note 11 for additional information on the restructuring.

2. Summary of Significant Accounting Policies

Significant Accounting Policies

The Company's significant accounting policies are disclosed in the audited consolidated financial statements for the year ended December 31, 2025 and the notes thereto, which are included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025, filed with the U.S. Securities and Exchange Commission ("SEC") on March 27, 2026 (the "Annual Report"), and there have been no material changes to such policies during the three months ended March 31, 2026.

Basis of Presentation and Consolidation

The condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and include the Company's accounts and those of its former wholly owned Australian subsidiary, Kezar Life Sciences Australia Pty Ltd., a proprietary company limited by shares, which was dissolved as of September 29, 2025. All intercompany balances and transactions have been eliminated upon consolidation.

The condensed consolidated balance sheet as of December 31, 2025 has been derived from the audited consolidated financial statements at that date but does not include all information and footnotes required by GAAP for complete financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements included in the Annual Report.

Unaudited Condensed Consolidated Financial Statements

The accompanying financial information as of March 31, 2026 is unaudited. The condensed consolidated financial statements included in this report reflect all adjustments (consisting only of normal recurring adjustments) that our management considers necessary for the fair statement of the results of operations for the interim periods covered and of our financial condition at the date of the interim balance sheet. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with GAAP for interim financial information. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. The results for interim periods are not necessarily indicative of the results for the entire year or any other interim period. The accompanying condensed consolidated financial statements and related financial information should be read in conjunction with the audited financial statements and the related notes thereto included in our Annual Report.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such judgments, estimates and assumptions include the valuation of marketable securities, impairment of long-lived assets, determining the fair-value of stock-based compensation, and evaluating the progress to completion of external research and development costs. Management bases its estimates on historical experience and on various other market-specific relevant assumptions that management believes to be reasonable under the circumstances. Actual results may differ from those estimates.

Estimates and assumptions about future events and their effects cannot be determined with certainty and therefore require the exercise of judgment. As of the date of issuance of these financial statements, the Company is not aware of any specific event or circumstance that would require the Company to update its judgments, estimates and assumptions or revise the carrying value of its assets or liabilities. These estimates may change as new events occur and additional information is obtained and are recognized in the consolidated financial statements as soon as they become known. Actual results could differ from those estimates and any such differences may be material to the Company's condensed consolidated financial statements.

Recently Issued Accounting Pronouncements

In December 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2025-12 *Codification Improvements ("ASU 2025-12"),* which address thirty-three issues, representing amendments to Accounting Standard Codification topics that clarify, correct errors or make minor improvements. The amendments make

the Codification easier to understand and apply. ASU 2025-12 is effective for the Company in its annual reporting for fiscal year 2027, and in interim periods beginning in fiscal year 2027. Early adoption and retrospective application are permitted on an issue-by-issue basis. The Company is currently evaluating the impact of the adoption of ASU 2025-12 on its financial statements.

In December 2025, the FASB issued Accounting Standards Update No. 2025-11 *Interim Reporting (Topic 270) – Narrow-Scope Improvements ("ASU 2025-11")*, which clarifies the guidance in Topic 270 to improve the consistency of interim financial reporting. ASU 2025-11 provides a comprehensive list of required interim disclosures and introduces a disclosure principle requiring entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. ASU 2025-11 is effective for the Company in its annual reporting for fiscal year 2028, and in interim periods beginning in fiscal year 2028. Early adoption and retrospective application are permitted. The Company is currently evaluating the impact of the adoption of ASU 2025-11 on its financial statements.

In September 2025, the FASB issued Accounting Standards Update No. 2025-06 *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40) – Targeted Improvements to the Accounting for Internal-Use Software ("ASU 2025-06")* to clarify and modernize the accounting for costs related to internal-use software by removing all references to software development project stages and clarifying the threshold entities apply to begin capitalizing costs. ASU 2025-06 is effective for the Company in its annual reporting for fiscal year 2028 on a prospective basis. Early adoption and retrospective reporting are permitted. The Company is currently evaluating the impact of the adoption of ASU 2025-06 on its financial statements.

In November 2024, the FASB issued Accounting Standards Update No. 2024-03 *Income Statement– Reporting Comprehensive Income – Expense Disaggregation Disclosures ("ASU 2024-03")*, which requires more detailed information about specified categories of expenses included in certain expense captions presented on the face of the income statement. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026 and for interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The amendments may be applied either prospectively to financial statements issued for reporting periods after the effective date of this ASU or retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the impact of the adoption of ASU 2024-03 on its financial statements and related disclosures.

There have been no other recent accounting pronouncements, changes in accounting pronouncements or recently adopted accounting guidance that are expected to have a material impact on the Company's condensed consolidated financial statements upon adoption.

3. Fair Value Measurements

Financial assets and liabilities are recorded at fair value. The carrying amount of certain financial instruments, including cash equivalents, other current assets, accounts payable and accrued liabilities, approximate fair value due to their relatively short maturities. Assets and liabilities recorded at fair value on a recurring basis in the condensed consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the asset or liability.

The Company applies fair value accounting for all financial assets and liabilities and nonfinancial assets and liabilities that are required to be recognized or disclosed at fair value in the financial statements. The Company determines the fair value

of Level 1 assets using quoted prices in active markets for identical assets. The Company reviews trading activity and pricing for Level 2 investments as of each measurement date. Level 2 inputs, which are obtained from various third-party data providers, represent quoted prices for similar assets in active markets and were derived from observable market data, or, if not directly observable, were derived from or corroborated by other observable market data.

In certain cases, where there is limited activity or less transparency around inputs to valuation, securities are classified as Level 3 within the valuation hierarchy. The Company did not have any financial assets or liabilities measured using Level 3 inputs as of March 31, 2026 or December 31, 2025.

The following table summarizes the Company's financial assets measured at fair value on a recurring basis and classified under the appropriate level of the fair value hierarchy as described above (in thousands):

	March 31, 2026			
	Total	Level 1	Level 2	Level 3
Financial Assets:				
Cash equivalents:				
U.S. Treasury money market funds	$ 66,229	$ 66,229	$ —	$ —
Total	$ 66,229	$ 66,229	$ —	$ —

	December 31, 2025			
	Total	Level 1	Level 2	Level 3
Financial Assets:				
Cash equivalents:				
U.S. Treasury money market funds	$ 71,878	$ 71,878	$ —	$ —
Total	$ 71,878	$ 71,878	$ —	$ —

4. Balance Sheet Components

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following (in thousands):

	March 31, 2026	December 31, 2025
Unbilled receivable from Everest, current (Note 8)	$ —	$ 1,741
Deposits for operating lease	674	674
Insurance	226	463
Interest receivable	206	184
Licenses, dues and subscriptions	38	72
Others	190	200
Total prepaid expenses and other current assets	$ 1,334	$ 3,334

Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

	March 31, 2026	December 31, 2025
Leasehold improvements	$ —	$ 3,268
Computer equipment	—	184
Total property and equipment	—	3,452
Less: accumulated depreciation and amortization	—	(3,286)
Property and equipment, net	$ —	$ 166

Depreciation expense was $47 thousand for the three months ended March 31, 2026, compared to $0.3 million for the three months ended March 31, 2025.

As a result of restructuring, the Company disposed of all property and equipment during the three months ended March 31, 2026.

Accrued and Other Current Liabilities

Accrued liabilities consisted of the following (in thousands):

	March 31, 2026	December 31, 2025
Accrued preclinical and research costs	$ 25	$ 1,686
Accrued severance related costs	179	1,556
Accrued clinical costs	4	93
Accrued employee-related costs	—	66
Accrued professional services	850	42
Others	77	298
Total accrued liabilities	$ 1,135	$ 3,741

5. Lease

In November 2022, the Company entered into an amendment to the lease agreement for its corporate headquarters in South San Francisco, California, which expanded the leased premises in the same building as its corporate headquarters and extended the lease term of the original premises to be coterminous with the expansion premises to July 31, 2026. The transaction was treated as a lease modification as of the effective date and resulted in the recognition of approximately $8.0 million in new lease liabilities and right-of-use (“ROU”) assets.

In December 2023, the Company committed to a plan to sublease Suite 400 of its corporate headquarters in connection with a workforce reduction and evaluated the recoverability of ROU asset by comparing the carrying amount of the asset to future net undiscounted cash flows associated with the asset. The ROU asset is considered to be impaired if the carrying amount of the assets exceeds the fair value of the assets. Consequently, the Company recognized a $2.7 million impairment charge in 2023. In June 2024, the Company recognized an additional $1.5 million impairment charge in relation to Suite 400 to write off the net book value of the ROU asset as the estimated future cash flow from sublease income is zero due to then-current market conditions.

On April 1, 2026, the Company entered into a lease termination agreement with the landlord and surrendered the premises to the landlord in the condition required under the lease. The lease termination agreement provides for the early termination of the lease and the Company agreed to pay the landlord approximately $2.0 million in fulfillment of its remaining obligations under the lease, consisting of (i) approximately $1.3 million paid by the Company to lessor concurrently with the execution of the lease termination agreement and (ii) the Company’s surrender of the approximately $0.7 million held by the lessor as a security deposit.

Information related to the Company's lease liabilities were as follows (in thousands):

	Three months ended March 31, 2026
Cash paid for operating lease liabilities	$ 972
Operating lease costs	371
Variable lease costs	447

Maturities of lease liabilities as of March 31, 2026 were as follows:

Less than 12 months	$ 1,388
Total undiscounted lease payments	1,388
Less: imputed interest	(34)
Total lease liabilities	$ 1,354
Operating lease liabilities, current	$ 1,354
Operating lease liabilities, noncurrent	—
Total operating lease liabilities	$ 1,354

6. Stockholders' Equity

Rights Plan

On October 17, 2024, the Company's board of directors adopted a limited duration stockholder rights plan (the "Rights Plan"), effective immediately, and declared a dividend of one preferred share purchase right (a "Right") for each outstanding share of the Company's common stock as of the close of business on October 28, 2024, the record date. The Rights are exercisable only if a person or group (an "Acquiring Person") acquires or launches a tender or exchange offer to acquire beneficial ownership (which includes certain synthetic equity interests) of 10% or more of the Company's outstanding common stock (15% in the case of a passive institutional investor as described in the Rights Plan). Once the Rights become exercisable, each Right will entitle its holder (other than any Acquiring Person, whose Rights will become void) to purchase, for $71.60, one one-hundredth of a share of the Company's newly designated Series A Junior Participating Preferred Stock, par value $0.001 per share (each, a "Preferred Share" and collectively, the "Preferred Shares"). The description and terms of the Rights Plan are set forth in the Rights Agreement (defined below). The terms of the Preferred Shares are set forth in a Certificate of Designation filed with the Secretary of State of Delaware on October 17, 2024.

On October 16, 2025, the Company entered into Amendment No. 2 (the "Amendment 2") to the Rights Agreement, dated as of October 17, 2024, as amended on December 3, 2024, by and between the Company and Computershare Trust Company, N.A., as rights agent (as amended, the "Rights Agreement") to extend the duration of the Rights Plan. The Rights Plan, as amended, will automatically expire on the day following the certification of the voting results of the Company's 2026 annual meeting of stockholders or, if at such meeting the Company's stockholders approve or ratify the Rights Agreement, the day following the certification of the voting results of the Company's 2027 annual meeting, unless the Rights are earlier redeemed or exchanged by the Company. The Rights Agreement otherwise remains unmodified and in full force in accordance with its terms.

On March 30, 2026, the Company entered into Amendment No. 3 (the "Amendment 3") to that certain Rights Agreement, dated October 17, 2024 by and between the Company and Computershare Trust Company, N.A., as amended on December 3, 2024, and as further amended on October 16, 2025. As a result of the Amendment 3, Parent and its subsidiaries and affiliates shall not be deemed an "Acquiring Person," by virtue of (i) the execution of, or their entry into, the Merger Agreement, (ii) the execution of, or their entry into, any other contract or instrument in connection with the Merger Agreement, or (iii) their acquisition of, or their right to acquire, beneficial ownership of the Company's securities as a result of their execution of the Merger Agreement. The Amendment 3 will terminate upon the termination of the Merger Agreement for any reason. Additionally, Amendment 3 provides that the Rights (as defined in the Rights Agreement) and the Rights Agreement itself will terminate and expire immediately prior to the effective time of the Merger.

7. Stock-Based Compensation

2022 Inducement Plan

In April 2022, the Company adopted the Kezar Life Sciences, Inc. 2022 Inducement Plan (the "Inducement Plan"), which is a non-stockholder approved stock plan adopted pursuant to the "inducement exception" provided under Nasdaq Listing Rule 5635(c)(4), for the award of nonstatutory stock options ("NSOs"), restricted stock units ("RSUs") and other equity awards as permitted by the Inducement Plan (collectively, "Inducement Awards") to persons not previously an employee or director of the Company, or following a bona fide period of non-employment, as an inducement material to such persons entering into employment with the Company ("Eligible Recipients"). Under the Inducement Plan, the Company may grant up to 300,000 shares of Common Stock in the form of Inducement Awards to Eligible Recipients in compliance with the requirements of Nasdaq Listing Rule 5635(c)(4). Awards must be approved by either a majority of the Company's independent directors or the Company's independent compensation committee. Consultants and directors are not eligible to receive grants under the Inducement Plan.

As of March 31, 2026, options to purchase 4,419 shares of common stock were outstanding and 295,581 shares were available for future issuance under the Inducement Plan. In connection with the Merger, the Inducement Plan will terminate as of the effective time of the Merger.

2018 Equity Incentive Plan

In June 2018, the Company's board of directors adopted and the stockholders approved the 2018 Equity Incentive Plan (the "2018 Plan"), which became effective as of June 20, 2018, at which point no further grants could be made under the 2015 Equity Incentive Plan (the "2015 Plan") described below. Under the 2018 Plan, the Company may grant incentive stock options ("ISOs"), NSOs, stock appreciation rights, restricted stock awards, RSUs and other stock-based awards. As of March 31, 2026, options to purchase 1,112,830 shares of common stock and no RSUs were outstanding, and 779,477 shares were available for future issuance under the 2018 Plan. In connection with the Merger, the 2018 Plan will terminate as of the effective time of the Merger.

Initially, subject to adjustment as provided in the 2018 Plan, the aggregate number of shares of the Company's common stock authorized for issuance pursuant to stock awards under the 2018 Plan was 400,000 shares, which is the sum of (i) 160,069 shares plus (ii) the number of shares reserved and available for issuance under the 2015 Plan at the time the 2018 Plan became effective and (iii) the number of shares subject to stock options or other stock awards granted under the 2015 Plan that expire, terminate are forfeited or otherwise not issued, or are withheld to satisfy a tax withholding obligation in connection with an award or to satisfy a purchase or exercise price of an award (such as upon the expiration or termination of a stock award prior to vesting). The number of shares of the Company's common stock reserved for issuance under the 2018 Plan automatically increases on January 1 of each year, beginning on January 1, 2019 and continuing through and including January 1, 2028, by 5% of the total number of shares of capital stock outstanding on December 31 of the preceding calendar year, or a lesser number of shares determined by the Company's board of directors prior to such increase. In December 2025, the Company's board of directors acted such that there was no increase in the number of shares of common stock reserved for issuance under the 2018 Plan as of January 1, 2026.

The maximum number of shares that may be issued upon the exercise of ISOs under the 2018 Plan is 1,250,000 shares.

2015 Equity Incentive Plan

The 2015 Plan provided for the granting of ISOs and NSOs to employees, directors and consultants at the discretion of the Company's board of directors. The 2015 Plan was terminated as to future awards in June 2018, although it continues to govern the terms of options that remain outstanding under the 2015 Plan.

No additional stock awards will be granted under the 2015 Plan, and all outstanding stock awards granted under the 2015 Plan that are repurchased, forfeited, expire or are cancelled will become available for grant under the 2018 Plan in accordance with its terms.

Options granted under the 2015 Plan expire no later than 10 years from the date of grant. Options granted under the 2015 Plan vest over periods determined by the Company's board of directors, generally over four years. The 2015 Plan allows for early exercise of certain options prior to vesting. Upon termination of employment, the unvested shares are subject to repurchase at the original exercise price. As of March 31, 2026, options to purchase 116,618 shares of common stock were outstanding under the 2015 Plan. In connection with the Merger, the 2015 Plan will terminate as of the effective time of the Merger.

2018 Employee Stock Purchase Plan

In June 2018, the Company's board of directors adopted and the stockholders approved the 2018 Employee Stock Purchase Plan (the "ESPP"), which became effective as of June 20, 2018. The ESPP is intended to qualify as an "employee stock purchase plan" within the meaning of Section 423 of the U.S. Internal Revenue Code of 1986, as amended. The number of shares of common stock initially reserved for issuance under the ESPP was 20,000 shares. The ESPP provides for an annual increase on January 1 of each year, beginning on January 1, 2019 and continuing through and including January 1, 2028, equal to the lesser of (i) 1% of the shares of common stock outstanding on the last day of the prior fiscal year or (ii) 37,500 shares, or a lesser number of shares determined by the Company's board of directors prior to such increase. In December 2025, the Company's board of directors acted such that there was no increase of the number of shares of common stock reserved for issuance under the ESPP as of January 1, 2025. As of March 31, 2026, 92,996 shares of common stock had been issued under the ESPP and 40,214 shares remained available for future issuance under the ESPP.

The price per share of common stock to be paid by an ESPP participant on the applicable purchase date of an offering period shall be equal to 85% of the lesser of the fair market value of a share of common stock on (i) the applicable offering date or (ii) the applicable purchase date. The Company's board of directors authorized an initial six-month offering period beginning on November 16, 2018 and ending on May 15, 2019. The Company's board of directors subsequently authorized additional six-month offering periods, with the most recent offering period ended on November 15, 2025. In connection with the Merger, the Company will terminate the ESPP as of immediately prior to the closing date of the Merger.

Option Repricing

In July 2023, the Compensation Committee of the Company's board of directors approved a stock option repricing (the "Option Repricing") in which the exercise price of certain outstanding options to purchase shares of the Company's common stock under the 2018 Plan was reduced to $22.80 per share, the closing price of the Common Stock on July 24, 2023. The incremental stock-based compensation expense resulting from the Option Repricing was $49 thousand and $0.1 million for the three months ended March 31, 2026 and 2025, respectively.

As of March 31, 2026, there was $0.1 million remaining related to the unvested option shares which will be primarily amortized over the remaining requisite service periods through the end of 2026.

Stock Option Activity

The following table summarizes activity under the Company's stock option plans and related information (in thousands, except share and per share amounts):

	Number of Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2025	1,647,096	$ 17.29	5.0	$ 73
Options exercised	(42,139)	$ 6.35		$ 28
Options cancelled/forfeited	(371,090)	$ 17.02		
Outstanding as of March 31, 2026	1,233,867	$ 17.74	6.1	$ 390
Vested and exercisable as of March 31, 2026	949,099	$ 20.55	5.4	$ 154

There were no options granted during the three months ended March 31, 2026. The aggregate intrinsic value of exercised stock options during the three months ended March 31, 2026 was $28 thousand. The aggregate intrinsic value is calculated as the difference between the exercise price and the estimated fair value of the Company's common stock at the date of exercise.

Performance Option Grants Activities

On July 11, 2024, the Compensation Committee of the Company's board of directors approved performance-based stock option grants to all employees, except the Chief Executive Officer, under the 2018 Plan. Performance-based stock options will vest upon the achievements of specified clinical trial milestones. The grant-date fair value of these performance-based stock options is calculated using the Black-Scholes option-pricing model. Performance-based stock options are included in the outstanding stock options table above. Stock-based compensation cost related to performance-based stock options is recognized over the period from the date the performance condition is determined to be probable of occurring through the

date the applicable condition is expected to be met. If the performance condition is not considered probable of being achieved, no stock-based compensation is recognized until such time as the performance condition is considered probable of being achieved and related compensation cost would be recognized through a cumulative catch-up adjustment in the period of change. Stock-based compensation expenses of $0 and $0.3 million related to performance-based stock options were recognized during the three months ended March 31, 2026 and 2025, respectively. As of March 31, 2026, all performance-based option grants have been fully vested.

Restricted Stock Units Activity

There were no RSUs granted during the three months ended March 31, 2026. One-third of each RSU previously granted vests annually following the vesting commencement dates, over a vesting period of three years. RSUs are awards that entitle the holder to receive freely tradable shares of the Company's common stock upon vesting and are not forfeitable once fully vested. The valuations for these RSUs were based on the closing prices of the Company's common stock on the grant dates and recognized as stock-based compensation expenses over the respective vesting terms.

	Number of RSUs Outstanding	Weighted Average Grant-Date Fair Price
Outstanding as of December 31, 2025	497	$ 68.40
RSUs vested	(497)	$ 68.40
Outstanding as of March 31, 2026	—	$ —

Stock-Based Compensation Expense

Total stock-based compensation expense recognized by function was as follows (in thousands):

	Three Months Ended March 31,	
	2026	2025
Research and development	$ 7	$ 996
General and administrative	646	1,783
Total stock-based compensation expense	$ 653	$ 2,779

As of March 31, 2026, the unrecognized stock-based compensation cost related to outstanding unvested stock options that are expected to vest was $2.6 million with an estimated weighted average amortization period of 1.9 years.

The fair value of the stock options granted is calculated using the Black-Scholes option-pricing model with the following range of assumptions:

	Three Months Ended March 31,	
	2026	2025
Expected term (years)	0.0	5.5 - 6.0
Expected volatility	—%	84.6 - 86.0%
Risk-free interest rate	—%	4.4 - 4.5%
Expected dividend yield	—	—

The expected term of options granted represents the period of time that options granted are expected to be outstanding and was determined by calculating the midpoint between the date of vesting and the contractual life of each option. The expected term of the ESPP rights is equal to the six-month look-back period. The expected volatility is based on the daily historical volatility of the Company’s common stock covering the estimated expected term. The risk-free interest rate for the expected term of the options is based on the U.S. Treasury yield curve with a maturity equal to the expected term in effect at the time of grant. The Company has not paid, and does not anticipate paying, cash dividends on its shares of common stock; therefore, the expected dividend yield is zero.

8. Everest Collaboration

In September 2023, the Company entered into a Collaboration and License Agreement (the “Everest License Agreement”) with Everest Medicines II (HK) Limited (“Everest”) pursuant to which, among other things, the Company granted to Everest an exclusive license to develop and commercialize one or more products containing the Company’s proprietary compound, zetomipzomib (the “Products”), in the licensed field in the Greater China region (Mainland China, Taiwan,

Hong Kong and Macau), South Korea, Singapore, Malaysia, Thailand, Indonesia, Vietnam and the Philippines (the "Territory"). The licensed field includes all uses other than the diagnosis or treatment in humans of cancerous or pre-cancerous diseases or conditions. During the PALIZADE trial, Everest contributed their local regulatory and clinical trial expertise and were responsible for study costs in the Territory. Everest Medicines Limited is also a party to the Everest License Agreement solely for limited purposes, including to guarantee the performance by Everest of its obligations under the Everest License Agreement.

Under the terms of the Everest License Agreement, the Company received a one-time, irrecoverable, non-refundable and non-creditable upfront payment of $7.0 million in October 2023 and is entitled to receive certain variable payments for manufacturing supply services and milestone payments upon achievement of certain development, regulatory and commercial milestone events, for total potential milestone payments of up to $125.5 million. In addition, Everest will pay to the Company tiered royalties on the net sales of the Products in the Territory during the term of the Everest License Agreement ranging from the single digit to the low-teens, subject to certain reductions for patent expiration, generic competition and payments for licenses to third-party patents.

The term of the Everest License Agreement will continue on a market-by-market basis until expiration of the relevant royalty term of the Products, unless terminated earlier. Everest has the right to terminate the Everest License Agreement for convenience at any time following the October 2024 termination of the PALIZADE clinical trial. The Company may terminate the Everest License Agreement if Everest challenges the Company's patents or fails to perform any development or commercialization activities for a continuous period of more than twelve (12) months, subject to certain exceptions. In addition, either party may terminate the Everest License Agreement for the other party's uncured breach or insolvency, and the Everest License Agreement will automatically terminate in the event of termination of the Company's exclusive license agreement with Onyx Therapeutics, Inc.

Under the terms of the Everest License Agreement, at the election of Everest, the Company may manufacture and provide clinical supply to Everest to use in development and commercialization in the Territory at the fully burdened manufacturing cost plus specified margins, as defined within the Everest License Agreement. Certain of these provisions were determined to be options to acquire additional goods or services at a price that approximates the stand-alone selling price for that good or service and therefore do not represent material rights, or separate performance obligations, within the context of the Everest License Agreement. The Company evaluated the Everest License Agreement and determined it was within the scope of ASC 606. The transaction price was determined to consist of the upfront payment of $7.0 million.

License of Intellectual Property. The license to the Company's intellectual property and associated know-how represents a distinct performance obligation. The license and associated know-how was transferred to Everest in the third quarter of 2023 to satisfy this performance obligation. The Company allocated the full transaction price to the license of the Company's intellectual property and accordingly recognized collaboration revenue of $7.0 million in 2023.

Milestone Payments. The potential development, regulatory and commercial milestone payments are paid upon achievement of certain milestones as defined in the Everest License Agreement. It was determined that their achievement is highly dependent on factors outside of the Company's control. These payments have been fully constrained until the Company concludes that achievement of the milestone is probable and that recognition of revenue related to the milestone will not result in a significant reversal in amounts recognized in future periods and, as such, have been excluded from the transaction price. At the end of each subsequent reporting period, the Company will re-evaluate the probability of achievement of each milestone and any related constraint and, if necessary, adjust its estimate of the overall transaction price. As of March 31, 2026, the Company has not recognized any revenue associated with development, regulatory and commercial milestones.

Royalties. Any consideration related to royalties will be recognized if and when the related sales occur, as they were determined to relate predominantly to the license granted to Everest and, therefore, have also been excluded from the transaction price. No royalty revenue was recognized as of March 31, 2026.

In July 2024, the Company amended the Everest License Agreement to modify a development milestone and adjust certain payment terms relating to Everest's responsibility for PALIZADE study costs in the Territory. As of March 31, 2026, there was no unbilled receivable. In connection with the cost-sharing arrangement with Everest, no contra research and development expense was recognized for the three months ended March 31, 2026, and 2025, respectively.

9. Income Taxes

No provision for income taxes was recorded for the three months ended March 31, 2026 and 2025. The Company has maintained a full valuation allowance against its net deferred tax assets as the Company believes it is not more likely than not that the benefit will be realized.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted into law in the United States. The OBBBA includes significant tax provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to certain international tax framework and the restoration of certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. The Company evaluated the impact of the OBBBA and determined that it did not have a material impact on the Company's condensed consolidated financial statements for the three months ended March 31, 2026.

10. Net Loss Per Share

Net Loss Per Share

The following table sets forth the calculation of basic and diluted net loss per share during the periods presented (in thousands, except share and per share data):

	Three Months Ended March 31,	
	2026	2025
Numerator:		
Net loss	$ (5,756)	$ (16,556)
Denominator:		
Weighted-average shares of common stock outstanding	7,343,909	7,305,658
Net loss per share, basic and diluted	$ (0.78)	$ (2.27)

Basic net loss per common share is calculated by dividing net loss by the weighted-average number of shares of common stock outstanding during the period, without consideration of common share equivalents. Diluted net loss per common share is computed by dividing net loss by the weighted-average number of shares of common stock and common share equivalents outstanding for the period. Common share equivalents are only included in the calculation of diluted net loss per common share when their effect is dilutive.

Potential dilutive securities, which include, vested and unvested options to purchase common stock and RSUs subject to future vesting have been excluded from the computation of diluted net loss per share as the effect is antidilutive. Therefore, the denominator used to calculate both basic and diluted net loss per common share is the same in all periods presented.

The following outstanding shares of common stock equivalents were excluded from the computation of the diluted net loss per share for the periods presented because their effect would have been anti-dilutive:

	Three Months Ended March 31,	
	2026	2025
Stock options to purchase common stock	1,233,867	2,035,773
Restricted stock units subject to future vesting	—	8,451
Total	1,233,867	2,044,224

11. Restructuring and Impairment Charges

In October 2025, the Company announced the initiation of a process to explore a full range of strategic alternatives focused on maximizing stockholder value. In connection with the evaluation of strategic alternatives, the Company implemented a restructuring plan including workforce reduction and other cost-containment and cash conservation measures, pursuant to which the Company initially reduced its workforce by approximately 70%.

The Company recognized restructuring charges of $6.8 million, comprised primarily of one-time employee termination benefits and long-lived assets impairment costs during the year ended December 31, 2025. The Company further recognized restructuring charges of $0.6 million, comprised primarily of one-time employee termination benefits and long-

lived assets impairment costs during the three months ended March 31, 2026. The unpaid severance and related benefit costs included in accrued liabilities in the Condensed Consolidated Balance Sheets were $0.2 million and $1.6 million as of March 31, 2026 and December 31, 2025, respectively. Restructuring and impairment charges, recorded in the Condensed Consolidated Statement of Operations are presented in the table below (in thousands):

	Three Months Ended March 31,	
	2026	**2025**
Severance and related benefit costs	$ 493	$ —
Asset impairments	119	—
Total	$ 612	$ —

The following table illustrates the accrual activity and payments relating to restructuring and impairment charges (in thousands):

	Severance and related benefit costs	**Asset impairments**	**Total**
Balance as of January 1, 2025	$ —	$ —	$ —
Restructuring charges	5,741	1,096	6,837
Cash payments made	(4,185)	—	(4,185)
Non-cash charges	—	(1,096)	(1,096)
Balance as of December 31, 2025	$ 1,556	$ —	$ 1,556
Restructuring charges	493	119	612
Cash payments made	(1,870)	—	(1,870)
Non-cash charges	—	(119)	(119)
Balance as of March 31, 2026	$ 179	$ —	$ 179

12. Segment Reporting

The Company operates and manages its business as one operating segment, which primarily focuses on developing novel small molecule therapeutics to treat unmet needs in immune-mediated diseases. The Company's Chief Executive Officer serves as the Company's Chief Operating Decision Maker, who reviews condensed consolidated financial information on a company-wide basis for purposes of allocating resources and assessing financial performance. The measure of segment assets is reported on the condensed consolidated balance sheets as total assets. The following table represents selected financial information for our segment for the three months ended March 31, 2026 and 2025, in thousands:

	Three Months Ended March 31,	
	2026	2025
Internal costs		
Total salary / benefits	$ 1,896	$ 5,394
External costs by program		
Zetomipzomib	698	6,091
KZR-261	9	684
General and administrative	3,943	2,430
Other segment items (1)	819	3,030
Total operating expenses	7,365	17,629
Loss from operations	(7,365)	(17,629)
Interest income	609	1,420
Gain on sale of nonfinancial asset	1,000	—
Interest expense	—	(347)
Consolidated segment net loss	$ (5,756)	$ (16,556)

(1) Other segment items include stock-based compensation expense, depreciation and amortization and in 2026, a loss on fixed asset write-off.

13. Subsequent Events

Executive Separation Agreements

On April 1, 2026, the Company entered into Separation Agreements with each of Christopher Kirk, Ph.D., the Company's Chief Executive Officer, Marc Belsky, the Company's Chief Financial Officer, and Mark Schiller, the Company's Chief Operating Officer (collectively, the "Separation Agreements"). Pursuant to the Separation Agreements, each executive's employment will be terminated on the closing date of the Merger, or such earlier date as determined by the applicable executive and the Company's board of directors. Each Separation Agreement provides for severance benefits consistent with those resulting from a Covered Termination (as defined in each executive's respective employment agreement) within three months prior to or twelve months following the effective date of a change in control. In addition, (i) Dr. Kirk will receive his Severance Payment (as defined in his respective Separation Agreement) in a lump sum payment, less applicable payroll deductions and withholdings, and (ii) each of Mr. Belsky and Mr. Schiller will receive a one-time cash payment equal to 12 months of cost of health insurance premiums at the time of termination. The foregoing severance benefits are contingent upon a general release of claims set forth in the Separation Agreements. In connection with the Separation Agreements, the vesting and exercisability of all outstanding stock options held by each executive will be accelerated in full upon such executive's termination date, and each executive's stock options may be exercised for a period of 90 days following such termination.

Tender and Support Agreement

In connection with the execution of the Merger Agreement, Tang Capital Partners, LP (the "Supporting Stockholder"), solely in its capacity as a holder of Shares, entered into a Tender and Support Agreement with Parent, Merger Sub and the Company, pursuant to which the Supporting Stockholder agreed, among other things, to tender all of the Shares held by the Supporting Stockholder in the Offer, subject to certain exceptions, including the valid termination of the Merger Agreement. The Supporting Stockholder held an aggregate of approximately 9.0% of the outstanding Shares as of March

30, 2026. The Tender and Support Agreement terminates upon the earliest of (i) the termination of the Merger Agreement and (ii) the effective time of the Merger.

The Merger Agreement may be terminated by either the Company or Parent if the Offer has not been consummated on or before June 28, 2026 (the "Outside Date"), subject to certain conditions set forth in the Merger Agreement.

Commencement of the Offer

On April 13, 2026, pursuant to the Merger Agreement, Parent caused Merger Sub to commence the Offer to purchase all of the outstanding Shares at the Offer Price, consisting of (i) $6.955 per Share in cash, without interest, plus (ii) one CVR per Share.

Legal Matters

In April 2026, the Company began to receive demand letters on behalf of purported stockholders challenging certain disclosures in the recommendation statement filed with the SEC on April 14, 2026 (the "Recommendation Statement"), in connection with, among other things, the Merger Agreement. As of May 11, 2026, one complaint has been filed in federal court in Illinois by a purported stockholder against the Company and certain members of its Board in connection with the Merger: *Elkerson v. Kezar Life Sciences, Inc., et al.*, Case No. 1:26-cv-05013 (N.D. Ill. filed April 30, 2026) (the "Merger Action"). The Merger Action asserts that the Recommendation Statement omitted certain allegedly material information regarding, among other things, purported conflicts of interest, transaction fees, and TD Cowen's financial analyses, in violation of Sections 14(e) and 14(d)(4) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 14d-9 promulgated under the Exchange Act, rendering the Recommendation Statement false and misleading. The plaintiff in the Merger Action seeks, among other things, an injunction enjoining consummation of the Merger until the Company issues additional disclosures, rescission of the Merger if consummated or rescissory damages, and costs of the action, including attorneys' fees and expert fees and expenses.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following management's discussion and analysis of our financial condition and results of operations in conjunction with our unaudited condensed consolidated financial statements and related notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q, and with our audited consolidated financial statements and related notes thereto for the year ended December 31, 2025 included in our Annual Report on Form 10-K, as filed with the U.S. Securities and Exchange Commission, or the SEC, on March 27, 2026, or the Annual Report.

Overview

We are a clinical-stage biotechnology company developing novel small molecule therapeutics to treat unmet needs in immune-mediated diseases. We believe therapies that inhibit multiple drivers of disease by targeting fundamental upstream control processes within the cell have the potential for profound therapeutic benefit in a number of difficult-to-treat diseases.

Our product candidate, zetomipzomib, is a first-in-class selective immunoproteasome inhibitor that we have been evaluating for the treatment of severe autoimmune diseases of high unmet medical need. We believe that the immunoproteasome is a validated target for the treatment of a wide variety of immune-mediated diseases given its ability to regulate multiple drivers of the inflammatory disease process. Many inflammatory disorders are currently treated one cytokine or cell type at a time, but the immunoproteasome affects a broad spectrum of immune regulators. Based on clinical data generated to date, we believe that zetomipzomib has the potential to address multiple chronic immune-mediated diseases.

In October 2025, we announced plans to explore strategic alternatives focused on maximizing stockholder value after being unable to align with the U.S. Food and Drug Administration, or FDA, on a potential registrational clinical trial of zetomipzomib in patients with relapsed and refractory autoimmune hepatitis, or AIH.

On March 30, 2026, we entered into an Agreement and Plan of Merger, or the Merger Agreement, with Aurinia Pharma U.S., Inc., Aurinia Merger Sub, Inc., a wholly owned subsidiary of Aurinia Pharma U.S., and, solely for purposes of Section 10.13 of the Merger Agreement, Aurinia Pharmaceuticals Inc., the parent entity of Aurinia Pharma U.S. Pursuant to the Merger Agreement, Aurinia Pharma U.S. has made an offer, or the Offer, to purchase all of the outstanding shares of common stock of the company for (i) $6.955 per share, plus (ii) one contingent value right, or CVR, per share, which represents the right to receive certain payments in cash in accordance with the terms of a contingent value rights agreement, or CVR Agreement. On completion of the Offer, subject to the satisfaction or waiver of certain conditions set forth in the Merger Agreement and in accordance with the Delaware General Corporation Law, Aurinia Merger Sub will merge with and into our company, the Merger, with Kezar surviving the Merger, and without a meeting or vote of our stockholders.

There can be no assurance that the Merger will be completed, as the closing of the Offer is subject to certain conditions, including the tender of our common stock representing at least a majority of the total number of outstanding shares. The Merger Agreement contains customary termination rights for Aurinia Pharma U.S. and Aurinia Merger Sub, on the one hand, and us, on the other hand, including, among others, for failure to consummate the offer on or before June 28, 2026. If the Merger Agreement is terminated under certain circumstances specified in the Merger Agreement, including in connection with our entry into an agreement with respect to a superior company proposal (as defined in the Merger Agreement), we will be required to pay Aurinia Pharma U.S. a termination fee of $1.2 million.

Since our inception, we have incurred significant operating losses, and we expect to continue to incur significant expenses and increasing operating losses for at least the next several years. Our net losses may fluctuate significantly from period to period, depending on the timing of our clinical trials and expenditures on other research and development activities. Our net losses were $5.8 million and $16.6 million for the three months ended March 31, 2026 and 2025, respectively, and we expect to continue to incur significant losses for the foreseeable future. As of March 31, 2026, we had an accumulated deficit of $496.3 million.

In addition to general operating expenses and the costs associated with operating as a public company, we are incurring costs and expenditures related to the Merger. While we have entered into the Merger Agreement, there can be no assurance that the Merger will be completed within the expected timeframe or at all, as completion is subject to various closing conditions, including the minimum tender condition and other requirements set forth in the Merger Agreement. There can be no assurance that we will be able to successfully consummate the Merger, or any other favorable transaction. Our general operations and efforts regarding the consummation of the Merger may be costly, time-consuming and complex, and we are incurring significant costs, such as legal, accounting and advisory fees and expenses and other related charges. A considerable portion of these costs will be incurred regardless of whether any merger is completed. Any such expenses will decrease the remaining cash available to us for use in our business or that could be used in future distributions to our

stockholders in the event the Merger is not completed and we pursue liquidation or dissolution. If the Merger is not completed, we may pursue alternative strategic transactions or liquidation or dissolution, which could have a variety of negative consequences. We may also implement a course of action or consummate a transaction that yields unexpected results that adversely affect our business and decreases the remaining cash available for use in our business or the execution of our strategic plan. While we have entered into the Merger Agreement, there can be no assurances that the Merger will be completed, and if not completed, that any alternative transaction will be pursued, successfully consummated, lead to increased stockholder value or achieve the anticipated results.

Recent Developments

Executive Separation Agreements

On April 1, 2026, the Company entered into Separation Agreements with each of Christopher Kirk, Ph.D., the Company's Chief Executive Officer, Marc Belsky, the Company's Chief Financial Officer, and Mark Schiller, the Company's Chief Operating Officer, or collectively, the Separation Agreements. Pursuant to the Separation Agreements, each executive's employment will be terminated on the closing date of the Merger, or such earlier date as determined by the applicable executive and the Company's board of directors. Each Separation Agreement provides for severance benefits and acceleration of outstanding stock options, contingent upon a general release of claims. See Note 13 to our condensed consolidated financial statements for additional information.

Tender and Support Agreement

In connection with the execution of the Merger Agreement, Tang Capital Partners, LP, or the Supporting Stockholder, solely in its capacity as a holder of Shares, entered into a Tender and Support Agreement with Parent, Merger Sub and the Company, pursuant to which the Supporting Stockholder agreed, among other things, to tender all of the Shares held by the Supporting Stockholder in the Offer. The Supporting Stockholder held an aggregate of approximately 9.0% of the outstanding Shares as of March 30, 2026. See Note 13 to our condensed consolidated financial statements for additional information.

Lease termination

On April 1, 2026, the Company entered into an agreement with the landlord to terminate the operating lease of its corporate headquarters in exchange for a one-time payment of $2.0 million in fulfillment of its remaining obligations under the lease. See Note 5 to our condensed consolidated financial statements for additional information.

Commencement of the Offer

On April 13, 2026, pursuant to the Merger Agreement, Parent caused Merger Sub to commence the Offer to purchase all of the outstanding Shares at the Offer Price, consisting of (i) $6.955 per Share in cash, without interest, plus (ii) one CVR per Share. The Merger Agreement may be terminated by either the Company or Parent if the Offer has not been consummated on or before June 28, 2026, or the Outside Date, subject to certain conditions set forth in the Merger Agreement. See Note 13 to our condensed consolidated financial statements for additional information.

Financial Operations Overview

Collaboration Revenue

We have no products approved for commercial sale and, to date, have not generated any revenue from the sale of products, and we do not expect to generate any revenue from the sale of products in the near future.

Our revenue to date has been generated from the upfront payment pursuant to our collaboration with Everest Medicines II (HK) Limited, or Everest, under our license agreement with them, or the Everest License Agreement. Collaboration revenue consists of revenue received from upfront, milestone and contingent payments received from the strategic partner. We recognize collaboration revenue when the performance obligation is satisfied. In addition to receiving an upfront payment, we may also be entitled to milestones and other contingent payments upon achieving predefined objectives. If a milestone is considered probable of being reached, and if it is probable that a significant revenue reversal would not occur, the associated milestone amount would also be included in the transaction price.

We expect that any collaboration revenue we generate from the Everest License Agreement, and from any future collaboration partners, will fluctuate as a result of the timing and amount of upfront, milestones and other collaboration agreement payments and other factors.

Research and Development Expenses

Research and development expenses consist primarily of costs incurred for the development of our product candidates, which include:

- employee-related expenses, which include salaries, benefits and stock-based compensation;
- fees paid to consultants for services directly related to our product development and regulatory effort;
- expenses incurred under agreements with third-party contract organizations, investigative clinical trial sites and consultants that conduct research and development activities on our behalf;
- costs associated with preclinical studies and clinical trials;
- costs associated with technology and intellectual property licenses;
- the costs related to production of clinical supplies; and
- facilities and other allocated expenses, which include expenses for rent and facility-related costs and supplies.

We expense all research and development costs in the periods in which they are incurred. Costs for certain development activities are recognized based on an evaluation of the progress to completion of specific tasks using information and data provided to us by our vendors, collaborators and third-party service providers.

In October 2025, we initiated a process to explore a full range of strategic alternatives focused on maximizing stockholder value. Due to the suspension of various development efforts related to our programs and the recent reduction in our workforce, we expect our research and development expenses to remain flat or decrease for the remainder of 2026.

General and Administrative Expenses

Our general and administrative expenses consist primarily of personnel costs, allocated facilities costs and expenses for outside professional services, including legal, human resources, information technology and audit services. Personnel costs consist of salaries, benefits and stock-based compensation. As a result of the ongoing strategic review and workforce reduction, we expect that our general and administrative expenses will remain flat or decrease for the remainder of 2026, and will include costs associated with operating as a public company, including expenses related to legal, audit, accounting, regulatory and tax-related services associated with maintaining compliance with exchange listing and SEC requirements, director and officer insurance costs, investor and public relations costs, and other administrative and professional services.

Restructuring and Impairment Charges

In October 2025, we announced the initiation of a process to explore a full range of strategic alternatives focused on maximizing stockholder value. In connection with the evaluation of strategic alternatives, we are in the process of implementing a restructuring plan including workforce reduction and other cost-containment and cash conservation measures, pursuant to which we reduced our workforce by approximately 70%.

We recognize an impairment loss when the total estimated future cash flows expected to result from the use of the asset and its eventual disposition are less than the carrying amount. See Note 11 to our condensed financial statements for additional information on the restructuring and impairment charges.

Interest Income

Our interest income consists of interest income earned on our cash, cash equivalents and marketable securities.

Gain on Sale of Nonfinancial Asset

Our gain on sale of nonfinancial asset was related to the upfront payments received under the Asset Purchase Agreement with Enodia.

Interest Expense

Our interest expense was related to our debt facility. A portion of the interest expense was non-cash expense relating to the accretion of the final payment fees and amortization of debt discount and debt issuance costs associated with our loan agreement, or the Loan Agreement, that we entered into in November 2021 with Oxford Finance, LLC, or Oxford Finance. On October 20, 2025, we made a repayment of $6.3 million in full satisfaction of the aggregate outstanding amount,

including accrued interest and final payment fee as of such date, under the Loan Agreement. Upon making the repayment, the Loan Agreement was terminated in accordance with its terms and all liens and security interests granted thereunder to secure the obligations were released. As a result, we expect the interest expense to decrease for the remaining 2026.

Results of Operations

Comparison of the Three Months Ended March 31, 2026 and 2025

	Three Months Ended March 31,		
(dollars in millions)	**2026**	**2025**	**$ Change**
Operating expenses:			
Research and development	$ 1.5	$ 12.2	$ (10.7)
General and administrative	5.2	5.5	(0.3)
Restructuring and impairment charges	0.6	—	0.6
Total operating expenses	7.4	17.7	(10.3)
Loss from operations	(7.4)	(17.7)	10.3
Interest income	0.6	1.4	(0.8)
Gain on sale of nonfinancial asset	1.0	—	1.0
Interest expense	—	(0.3)	0.3
Net loss	$ (5.8)	$ (16.6)	$ 10.8

Research and Development Expenses

Research and development expenses decreased by $10.7 million for the three months ended March 31, 2026, compared to the three months ended March 31, 2025. The decline was primarily attributable to a decrease of $4.7 million in clinical expenses, a decrease in $4.1 million in personnel-related expenses, a decrease of $1.2 million in consulting expenses and other outside research and manufacturing expenses, and a decrease of $0.7 million in facility-related expenses. These decreases were primarily resulting from our strategic decision to terminate the PALIZADE trial in October 2024 and the completion of the PORTOLA trial, reduced headcount in our research and development organization following the restructuring activities.

General and Administrative Expenses

General and administrative expenses decreased by $0.3 million for the three months ended March 31, 2026, compared to the three months ended March 31, 2025. The decrease was primarily due to a decrease of $2.0 million in stock-based compensation and personnel-related expenses, offset by $1.5 million increase in legal and professional fees associated with pursuing and evaluating potential strategic alternatives for the Company and a $0.2 million increase in facilities related expenses.

Restructuring and Impairment Charges

Restructuring and impairment charges increased by $0.6 million for the three months ended March 31, 2026, compared to the three months ended March 31, 2025. The increase was primarily related to one-time severance-related costs and loss on fixed asset write-off following a corporate restructuring.

Interest Income

Interest income decreased by $0.8 million for the three months ended March 31, 2026, compared to the three months ended March 31, 2025. The decrease was primarily due to the decrease in the balance of cash equivalents and marketable securities and lower interest rates.

Gain on Sale of Nonfinancial Asset

Gain on sale of nonfinancial asset increased by $1.0 million for the three months ended March 31, 2026, compared to the three months ended March 31, 2025. The increase was related to the upfront payments received under the Asset Purchase Agreement with Enodia.

Interest Expense

Interest expense decreased by $0.3 million for the three months ended March 31, 2026, compared to the three months ended March 31, 2025. The decrease was primarily due to the early payoff of outstanding debt balance in October 2025.

Liquidity and Capital Resources

Overview

As of March 31, 2026, we had $66.2 million in cash and cash equivalents, which consisted of bank deposits and highly liquid U.S. Treasury money market funds.

We have incurred operating losses and experienced negative operating cash flows since our inception and anticipate that we will continue to incur losses for at least the foreseeable future. Our net loss was $5.8 million for the three months ended March 31, 2026, and we had an accumulated deficit of $496.3 million as of March 31, 2026.

We believe that our cash and cash equivalents as of March 31, 2026 will be sufficient to meet our projected operating requirements through at least the next 12 months from the date these financial statements were issued. We expect to incur additional losses in the future to fund our operations as we evaluate strategic alternatives. Failure to manage discretionary spending during this time may adversely impact our ability to achieve our intended business objectives.

Funding Requirements

We believe that our available cash, cash equivalents and short-term investments are sufficient to fund existing and planned cash requirements for the next 12 months. Our primary uses of capital are, and we expect will continue to be, compensation and related expenses, third-party clinical research and development services, clinical costs, legal and other regulatory expenses and general overhead costs. We have based our estimates on assumptions that may prove to be incorrect, and we could use our capital resources sooner than we currently expect.

Our future funding requirements will depend on many factors, including the following:

- the timing of Merger completion and, if the Merger is not completed, the outcome of our evaluation of strategic alternatives;
- realization of the benefits of our headcount reductions; and
- the cost of preparing, filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights.

Further, our operating plan may change, and we will need additional funds to meet operational needs and capital requirements. Because of the numerous risks and uncertainties associated with the development and commercialization of our product candidates, we are unable to estimate the amounts of increased capital outlays and operating expenditures associated with our current and anticipated clinical studies.

Our material cash requirements as of March 31, 2026 primarily related to the operating leases for office space. As of March 31, 2026, we have $1.4 million payable within 12 months. On April 1, 2026, we entered into an agreement to terminate the lease in exchange for a one-time payment of $2.0 million in fulfillment of the remaining obligation under the lease. Refer to Note 5 to our condensed consolidated financial statements for additional information.

Our expected material cash requirements do not include any potential contingent payments upon the achievement by us of clinical, regulatory and commercial events, as applicable, or royalty payments that we may be required to make under license agreements we have entered into or may enter into with various entities pursuant to which we have in-licensed certain intellectual property, including our Onyx License Agreement. Under the Onyx License Agreement, we are obligated to pay Onyx milestone payments of up to $167.5 million in the aggregate upon the achievement of certain development, regulatory and sales milestones. We excluded the contingent payments given that the timing and amount (if any) of any such payments cannot be reasonably estimated at this time. We also have no material non-cancellable purchase commitments with service providers, as we have generally contracted on a cancellable, purchase order basis.

We will require additional financing to fund working capital and pay our obligations. We may pursue financing opportunities through a combination of equity offerings, debt financings and additional funding from license and collaboration agreements. Except for any obligations of Everest to reimburse us for research and development expenses or to make milestone or royalty payments under the Everest License Agreement, we have no committed external sources of funding. There can be no assurance that we will be successful in acquiring additional funding at levels sufficient to fund our operations or on terms favorable to us or at all. Funding may not be available to us on acceptable terms, or at all. If we

are unable to obtain adequate financing when needed, we may have to delay, reduce the scope of or suspend one or more of our preclinical studies, clinical trials, research and development programs or commercialization efforts. We may seek to raise any necessary additional capital through a combination of public or private equity offerings, debt financings, collaborations and other licensing arrangements. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends.

Cash Flows

The following summarizes our cash flows for the periods indicated:

	Three Months Ended March 31,	
	2026	2025
(dollars in millions)	(unaudited)	
Net cash used in operating activities	$ (7.4)	$ (17.2)
Net cash provided by investing activities	$ 1.5	$ 13.7
Net cash provided (used in) by financing activities	$ 0.3	$ (1.3)

Cash Flows from Operating Activities

During the three months ended March 31, 2026, cash used in operating activities was $7.4 million, which consisted of a net loss of $5.8 million, gain on sale of nonfinancial asset of $1.0 million under the Assets Purchase Agreement with Enodia and a net change of $1.5 million in our net operating assets and liabilities, adjusted by non-cash charges of $0.8 million. The non-cash charges consisted of $0.6 million for stock-based compensation expense, $0.1 million for depreciation and amortization, and $0.1 million of loss on fixed asset write-off. The change in our net operating assets and liabilities was primarily due to a decrease of $2.0 million in prepaid expenses, other current assets and other assets driven by the collection of receivable from Everest, a decrease of $0.7 million in operating lease asset and liabilities, and a decrease of $2.8 million in accounts payable and accrued liabilities due to decreased research and development activities.

During the three months ended March 31, 2025, cash used in operating activities was $17.2 million, which consisted of a net loss of $16.6 million and a net change of $3.1 million in our net operating assets and liabilities, adjusted by non-cash charges of $2.5 million. The non-cash charges consisted of $2.8 million for stock-based compensation expense, $0.3 million for depreciation and amortization, and $0.2 million of non-cash interest expense, offset by $0.7 million of amortization of premium and discounts on marketable securities. The change in our net operating assets and liabilities was primarily due to a decrease of $1.0 million in prepaid expenses, other current assets and other assets driven by the decrease in advance for clinical-related costs, a decrease of $0.6 million in operating lease asset and liabilities, and a decrease of $3.6 million in accounts payable and accrued liabilities due to decreased clinical expenditures from the termination of the PALIZADE trial.

Cash Flows from Investing Activities

Net cash provided by investing activities was $1.5 million for the three months ended March 31, 2026, primarily relating to the proceed from sale of nonfinancial asset of $1.0 million under the Assets Purchase Agreement with Enodia, and proceeds from sale of fixed assets of $0.5 million .

Net cash provided by investing activities was $13.7 million for the three months ended March 31, 2025, primarily relating to the maturities of marketable securities.

Cash Flows from Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2026 was $0.3 million, primarily from the issuance of common stock under employee stock incentive plans.

Net cash used in financing activities for the three months ended March 31, 2025 was $1.3 million, primarily from the repayment of principal associated with the Loan Agreement with Oxford Finance.

Critical Accounting Estimates

Our management’s discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with United States generally accepted

accounting principles. The preparation of these financial statements requires us to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

There have been no other material changes to our critical accounting judgments and estimates from those described under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report.

Status as a Smaller Reporting Company and a Non-Accelerated Filer

We are a smaller reporting company as defined in the Securities Exchange Act of 1934, as amended, or the Exchange Act. As a result, we may take advantage of certain of the scaled disclosures available to smaller reporting companies and will be able to take advantage of these scaled disclosures for so long as (i) our voting and non-voting common stock held by nonaffiliates is less than $250.0 million measured on the last business day of our second fiscal quarter or (ii) our annual revenue is less than $100.0 million during the most recently completed fiscal year and our voting and non-voting common stock held by non-affiliates is less than $700.0 million measured on the last business day of our second fiscal quarter.

Additionally, as a non-accelerated filer, we may continue to take advantage of the exception from compliance with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The primary objectives of our investment activities are to ensure liquidity and to preserve capital. The market risk inherent in our financial instruments and in our financial position reflects the potential losses arising from adverse changes in interest rates and concentration of credit risk. We had cash and cash equivalents of $66.2 million as of March 31, 2026, which consisted of bank deposits and highly liquid U.S. Treasury money market funds. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates. Due to the short-term duration and the lower risk profile of our cash equivalents, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our cash equivalents. We have the ability to hold our cash equivalents until maturity, and we therefore do not expect a change in market interest rates to affect our operating results or cash flows to any significant degree.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures.

We maintain "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2026. Based upon the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting.

There have been no changes in our internal control over financial reporting during our most recent fiscal quarter that materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we are subject to litigation and claims arising in the ordinary course of our business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of these ordinary course matters will not have a material adverse effect on our business. Legal proceedings, including litigation, government investigations and enforcement actions could result in material costs, occupy significant management resources and entail civil and criminal penalties. Refer to Note 13, *Subsequent Events - Legal Matters*, included in Part I, Item 1 of this Quarterly Report for a description of current legal proceedings.

Item 1A. Risk Factors.

For a discussion of our potential risks and uncertainties, see the information in Part I, "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025. The risk factors set forth below supplement the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2025.

The risks described in our Annual Report would apply to us if the Merger is not completed and we choose to resume research and development activities. However, at this time, we do not believe it is likely that we would choose to resume such efforts if the Merger is not completed, and instead we would either pursue an alternative strategic transaction, if available, or a dissolution and liquidation of our company.

Risks Related to the Pending Transaction with Aurinia Pharma U.S.

We may not complete the Merger with Aurinia Pharma U.S. within the timeframe we anticipate, or at all, which could have an adverse effect on our business, prospects, financial condition and results of operations.

On March 30, 2026, we announced we had entered into the Merger Agreement with Aurinia Pharma U.S., Inc., or Aurinia Pharma U.S., and certain of its affiliates. Pursuant to the Merger Agreement, upon the terms and subject to the conditions thereof, Aurinia Merger Sub, or Merger Sub, commenced a cash tender offer, or the Offer, on April 13, 2026. The Offer consists of an offer to purchase all of the outstanding shares of common stock of the Company, par value $0.001 per share, or the Shares, at a price per Share consisting of (i) $6.955 per Share in cash, or the Cash Amount; and (ii) one nontransferable CVR for each Share, which represents the right to receive certain contingent cash payments equal to a pro rata share of the following, each pursuant to the CVR Agreement. Following the completion of the Offer and subject to the satisfaction or waiver of certain conditions set forth in the Merger Agreement, Aurinia Pharma U.S., Aurinia Merger Sub and the Company will, pursuant to Section 251(h) of the General Corporation Law of the State of Delaware and without a vote of the Company stockholders, effect a merger of Aurinia Merger Sub with and into the Company, or the Merger and, together with the Offer and the other transactions contemplated by the Merger Agreement, the Transactions, with the Company continuing as the surviving corporation of the Merger and a wholly owned subsidiary of Aurinia Pharma U.S.

The obligation of Merger Sub to accept for payment, and pay for, Shares validly tendered (and not validly withdrawn) pursuant to the Offer is subject to satisfaction or waiver, to the extent permitted under applicable legal requirements, of certain conditions set forth in the Merger Agreement, including (i) there being validly tendered and not validly withdrawn Shares that represent at least one share more than 50% of the number of Shares that are then issued and outstanding at the time of the expiration of the Offer, or the Minimum Tender Condition, (ii) the absence of any judgment, legal restraint or prohibition preventing or prohibiting the consummation of the Offer, the Merger or any of the other Transactions, and (iii) the Company's Closing Net Cash as finally determined pursuant to the terms of the Merger Agreement is not less than $50 million. Aurinia Pharma U.S. and Merger Sub's obligations to consummate the Offer and the Merger are not subject to a condition that any financing be received by Aurinia Pharma U.S. or Merger Sub for the consummation of the transactions contemplated by the Merger Agreement. We cannot assure you that the Merger with Aurinia Pharma U.S. will be completed, or that, if completed, it will be exactly on the terms set forth in the Merger Agreement or within the expected timeframe.

If the Merger is not completed within the expected timeframe or at all, we may be subject to a number of material risks. To the extent that the current market price of our common stock reflects the assumption that the Merger will be completed, the price of our common stock may decline. In addition, we could be required to pay Aurinia Pharma U.S. a termination fee of $1.2 million if the Merger Agreement is terminated under certain circumstances specified in the Merger Agreement. The failure to complete the Merger also may result in negative publicity and negatively affect our relationships with our stockholders, employees, regulators, and business partners. We may also be required to devote significant time and resources to litigation related to any failure to complete the Merger or related to any enforcement proceeding commenced against us to perform our obligations under the Merger Agreement.

The pendency of the Merger with Aurinia Pharma U.S. could adversely affect our business, financial results and/or operations.

Our efforts to complete the Merger could cause substantial disruptions in, and create uncertainty surrounding, our business, which may materially adversely affect our results of operations and our business. Uncertainty as to whether the Merger will be completed may affect our ability to recruit prospective employees or to retain and motivate existing employees. Employee retention or focus may be particularly challenging while the Merger is pending because employees may experience uncertainty about their roles following consummation of the Merger. A substantial amount of our management's and certain employees' attention is being directed toward the completion of the Merger and thus is being diverted from our day-to-day operations. Uncertainty as to our future could adversely affect our business and our relationships with customers, distribution partners, collaborators, regulators, and other business partners. For example, customers, collaborators, and other counterparties may defer decisions concerning working with us, or seek to change existing business relationships with us. Changes to or termination of existing business relationships could adversely affect our financial condition and results of operations, as well as the market price of our common stock. The adverse effects of the pendency of the Merger could be exacerbated by any delays in completion of the Merger or termination of the Merger Agreement.

While the Merger Agreement is in effect, we are subject to restrictions on our business activities.

While the Merger Agreement is in effect, we are subject to restrictions on our business activities, generally requiring us to carry on our business in the ordinary course of business in the manner the business has been conducted since the commencement of the wind-down of the operations and research and development activities of the Company, or the Wind-Down Process and its subsidiaries, and subjecting us to a variety of specified restrictions absent Aurinia Pharma U.S.'s prior consent. These limitations include, among other things, and subject to certain exceptions, restrictions on our ability to: acquire, lease, license, dispose or assign material tangible assets or properties or Company intellectual property; make investments or loans; enter into, modify or terminate material contracts or employee plans; repurchase or issue securities; pay dividends; make capital expenditures; commence, settle or release any legal proceeding; amend our organizational documents; and incur indebtedness. These restrictions could prevent us from pursuing strategic business opportunities, taking actions with respect to our business that we may consider advantageous and responding effectively and/or timely to competitive pressures and industry developments, and may, as a result, materially and adversely affect our business, prospects, financial condition and results of operations.

In certain instances, the Merger Agreement requires us to pay a termination fee to Aurinia Pharma U.S., which could require us to use funds that would have otherwise been available for general corporate purposes.

Upon termination of the Merger Agreement under certain specified circumstances, the Company will be required to pay Aurinia Pharma U.S. a termination fee, or the Company Termination Fee, of $1.2 million. Specifically, the Company Termination Fee is payable if: (i) the Company terminates the Merger Agreement in order to enter into a definitive written agreement with respect to a Superior Company Proposal; (ii) Aurinia Pharma U.S. terminates the Merger Agreement following an Adverse Recommendation Change (as defined in the Merger Agreement); or (iii) (A) after the date of the Merger Agreement, a bona fide Company Takeover Proposal is publicly proposed or announced or shall have become publicly known or otherwise communicated to management of the Company or the board of directors of the Company, and such Company Takeover Proposal is not publicly withdrawn or, if not publicly proposed or announced, is not withdrawn, prior to the date that is two (2) business days prior to the final expiration date of the Offer, (B) the Merger Agreement is terminated by either Aurinia Pharma U.S. or the Company because the Offer Closing Time shall not have occurred on or before June 28, 2026, and (C) within twelve (12) months after such termination, the Company consummates any Company Takeover Proposal or enters into a definitive agreement with respect to any Company Takeover Proposal that is subsequently consummated.

If the Merger Agreement is terminated under such circumstances, the termination fee we may be required to pay under the Merger Agreement may require us to use funds that would have otherwise been available for general corporate purposes and other uses. For these and other reasons, termination of the Merger Agreement could materially and adversely affect our business operations and financial condition, which in turn could materially and adversely affect the price of our common stock.

We have incurred, and will continue to incur, direct and indirect costs as a result of the pending Merger with Aurinia Pharma U.S.

We have incurred, and will continue to incur, significant costs and expenses, including fees for professional services and other transaction costs, in connection with the pending Merger. We must pay substantially all of these costs and expenses whether or not the Merger is completed. A number of factors that are beyond our control could affect the total amount or the timing of these costs and expenses.

Litigation may arise in connection with the Merger, which could be costly and divert management's attention and otherwise materially harm our business.

Lawsuits may be filed challenging the disclosures relating to the Merger and/or challenging other aspects of the proposed Merger. Regardless of the outcome of any future litigation related to the proposed Merger, such litigation may be time-consuming and expensive and may distract our management from running the day-to-day operations of our business. The litigation costs and diversion of management's attention and resources to address the claims and counterclaims in any litigation related to the proposed Merger may materially adversely affect our business, financial condition and operating results. If the Merger is not consummated for any reason, litigation could be filed in connection with the failure to consummate the Merger. In addition, others may seek to influence or challenge the proposed Merger. Any of the foregoing may result in negative publicity or an unfavorable impression of us, which could adversely affect the price of our common stock, impair our ability to recruit or retain employees, damage our relationships with our business partners, or otherwise materially harm our operations and financial performance.

Our stockholders may not receive any payment on the CVR and the CVR may expire valueless.

If the Offer and the Merger are completed, the holders of our common stock and In-the-Money Options will be entitled to receive one CVR per share of common stock (or per share of common stock underlying such In-the-Money Option), representing the right to receive contingent cash payments, subject to the terms and conditions of the CVR Agreement. Each CVR will represent a contractual right to receive additional value, if any, with respect to (a) the Company's Closing Net Cash, if in excess of $50.0 million, (b) proceeds from the Enodia Asset Purchase Agreement, (c) proceeds from a Legacy Asset Transaction Agreement, (d) proceeds from the Everest Collaboration, and/or (e) any Legacy Asset Milestone and Royalty Proceeds, to the extent the related conditions to such payments are achieved within the time periods and subject to the conditions described in the CVR Agreement, or collectively, the CVR Proceeds. CVR Proceeds may be reduced by Permitted Deductions (as defined in the CVR Agreement), which include, among other things, applicable taxes imposed on Gross Proceeds (as defined in the CVR Agreement), reasonable and documented out-of-pocket costs and expenses incurred by Aurinia Pharma U.S. or its affiliates in connection with the applicable Legacy Assets (including research and development, technology transfer, prosecution, maintenance and enforcement costs), and costs and expenses incurred in connection with any Legacy Assets Transaction or business development efforts. The Legacy Assets Transaction Period ends on the second (2nd) anniversary of the Closing, and any Gross Proceeds attributable to a Legacy Assets Transaction Agreement entered into prior to the Legacy Assets Transaction Period, proceeds from the Everest Collaboration and proceeds from the Enodia Asset Purchase Agreement must become payable prior to the Expiration Date, which is the tenth (10th) anniversary of the Closing. The CVRs will not be transferable, except in the limited circumstances specified in the CVR Agreement as Permitted CVR Transfers, will not have any voting or dividend rights, and will not represent any equity or ownership interest in Aurinia Pharma U.S. or any of its affiliates, and interest will not accrue on any amounts potentially payable on the CVRs. Accordingly, the right of any of our stockholders to receive any future payment on or derive any value from the CVRs will be contingent solely upon the receipt of CVR Proceeds between the Closing and the Expiration Date (as defined in the CVR Agreement). If no CVR Proceeds are received during this time period, then no payments will be made under the CVRs, and the CVRs will expire valueless.

There can be no assurance that the Merger will be completed. If the Merger is not completed, our Board may pursue a dissolution and liquidation of the Company in connection with the Wind-Down Process. In such an event, the amount of cash available for distribution to our stockholders will depend heavily on the timing of such decision and, with the passage of time, the amount of cash available for distribution will be reduced as we continue to fund our operations and the Wind-Down Process. In addition, if our Board were to approve and recommend, and our stockholders were to approve, a dissolution and liquidation, we would be required under Delaware corporate law to pay our outstanding obligations, as well as to make reasonable provision for contingent and unknown obligations, prior to making any distributions in liquidation to our stockholders. As a result of this requirement, a portion of our assets may need to be reserved pending the resolution of such obligations and the timing of any such resolution is uncertain. In addition, we may be subject to litigation or other claims related to a dissolution and liquidation. If a dissolution and liquidation were pursued, our Board, in consultation with our advisors, would need to evaluate these matters and make a determination about a reasonable amount to reserve. Accordingly, holders of our common stock could lose all or a significant portion of their investment in the event of a liquidation, dissolution or winding up.

Item 5. Other Information.

Insider Trading Arrangements

During the fiscal quarter ended March 31, 2026, none of our directors or officers (as defined in Rule 16a-1(f)) adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as those terms are defined in Item 408 of Regulation S-K.

Item 6. Exhibits.

Exhibit Number	Description
2.1†	Asset Purchase Agreement, dated as of March 6, 2026, between Enodia Therapeutics SAS and the Company (incorporated herein by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 001-38542), filed with the Commission on March 6, 2026).
2.2#	Agreement and Plan of Merger, dated as of March 30, 2026, by and among Kezar Life Sciences, Inc., Aurinia Pharma U.S., Inc., Aurinia Merger Sub, Inc. and, solely for purposes of Section 10.13, Aurinia Pharmaceuticals Inc. (incorporated herein by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 001-38542), filed with the Commission on March 30, 2026).
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-38542), filed with the SEC on June 26, 2018).
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-38542), filed with the SEC on June 16, 2023).
3.3	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-38542), filed with the SEC on October 28, 2024).
3.4	Certificate of Designation of Series A Junior Participating Preferred Stock (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-38542), filed with the SEC on October 17, 2024).
3.5	Amended and Restated Bylaws of the Company (incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K (File No. 001-38542), filed with the SEC on June 26, 2018).
4.1	Amendment No. 3, dated as of March 30, 2026, to the Rights Agreement, dated as of October 17, 2024, by and between Kezar Life Sciences, Inc. and Computershare Trust Company, N.A., as rights agent (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 001-38542), filed with the Commission on March 30, 2026).
10.1	Form of Tender and Support Agreement, dated as of March 30, 2026, by and among Aurinia Pharma U.S., Inc., Aurinia Merger Sub, Inc., Kezar Life Sciences, Inc. and the stockholders party thereto (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-38542), filed with the Commission on March 30, 2026).
10.2	Lease Termination Agreement, dated as of April 1, 2026, by and between the Company and GNS South Tower, LP. (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-38542) filed with the Commission on April 3, 2026).
10.3+	Separation Agreement, dated as of April 1, 2026, between the Company and Christopher Kirk, Ph.D. (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-38542) filed with the Commission on April 3, 2026).
10.4+	Separation Agreement, dated as of April 1, 2026, between the Company and Marc Belsky (incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K (File No. 001-38542) filed with the Commission on April 3, 2026).
10.5+	Separation Agreement, dated as of April 1, 2026, between the Company and Mark Schiller (incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K (File No. 001-38542) filed with the Commission on April 3, 2026).
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document.

101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents.
104	Cover page formatted as inline XBRL and contained in Exhibit 101.

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* Furnished herewith and not deemed to be "filed" for purposes of Section 18 of the Exchange Act, and shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act (whether made before or after the date of this Quarterly Report on Form 10-Q), irrespective of any general incorporation language contained in such filing.

† Certain information has been omitted from this document in accordance with Regulation S-K, Item 601(b)(10).

Certain annexes, exhibits and schedules have been omitted pursuant to Item 601(a)(5) or Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted exhibit or schedule to the SEC upon request; provided, however, that the Company may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any schedule so furnished.

+ Indicates a management contract or compensatory plan.

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 thereunto duly authorized.

Kezar Life Sciences, Inc.
(Registrant)

Date: May 11, 2026

By: /s/ Christopher Kirk, Ph.D.

Christopher Kirk, Ph.D.
Chief Executive Officer
(Principal Executive Officer)

Date: May 11, 2026

By: /s/ Marc Belsky

Marc Belsky
Chief Financial Officer and Secretary
(Principal Financial Officer)

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher Kirk, Ph.D., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Kezar Life Sciences, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: May 11, 2026

By: /s/ Christopher Kirk, Ph.D.
Christopher Kirk, Ph.D.
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Marc Belsky, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Kezar Life Sciences, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: May 11, 2026

By: /s/ Marc Belsky
Marc Belsky
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Christopher Kirk, Ph.D., Chief Executive Officer of Kezar Life Sciences, Inc. (the "Company"), and Marc Belsky, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

(1) The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2026, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

(2) The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 11, 2026

/s/ Christopher Kirk, Ph.D.
Christopher Kirk, Ph.D.
Chief Executive Officer
(Principal Executive Officer)

/s/ Marc Belsky
Marc Belsky
Chief Financial Officer
(Principal Financial Officer)