UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended September 30, 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: 001-36421

Aurinia Pharmaceuticals Inc.

(Exact Name of Registrant as Specified in its Charter)

Alberta, Canada	**98-1231763**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
#140, 14315 - 118 Avenue Edmonton, Alberta T5L 4S6	
(Address of principal executive offices)	

(250) 744-2487

Registrant's telephone number, including area code

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, 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 October 29, 2026, the registrant had 133,998,660 common shares, no par value, outstanding.

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

Title of each class	**Trading Symbol**	**Name of exchange on which registered**
Common shares, no par value	AUPH	The Nasdaq Global Market LLC

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

AURINIA PHARMACEUTICALS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 30, 2026	December 31, 2025
	(Unaudited)	
ASSETS		
Current assets:		
Cash, cash equivalents and restricted cash	**$ 46,145**	$ 80,213
Short-term investments	**440,735**	317,784
Accounts receivable, net	**47,414**	41,454
Inventory	**43,728**	45,690
Prepaid expenses and deposits	**5,915**	5,746
Other current assets	**3,949**	1,080
Total current assets	**587,886**	491,967
Deferred tax assets, net	**170,652**	176,194
Finance right-of-use lease assets	**60,795**	73,865
Intangible assets, net	**3,169**	3,761
Property and equipment, net	**1,737**	2,111
Operating right-of-use lease assets	**1,372**	3,596
Other noncurrent assets	**93**	93
Total assets	**$ 825,704**	$ 751,587
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$ 3,014**	$ 3,313
Accrued expenses	**63,299**	66,621
Finance lease liabilities, current portion	**16,150**	16,523
Deferred revenue	**10,413**	3,720
Operating lease liabilities, current portion	**1,808**	1,067
Other current liabilities	**1,321**	2,480
Total current liabilities	**96,005**	93,724
Finance lease liabilities, less current portion	**39,028**	52,322
Deferred tax benefits	**23,128**	—
Deferred revenue, less current portion	**7,157**	12,648
Operating lease liabilities, less current portion	**1,677**	4,900
Other noncurrent liabilities	**1,190**	6,662
Total liabilities	**168,185**	170,256
Commitments and contingencies (Note 5)		
Shareholders' equity		
Common shares — no par value, Unlimited shares authorized, 133,995 and 132,323 shares issued and outstanding at September 30, 2026 and December 31, 2025, respectively	**1,127,503**	1,120,035
Additional paid-in capital	**77,044**	111,263
Accumulated other comprehensive loss	**(1,132)**	(599)
Accumulated deficit	**(545,896)**	(649,368)
Total shareholders' equity	**657,519**	581,331
Total liabilities and shareholders' equity	**$ 825,704**	$ 751,587

See accompanying notes.

AURINIA PHARMACEUTICALS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Revenue				
Net product sales	**$ 79,418**	$ 70,627	**$ 232,393**	$ 197,172
License, collaboration and royalty revenue	**4,281**	2,841	**12,231**	8,769
Total revenue	**83,699**	73,468	**244,624**	205,941
Operating expenses				
Cost of revenue	**8,306**	8,177	**21,366**	23,866
Selling, general and administrative	**24,684**	26,182	**70,221**	72,539
Research and development	**16,613**	8,435	**37,133**	21,610
Restructuring	**—**	—	**—**	1,647
Other (income) expense, net	**(1,267)**	929	**(7,222)**	14,604
Total operating expenses	**48,336**	43,723	**121,498**	134,266
Income from operations	**35,363**	29,745	**123,126**	71,675
Interest income	**4,219**	3,316	**11,127**	10,075
Interest expense	**(867)**	(1,099)	**(2,827)**	(3,283)
Net income before income taxes	**38,715**	31,962	**131,426**	78,467
Income tax expense	**7,012**	411	**27,954**	2,059
Net income	**$ 31,703**	$ 31,551	**$ 103,472**	$ 76,408
Other comprehensive income:				
Unrealized (loss) gain on available-for-sale securities	**(155)**	156	**(533)**	(102)
Comprehensive income	**$ 31,548**	$ 31,707	**$ 102,939**	$ 76,306
Earnings per share				
Basic	**$ 0.24**	$ 0.24	**$ 0.78**	$ 0.57
Diluted	**$ 0.23**	$ 0.23	**$ 0.76**	$ 0.55
Shares used in computing earnings per share				
Basic	**133,434**	131,808	**131,967**	135,163
Diluted	**135,173**	136,008	**135,346**	138,959

See accompanying notes.

AURINIA PHARMACEUTICALS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)
(in thousands)

	Common Shares					
	Shares	Amount	Additional paid-in capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
Balance at December 31, 2025	**132,323**	**$ 1,120,035**	**$ 111,263**	**$ (599)**	**$ (649,368)**	**$ 581,331**
Purchases of common shares under Share Repurchase Plan	(2,522)	(36,819)	—	—	—	(36,819)
Issuance of common shares for equity awards	1,713	14,138	(13,528)	—	—	610
Tax withholding related to net settlement of equity awards	(743)	(10,704)	—	—	—	(10,704)
Share-based compensation	—	—	(866)	—	—	(866)
Unrealized loss on available-for-sale securities, net	—	—	—	(281)	—	(281)
Net income	—	—	—	—	34,355	34,355
Balance at March 31, 2026	**130,771**	**$ 1,086,650**	**$ 96,869**	**$ (880)**	**$ (615,013)**	**$ 567,626**
Purchases of common shares under Share Repurchase Plan	(2,452)	(38,112)	—	—	—	(38,112)
Issuance of common shares for equity awards	4,536	68,163	(23,318)	—	—	44,845
Issuance of common shares under ESPP	53	561	(198)	—	—	363
Tax withholding related to net settlement of equity awards	(1)	(14)	—	—	—	(14)
Share-based compensation	—	—	2,839	—	—	2,839
Unrealized loss on available-for-sale securities, net	—	—	—	(97)	—	(97)
Net income	—	—	—		37,414	37,414
Balance at June 30, 2026	**132,907**	**$ 1,117,248**	**$ 76,192**	**$ (977)**	**$ (577,599)**	**$ 614,864**
Issuance of common shares for equity awards	1,088	10,255	(5,272)			4,983
Share-based compensation			6,124	—		6,124
Unrealized loss on available-sale-securities				(155)		(155)
Net income					31,703	31,703
Balance at September 30, 2026	**133,995**	**$ 1,127,503**	**$ 77,044**	**$ (1,132)**	**$ (545,896)**	**$ 657,519**

AURINIA PHARMACEUTICALS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)
(in thousands)

	Common Shares					
	Shares	Amount	Additional paid-in capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
Balance at December 31, 2024	**140,883**	**$ 1,187,696**	**$ 126,999**	**$ (647)**	**$ (936,570)**	**$ 377,478**
Purchases of common shares under Share Repurchase Plan	(5,807)	(47,400)	—	—	—	(47,400)
Issuance of common shares for equity awards	2,671	22,966	(22,611)	—	—	355
Share-based compensation	—	—	(3,409)	—	—	(3,409)
Unrealized loss on available-for-sale securities	—	—	—	(178)	—	(178)
Net income	—	—	—	—	23,344	23,344
Balance at March 31, 2025	**137,747**	**$ 1,163,262**	**$ 100,979**	**$ (825)**	**$ (913,226)**	**$ 350,190**
Purchases of common shares under Share Repurchase Plan	(5,352)	(43,362)	—	—	—	(43,362)
Issuance of common shares for equity awards	190	2,062	(863)	—	—	1,199
Issuance of common shares under ESPP	83	620	(219)	—	—	401
Share-based compensation	—	—	5,440	—	—	5,440
Unrealized loss on available-for-sale securities	—	—	—	(80)	—	(80)
Net income	—	—	—	—	21,513	21,513
Balance at June 30, 2025	**132,668**	**$ 1,122,582**	**$ 105,337**	**$ (905)**	**$ (891,713)**	**$ 335,301**
Purchases of common shares under Share Repurchase Plan	(1,090)	(8,785)	—	—	—	(8,785)
Issuance of common shares for equity awards	263	3,000	(1,371)	—	—	1,629
Share-based compensation	—	—	5,919	—	—	5,919
Unrealized gain on available-for-sale securities	—	—	—	156	—	156
Net income	—	—	—	—	31,551	31,551
Balance at September 30, 2025	**131,841**	**$ 1,116,797**	**$ 109,885**	**$ (749)**	**$ (860,162)**	**$ 365,771**

AURINIA PHARMACEUTICALS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2026	**2025**
Cash flows from operating activities:		
Net income	**$ 103,472**	$ 76,408
Adjustments to reconcile net income to cash flows from operating activities:		
Deferred income tax	**28,670**	—
Share-based compensation	**8,097**	7,950
Amortization and depreciation	**14,491**	14,585
Foreign exchange (gain) loss on revaluation of Monoplant finance lease liability	**(2,605)**	9,318
Net amortization of premiums and discounts on investments	**(6,141)**	(7,844)
Other, net	**(1,498)**	4,852
Net changes in operating assets and liabilities:		
Accounts receivable, net	**(5,960)**	5,816
Inventory	**1,962**	(5,565)
Prepaid expenses and other current assets	**(2,983)**	940
Other noncurrent operating assets	**—**	730
Accounts payable	**(2,172)**	(2,973)
Accrued expenses and other liabilities	**(4,372)**	(17,777)
Deferred revenue	**1,202**	4,150
Operating lease liabilities	**(670)**	(600)
Cash flows from operating activities	**131,493**	89,990
Cash flows from investing activities:		
Proceeds from the sale and maturities of investments	**297,650**	348,785
Purchases of investments	**(415,164)**	(344,618)
Net cash and cash equivalents acquired in acquisition of Kezar	**5,212**	—
Purchases of property, equipment and intangible assets	**(63)**	(180)
Cash flows from investing activities	**(112,365)**	3,987
Cash flows from financing activities:		
Purchase of common shares under Share Repurchase Plan	**(74,880)**	(98,156)
Payments of principal portion of Monoplant finance lease liability	**(10,902)**	(9,649)
Proceeds from issuance of common shares for equity awards	**69,559**	12,583
Payment of Net Cash Excess CVR to legacy Kezar shareholders	**(3,696)**	—
Proceeds from issuance of common shares under ESPP	**363**	401
Tax withholding payments related to net settlements of equity awards	**(33,640)**	(9,400)
Cash flows from financing activities	**(53,196)**	(104,221)
Net decrease in cash, cash equivalents and restricted cash	**(34,068)**	(10,244)
Cash, cash equivalents and restricted cash, beginning of the period	**80,213**	83,433
Cash, cash equivalents and restricted cash, end of the period	**$ 46,145**	$ 73,189
Reconciliation of cash, cash equivalents and restricted cash to the condensed consolidated balance sheets:		
Cash and cash equivalents	**$ 45,792**	$ 72,889
Restricted cash	**353**	300
Total cash, cash equivalents and restricted cash	**$ 46,145**	$ 73,189
Supplemental cash flow information:		
Cash paid for taxes	**$ 2,356**	$ 3,092

See accompanying notes.

AURINIA PHARMACEUTICALS INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization and Description of Business

Aurinia Pharmaceuticals Inc. ("Aurinia" or the "Company") is a biopharmaceutical company focused on delivering therapies to people living with autoimmune diseases with high unmet medical needs. In January 2021, the Company introduced LUPKYNIS® (voclosporin), the first FDA-approved oral therapy for the treatment of adult patients with active lupus nephritis. Aurinia is also developing aritinercept, a dual inhibitor of B cell-activating factor ("BAFF") and a proliferation-inducing ligand ("APRIL") for the potential treatment of autoimmune diseases.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation, Principles of Consolidation and Use of Estimates

The Company's unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the U.S. ("U.S. GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain information and disclosures required by U.S. GAAP for annual financial statements have been omitted. In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

The accompanying condensed consolidated financial statements include the accounts of Aurinia Pharmaceuticals Inc. and its wholly owned subsidiaries, including Kezar Life Sciences, Inc.'s financial results subsequent to the acquisition closing date of May 11, 2026. All intercompany balances and transactions have been eliminated in consolidation. The results of operations for the three and nine months ended September 30, 2026 are not necessarily indicative of the results to be expected for the full year or any other future periods.

Summary of Significant Accounting Policies and Recent Accounting Pronouncements

The Company's significant accounting policies and recent accounting pronouncements have not materially changed from those previously described in the Company's Annual Report on Form 10-K for the year ended December 31, 2025 except as noted below.

Acquisitions

The Company evaluates business acquisitions to determine whether a transaction should be accounted for as a business combination or an asset acquisition under ASC Topic 805, *Business Combinations* ("ASC 805"). The Company considers whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If not, the Company evaluates whether the acquired assets include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Asset acquisitions are accounted for using the cost accumulation method, under which the purchase price, including certain transaction costs, is allocated to the assets acquired on a relative fair value basis. Acquired in-process research and development pursuant to an asset acquisition that has no alternative future use is expensed immediately as a component of in-process research and development expense in the condensed consolidated statements of operations.

Contingent payments are evaluated to determine whether they are instruments within the scope of ASC Topic 815, *Derivatives and Hedging* ("ASC 815"). If so, contingent payments are recorded at fair value on the acquisition date and remeasured to fair value at each reporting date. These changes in fair value are recognized in the condensed consolidated statements of operations. If not, contingent payments are recognized when the amounts are probable and estimable under ASC Topic 450, *Contingencies* ("ASC 450").

ASC 740-10-25-49, *Acquired Temporary Differences in Certain Purchase Transactions That Are Not Accounted for as Business Combinations* ("ASC 740"), provides guidance that addresses the accounting when an asset is acquired outside of a business combination and the tax basis of the asset differs from the amount paid. Any deferred tax assets acquired in an asset acquisition that are realizable are included in the net assets acquired.

Under ASC 740, any purchase of future tax benefits from a third party is recorded as a deferred credit and does not result in immediate income statement recognition. The deferred credit is not classified as part of deferred tax liabilities or as an offset to deferred tax assets. Therefore, on the acquisition date, the Company recorded $23.1 million of deferred tax assets in noncurrent assets and $23.1 million of deferred tax benefits in noncurrent liabilities on the condensed consolidated balance sheet. The deferred tax benefits are recognized when the Company has future U.S. taxable income and reduce income tax expense.

Cash payments related to acquisitions made within three months of the acquisition date are recorded in cash flows from investing activities. Cash payments made thereafter are recorded in cash flows from financing activities.

Accounting Pronouncements Recently Adopted

In September 2025, the FASB issued ASU 2025-07, *Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract* ("ASU 2025-07"). ASU 2025-07 expands the scope exception in ASC Topic 815 for certain contracts not traded on an exchange whose settlement is based on the operations or activities of one of the parties to the contract. ASU 2025-07 also clarifies ASC Topic 606 for share-based payments received from a customer in a revenue contract. The Company elected to early adopt ASU 2025-07 on a prospective basis during the three months ended June 30, 2026. The new scope exception in ASC Topic 815 was applied to the evaluation of contingent payments related to the acquisition of Kezar. See Note 7 for the effect on the condensed consolidated financial statements. The new accounting standard related to share-based payments received from a customer in a revenue contract had no impact on the Company's condensed consolidated financial statements.

3. Earnings Per Share

Basic earnings per share is calculated by dividing net income by the weighted-average number of common shares outstanding without consideration of potential common shares. Diluted earnings per share is calculated by dividing net income by the weighted-average number of common shares outstanding plus potential common shares. Stock options, performance stock units ("PSUs"), restricted stock units ("RSUs") and shares issuable under the Company's Employee Stock Purchase Plan ("ESPP") are considered potential common shares and are included in the calculation of diluted earnings per share using the treasury stock method when their effect is dilutive. Potential common shares are excluded from the calculation of diluted earnings per share when their effect is anti-dilutive.

For the three months ended September 30, 2026, there were 1.7 million potential dilutive common shares that were included in the calculation of diluted earnings per share, which consists of: (i) 1.0 million stock options; (ii) 0.4 million PSUs; and (iii) 0.3 million RSUs. For the nine months ended September 30, 2026, there were 3.4 million potential dilutive common shares that were included in the calculation of diluted earnings per share, which consists of: (i) 2.0 million stock options; (ii) 0.7 million PSUs; and (iii) 0.7 million RSUs. For each of the three and nine months ended September 30, 2026, there were 2.6 million of potential common shares that were excluded from the calculation of diluted earnings per share because their effect was anti-dilutive.

For the three months ended September 30, 2025, there were 4.2 million potential dilutive common shares that were included in the calculation of diluted earnings per share, which consists of: (i) 1.0 million stock options; (ii) 0.6 million PSUs; and (iii) 2.6 million RSUs. For the nine months ended September 30, 2025, there were 3.8 million potential dilutive common shares that were included in the calculation of diluted earnings per share, which consists of: (i) 0.7 million stock options; (ii) 0.6 million PSUs; and (iii) 2.5 million RSUs. For the three and nine months ended September 30, 2025, there were 6.7 million and 7.1 million of potential common shares, respectively, that were excluded from the calculation of diluted earnings per share because their effect was anti-dilutive.

4. Balance Sheet Details

Fair Value Measurement

The following table summarizes the financial assets measured at fair value on a recurring basis (in thousands):

	September 30, 2026			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash, cash equivalents and restricted cash	**$ 46,145**	**$ —**	**$ —**	**$ 46,145**
U.S. treasury bills	**—**	**315,799**	**—**	**315,799**
U.S. treasury bonds	**—**	**121,712**	**—**	**121,712**
Commercial paper	**—**	**3,224**	**—**	**3,224**
Total	**$ 46,145**	**$ 440,735**	**$ —**	**$ 486,880**

	December 31, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash, cash equivalents and restricted cash	$ 80,213	$ —	$ —	$ 80,213
U.S. treasury bills	—	255,034	—	255,034
U.S. treasury bonds	—	61,654	—	61,654
Commercial paper	—	1,096	—	1,096
Total	$ 80,213	$ 317,784	$ —	$ 397,997

The fair value of the Company's investments classified within Level 2 is based upon observable inputs that may include benchmark yield curves, reported trades, issuer spreads, benchmark securities and reference data including market research publications.

The carrying amount and related unrealized gains (losses) by type of investment consisted of the following (in thousands):

	September 30, 2026			
	Amortized Cost	**Unrealized Gains**	**Unrealized Losses**	**Estimated Fair Value**
Cash, cash equivalents and restricted cash	**$ 46,145**	**$ —**	**$ —**	**$ 46,145**
U.S. treasury bills	**315,989**	**—**	**(190)**	**315,799**
U.S. treasury bonds	**122,021**	**—**	**(309)**	**121,712**
Commercial paper	**3,224**	**—**	**—**	**3,224**
Total cash, cash equivalents, restricted cash and short-term investments	**$ 487,379**	**$ —**	**$ (499)**	**$ 486,880**

	December 31, 2025			
	Amortized Cost	**Unrealized Gains**	**Unrealized Losses**	**Estimated Fair Value**
Cash, cash equivalents and restricted cash	$ 80,213	$ —	$ —	$ 80,213
U.S. treasury bills	254,875	159	—	255,034
U.S. treasury bonds	61,608	46	—	61,654
Commercial paper	1,096	—	—	1,096
Total cash, cash equivalents, restricted cash and short-term investments	$ 397,792	$ 205	$ —	$ 397,997

As of September 30, 2026 and December 31, 2025, accrued interest receivable from investments was $1.2 million and $0.7 million, respectively, which was included in other current assets on the condensed consolidated balance sheets. As of September 30, 2026, short-term investments mature at various dates through September 2027. As of September 30, 2026 and December 31, 2025, no allowance for credit losses was recorded.

Inventory

Inventory consisted of the following (in thousands):

	September 30, 2026	December 31, 2025
Raw materials	**$ 658**	$ 658
Work in process	**41,725**	44,653
Finished goods	**1,345**	379
Total inventory	**$ 43,728**	$ 45,690

Intangible Assets, Net

Intangible assets, net consisted of the following (in thousands):

	September 30, 2026		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Amount
Acquired intellectual property and reacquired right	**$ 15,126**	**$ (12,931)**	**$ 2,195**
Patents	**2,423**	**(1,449)**	**974**
Internal-use software implementation costs	**2,873**	**(2,873)**	**—**
Total intangible assets, net	**$ 20,422**	**$ (17,253)**	**$ 3,169**

	December 31, 2025		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Amount
Acquired intellectual property and reacquired right	$ 15,126	$ (12,334)	$ 2,792
Patents	2,380	(1,411)	969
Internal-use software implementation costs	2,873	(2,873)	—
Total intangible assets, net	$ 20,379	$ (16,618)	$ 3,761

Property and Equipment, Net

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

	September 30, 2026	December 31, 2025
Leasehold improvements	**$ 3,243**	$ 3,243
Furniture	**1,155**	1,155
Office equipment	**631**	631
Computer equipment	**235**	235
Total gross property and equipment	**5,264**	5,264
Less accumulated depreciation	**(3,527)**	(3,153)
Property and equipment, net	**$ 1,737**	$ 2,111

Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	September 30, 2026	December 31, 2025
Accrued sales rebates and fees	**$ 37,301**	$ 30,832
Accrued payroll and related expenses	**10,943**	18,869
Accrued research and development expenses	**5,559**	6,127
Accrued sales and marketing expenses	**1,989**	1,648
Accrued corporate and excise taxes	**1,031**	2,010
Accrued other expenses	**6,476**	7,135
Total accrued expenses	**$ 63,299**	$ 66,621

5. Commitments and Contingencies

Lease Commitments

Finance Lease

Monoplant

In December 2020, the Company entered into a manufacturing services agreement with Lonza Ltd., Aurinia's contract manufacturing partner for voclosporin, for the construction of a dedicated manufacturing facility for voclosporin (the "Monoplant"). The construction of the Monoplant began in January 2021 and manufacturing of voclosporin began in late June 2023. The Monoplant is equipped with state-of-the-art manufacturing equipment to provide cost and production efficiency for the manufacturing of voclosporin, while expanding existing capacity and providing supply security to meet future commercial demand. The Company completed a capital expenditure payment program for the Monoplant totaling $23.7 million, which included: (i) a $11.8 million payment in February 2021, which was treated as an upfront lease payment and recorded under other noncurrent assets on the consolidated balance sheets; and (ii) a $11.9 million payment when the facility fulfilled the required operational qualifications, which occurred in late June 2023. The Company has the exclusive right to use the Monoplant through March 31, 2030 by paying a quarterly fixed facility fee of 3.6 million Swiss Francs.

The Monoplant arrangement was determined to be an embedded lease and is accounted for as a finance lease under ASC 842. The lease term is based on the non-cancellable period for which a lessee has the right to use an underlying asset (the "Monoplant Lease"). The Company determined that the Monoplant Lease commencement occurred at the point when the FDA manufacturing validation process began, which occurred on June 26, 2023. At lease inception, the Company recorded a finance right-of-use ("ROU") lease asset and a corresponding lease liability. As of September 30, 2026, the Monoplant Lease finance ROU lease asset and corresponding lease liability balance were $60.8 million and $55.2 million, respectively.

Operating Lease

Rockville, Maryland

In March 2020, the Company entered into a lease agreement for 30,531 square feet of office space in Rockville, Maryland (the "Rockville Lease"). The Rockville Lease commenced on March 12, 2020 and expires on August 31, 2031. Pursuant to the Rockville Lease, the Company has an option to either terminate the lease early on August 31, 2028, subject to an early termination fee of $1.4 million, or extend the lease for two 5-year periods at the end of the initial 11-year term. The Company has determined that it is reasonably certain that it will exercise the early termination option, which will result in a reduction of approximately $2.3 million of future lease payments net of the early termination fee. Nevertheless, the Company is exploring sublease options for potential savings in excess of the early termination option. The Rockville Lease requires the Company to pay certain taxes, insurance and operating costs relating to the leased premises ("Lease Operating Costs"); however, such costs are not material to the Company's financial position.

Future minimum lease payments, excluding Lease Operating Costs, as of September 30, 2026 consisted of the following (in thousands):

	Finance Lease Payments	Operating Lease Payments
Remainder of 2026	$ 4,349	$ 296
2027	17,395	2,587
2028	17,395	824
2029	17,395	10
2030	4,349	—
Total lease payments	60,883	3,717
Less: imputed interest	(5,705)	(232)
Total	$ 55,178	$ 3,485

For each of the three months ended September 30, 2026 and 2025, finance lease expense related to the amortization of finance ROU lease assets was $4.4 million. For each of the nine months ended September 30, 2026 and 2025, finance lease expense related to the amortization of finance ROU lease assets was $13.1 million. For the three months ended September 30, 2026 and 2025, interest expense on finance lease liabilities was $0.9 million and $1.1 million, respectively. For the nine months ended September 30, 2026 and 2025, interest expense on finance lease liabilities was $2.8 million and $3.3 million, respectively.

For the nine months ended September 30, 2026 and 2025, cash paid for amounts included in the measurement of finance lease liabilities classified in cash flows from financing activities was $10.9 million and $9.6 million, respectively. For the nine months ended September 30, 2026 and 2025, cash paid for amounts included in the measurement of finance lease liabilities classified in cash flows from operating activities was $3.0 million and $3.4 million, respectively.

Manufacturing Commitments

The Company's manufacturing commitments have not changed in any material manner from those previously described in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

Contingencies

From time to time, the Company may become subject to claims and litigation arising in the ordinary course of business. There are no material developments to report in respect of the legal proceedings described in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, other than as described below.

On August 17, 2026, the Company entered into a settlement agreement with Teva Pharmaceuticals Inc. ("Teva") to resolve patent infringement litigation relating to Teva's filing of an Abbreviated New Drug Application seeking to market its generic 7.9 mg voclosporin oral capsules in the United States.

Under the terms of the settlement, Teva has stipulated that Aurinia's U.S. Patent Nos. 10,286,036 and 11,622,991 (which expire in December 2037) are enforceable, valid, and would be infringed by commercial sales within the United States of its generic voclosporin product. The settlement further provides that Teva may launch its generic voclosporin product no earlier than December 7, 2036, unless certain defined contingencies occur earlier. Teva's ability to market its generic voclosporin product in the United States will also be contingent on Teva obtaining approval from the United States Food and Drug Administration.

Aurinia's related patent infringement actions continue against each of DifGen Pharmaceuticals LLC, Dr. Reddy's Laboratories, Inc. and its affiliate, Galenicum Health S.L.U., Hikma Pharmaceuticals USA Inc., Lotus Pharmaceutical Co. Ltd. and its affiliate, Sandoz Inc., and Zydus Pharmaceuticals (USA) Inc. and its affiliate, in the United States District Court for the District of New Jersey.

6. License and Collaboration Agreements

In December 2020, the Company entered into a collaboration and licensing agreement with Otsuka to develop and commercialize oral voclosporin in Japan, the European Union (the "E.U."), the United Kingdom ("U.K."), Switzerland, Russia, Norway, Belarus, Iceland, Liechtenstein and Ukraine (collectively, the "Otsuka Territories") in exchange for: (i) a $50 million upfront cash payment; (ii) regulatory and commercial milestone payments; and (iii) royalties ranging from 10% to 20% on net sales in the Otsuka Territories.

In August 2022, the Company entered into a commercial supply agreement with Otsuka to: (i) supply LUPKYNIS inventory to Otsuka at cost plus a margin; and (ii) provide manufacturing and other services, including sharing the capacity of the Monoplant. For the three months ended September 30, 2026 and 2025, the Company recognized $4.3 million and $2.8 million, respectively, of collaboration revenue from manufacturing and other services, which includes sharing capacity of the Monoplant. For the nine months ended September 30, 2026 and 2025, the Company recognized $12.2 million and $8.8 million, respectively, of collaboration revenue from manufacturing and other services, which includes sharing capacity of the Monoplant.

7. Acquisition

On May 11, 2026, Aurinia completed its acquisition of Kezar Life Sciences, Inc. ("Kezar") for $6.955 in cash per share of Kezar common stock, plus one non-transferable contingent value right ("CVR"), which represents the right to receive: (i) potential payments relating to the ongoing clinical development or disposition of zetomipzomib; (ii) certain proceeds relating to Kezar's collaboration with Everest Medicines and Kezar's sale of its Sec61-based discovery and development program to Enodia Therapeutics; and (iii) 100% of Kezar's closing net cash in excess of $50 million, net of certain post-closing CVR-related expenses ("Net Cash Excess").

The Company concluded that the CVRs are contingent liabilities under the scope of ASC Topic 450 and will be recognized when the amounts are probable and estimable. As of May 11, 2026, the Company recorded a CVR liability of $3.7 million related to the Net Cash Excess within other current liabilities in the condensed consolidated balance sheet. The CVR liability was subsequently paid during the three months ended September 30, 2026.

As of May 11, 2026, the total purchase consideration for Kezar was as follows (in thousands):

Cash consideration paid at closing	$	51,599
CVR consideration payable		3,700
Transaction costs		189
Total purchase consideration	$	55,488

The acquisition of Kezar was accounted for as an asset acquisition because the assets acquired did not meet the definition of a business under ASC Topic 805. As such, the Company recognized the assets acquired and liabilities assumed based on the purchase consideration allocated on a relative fair value basis. The value of the acquired IP assets was expensed immediately as a component of in-process research and development expense in the condensed consolidated statements of operations. The deferred tax assets and deferred tax benefits will be offset against future U.S. taxable income.

The following table shows the allocation of the purchase consideration based on the relative fair values of assets acquired and liabilities assumed by the Company on May 11, 2026 (in thousands):

Cash and cash equivalents	$	56,811
Deferred tax assets		23,128
Interest receivable		55
Deferred tax benefits		(23,128)
Accounts payable and accrued expenses		(1,827)
Net assets acquired		55,039
Reconciliation of net assets acquired to total purchase consideration		
Acquired in-process research and development		449
Total purchase consideration	$	55,488

8. Shareholders' Equity

In February 2024, the Company announced that the Board had approved a share repurchase program of up to $150 million of the Company's common shares (the "Share Repurchase Plan"). In July 2025, the Company announced that the Board approved an increase to the previously announced Share Repurchase Plan of an additional $150 million of the Company's common shares.

The timing and amount of future repurchase transactions will be determined by the Company based on its evaluation of market conditions, share price, legal requirements, including applicable blackout period restrictions, and other factors. The Company has entered into a Rule 10b5-1 stock repurchase plan for the purpose of establishing a trading plan to purchase the Company's common shares in a manner intended to satisfy the affirmative defense of Rule 10b5-1(c)(1) under the Securities Exchange Act of 1934, as amended and in accordance with applicable Canadian laws.

For the three months ended September 30, 2026 and 2025, the Company repurchased nil and 1.1 million of its common shares for nil and $8.8 million, respectively. For the nine months ended September 30, 2026 and 2025, the Company repurchased 5.0 million and 12.2 million of its common shares for $74.9 million and $99.5 million, respectively. The cost of repurchased shares is recorded as a reduction in common shares. Under Alberta law, the common shares were cancelled and not reissued.

Purchases under the Share Repurchase Plan, which to date have totaled 23.3 million of the Company's common shares for $213.4 million, began on February 21, 2024.

9. Equity Incentive Plans

Stock Options

The activity related to stock options during the nine months ended September 30, 2026 consisted of the following:

	September 30, 2026	
	Number of shares (in thousands)	Weighted-Average Exercise Price
Outstanding at December 31, 2025	8,992	$ 9.94
Granted	3,181	14.67
Exercised	(5,276)	9.54
Forfeited	(1,874)	11.50
Outstanding at September 30, 2026	5,023	$ 12.78

The following weighted-average assumptions were used to estimate the fair value of the options granted during the nine months ended September 30, 2026 and 2025:

	Nine Months Ended September 30,	
	2026	2025
Expected volatility	**68 %**	78 %
Risk-free interest rate	**3.85 %**	3.99 %
Expected term (in years)	**5.0**	5.0
Expected dividend yield	**0.0 %**	0.0%
Fair value per common share option	**$ 8.77**	$ 5.03

Performance Stock Units and Restricted Stock Units

During the nine months ended September 30, 2026 and 2025, the Company granted PSUs that vest in 4 tranches upon the Company's common shares achieving four progressively higher target prices, and each tranche is further subject to a one year service period following target price achievement. During the nine months ended September 30, 2026, the Company also granted PSUs that vest in 2 tranches at the 3- and 5-year anniversary date of the grant upon the Company's common shares achieving specified target prices that represent significant increases from the share price on the date of grant before the respective vesting date. The Company estimated the fair value of each PSU with a market and service condition on the date of grant by using a Monte Carlo simulation (lattice model).

Beginning in 2026, RSUs are no longer being granted. RSUs granted prior to 2026 vest in 3 equal annual installments on the first, second and third anniversary of the grant date. The fair value of RSUs is based on the market price of the Company's common shares on the date prior to the grant.

The activity related to PSUs and RSUs for the nine months ended September 30, 2026 consisted of the following:

	September 30, 2026	
	Number of shares (in thousands)	Weighted-average fair value $
Unvested balance, December 31, 2025	4,021	$ 7.27
Granted	4,548	9.92
Vested	(2,061)	7.75
Forfeited	(2,232)	8.08
Unvested balance, September 30, 2026	4,276	$ 9.42

Share-based Compensation Expense

The classification of share-based compensation expense consisted of the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Research and development	**$ 2,470**	$ 327	**$ 3,891**	$ 755
Selling, general and administrative	**3,380**	5,387	**3,411**	6,751
Capitalized in inventory	**274**	205	**795**	444
Share-based compensation expense	**$ 6,124**	$ 5,919	**$ 8,097**	$ 7,950

As of September 30, 2026, total unrecognized share-based compensation expense related to unvested stock options, PSUs, RSUs and ESPP was $31.9 million, which is expected to be recognized over a weighted-average period of 2.1 years.

10. Income Taxes

For the three and nine months ended September 30, 2026, the Company recognized an income tax expense of $7.0 million and $28.0 million, respectively, compared to $0.4 million and $2.1 million, respectively, for the same periods of 2025. For the three and nine months ended September 30, 2026, the Company's effective income tax rate was 18.1% and 21.3%, respectively, compared to 1.3% and 2.6% respectively, for the same periods of 2025. The increase in the Company's income tax expense and effective tax rate in 2026 is primarily the result of the Company's ability to utilize unrecognized deferred tax assets in 2025. Prior to December 31, 2025, the Company maintained a full valuation allowance against its deferred tax assets. However, during the three months ended December 31, 2025, the Company released its remaining valuation allowance and recognized the full remaining benefit of the Company's deferred tax assets. Thus, for the three and nine months ended September 30, 2026, there are no available unrecognized deferred tax assets to offset income tax expense. For the three and nine months ended September 30, 2026, the Company's effective tax rate is comparable to the statutory rate. The deferred tax benefits resulting from the acquisition of Kezar will be recognized when the Company has future U.S. taxable income and will reduce income tax expense (see Note 7).

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

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and the related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q (the "Quarterly Report") and our audited financial statements and the related notes and other financial information included in our Annual Report on Form 10-K for the year ended December 31, 2025 filed with the U.S. Securities and Exchange Commission on February 26, 2026 (the "Form 10-K") and with applicable Canadian securities regulatory authorities.

This Quarterly Report contains "forward-looking statements" within the meaning of U.S. federal securities laws and "forward-looking information" within the meaning of Canadian securities laws, and such statements may involve substantial risks and uncertainties. All statements, other than statements of historical facts included in this Quarterly Report, including statements concerning our plans, objectives, goals, strategies, future events, future revenues or performance, future expenses, business trends and other information referred to under this section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" are forward-looking statements. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements by terms such as "may," "might," "will," "objective," "intend," "should," "could," "can," "would," "expect," "believe," "design," "estimate," "predict," "potential," "plan," "anticipate," "target," "forecast" or the negative of these terms and similar expressions intended to identify forward-looking statements. Forward-looking statements are not historical facts and reflect our current views with respect to future events. Forward-looking statements are also based on assumptions and are subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

We discuss a number of risks, uncertainties and other factors in greater detail under the heading "Risk Factors" in Part I, Item 1A of the Form 10-K as well as in Part II, Item 1A of this Quarterly Report. Given these risks, uncertainties and other factors, you should not place undue reliance on these forward-looking statements. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this filing. You should read this discussion completely and with the understanding that our actual future results may be materially different from what we expect. We hereby qualify our forward-looking statements by our cautionary statements. Except as required by law, we assume no obligation to update our forward-looking statements publicly, or to update the reasons that actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

Overview

Background

Aurinia is a biopharmaceutical company focused on delivering therapies to people living with autoimmune diseases with high unmet medical needs. In January 2021, the Company introduced LUPKYNIS® (voclosporin), the first FDA-approved oral therapy for the treatment of adult patients with active lupus nephritis. Aurinia is also developing aritinercept, a dual inhibitor of B cell-activating factor ("BAFF") and a proliferation-inducing ligand ("APRIL") for the potential treatment of autoimmune diseases.

Recent Development Progress

LUPKYNIS

Aurinia has recently initiated PRESERVE, a Phase 4, multicenter study investigating the combination of LUPKYNIS and belimumab, obinutuzumab or anifrolumab in patients with lupus nephritis. Belimumab is a B cell-activating factor (BAFF) inhibitor indicated for the treatment of both systemic lupus erythematosus (SLE) and lupus nephritis. Obinutuzumab is a CD20-directed cytolytic antibody indicated for the treatment of lupus nephritis. Anifrolumab is a type 1 interferon receptor antagonist indicated for the treatment of SLE. PRESERVE will investigate whether the multi-target approach of combining LUPKYNIS with these biologic agents improves outcomes in patients with lupus nephritis. Planned enrollment is approximately 150 patients across approximately 50 sites in the U.S. The Study's primary endpoint is the proportion of patients achieving complete renal response (CRR) at 6 months.

Aritinercept

Aritinercept is a dual inhibitor of B cell-activating factor (BAFF) and a proliferation-inducing ligand (APRIL) for the potential treatment of autoimmune diseases. Aurinia has now initiated clinical development of aritinercept in four potential indications.

Net Product Sales

For the three and nine months ended September 30, 2026, net product sales of LUPKYNIS were $79.4 million and $232.4 million, up 12% and 18%, respectively, from $70.6 million and $197.2 million, respectively, in the same periods of 2025.

Cash Flows from Operating Activities

For the nine months ended September 30, 2026, cash flows from operating activities were $131.5 million, up 46% from $90.0 million in the same period of 2025.

Cash Position

As of September 30, 2026, Aurinia had cash, cash equivalents, restricted cash and investments of $486.9 million, compared to $398.0 million at December 31, 2025. For the nine months ended September 30, 2026, cash outflows from financing activities were $53.2 million, which primarily included the repurchase of 5.0 million of the Company's common shares for $74.9 million partially offset by proceeds from issuance of common shares for equity awards, net of tax withholding payments, of $35.9 million.

Results of Operations

Comparison of the Three and Nine Months ended September 30, 2026 and 2025

The following table sets forth our results of operations for the three and nine months ended September 30, 2026 and 2025 (in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	**2025**	**Change**	**2026**	**2025**	**Change**
Revenue						
Net product sales	**$ 79,418**	$ 70,627	$ 8,791	**$ 232,393**	$ 197,172	$ 35,221
License, collaboration and royalty revenue	**4,281**	2,841	1,440	**12,231**	8,769	3,462
Total revenue	**83,699**	73,468	10,231	**244,624**	205,941	38,683
Operating expenses						
Cost of revenue	**8,306**	8,177	129	**21,366**	23,866	(2,500)
Selling, general and administrative	**24,684**	26,182	(1,498)	**70,221**	72,539	(2,318)
Research and development	**16,613**	8,435	8,178	**37,133**	21,610	15,523
Restructuring	**—**	—	—	**—**	1,647	(1,647)
Other (income) expense, net	**(1,267)**	929	(2,196)	**(7,222)**	14,604	(21,826)
Total operating expenses	**48,336**	43,723	4,613	**121,498**	134,266	(12,768)
Income from operations	**35,363**	29,745	5,618	**123,126**	71,675	51,451
Interest income	**4,219**	3,316	903	**11,127**	10,075	1,052
Interest expense	**(867)**	(1,099)	232	**(2,827)**	(3,283)	456
Net income before income taxes	**38,715**	31,962	6,753	**131,426**	78,467	52,959
Income tax expense	**7,012**	411	6,601	**27,954**	2,059	25,895
Net income	**$ 31,703**	$ 31,551	$ 152	**$ 103,472**	$ 76,408	$ 27,064

Net Product Sales

Aurinia sells LUPKYNIS to two specialty pharmacies and a specialty distributor in the United States (the "U.S."), and Aurinia sells LUPKYNIS inventory to its collaboration partner, Otsuka Pharmaceutical Co., Ltd. ("Otsuka"), for the European and Japanese market. The two specialty pharmacies, specialty distributor and Otsuka are considered our customers for accounting purposes.

For the three and nine months ended September 30, 2026, net product sales of LUPKYNIS were $79.4 million and $232.4 million, up 12% and 18%, respectively, from $70.6 million and $197.2 million, respectively, for the same periods in 2025. The increase is primarily due to an increase in the number of LUPKYNIS cartons sold to specialty pharmacies, driven by further lupus nephritis market penetration.

License, Collaboration and Royalty Revenue

License, collaboration and royalty revenue consists of revenue from a collaboration and licensing agreement with Otsuka to develop and commercialize oral voclosporin in Japan, the European Union (the "E.U."), the United Kingdom (the "U.K."), Switzerland, Russia, Norway, Belarus, Iceland, Liechtenstein and Ukraine (collectively, the "Otsuka Territories") in exchange for: (i) a $50 million upfront cash payment; (ii) regulatory and commercial milestone payments; and (iii) royalties ranging from 10% to 20% on net sales in the Otsuka Territories.

License, collaboration and royalty revenue also consists of revenue from a commercial supply agreement with Otsuka to provide manufacturing and other services, including sharing the capacity of a dedicated manufacturing facility at Lonza Ltd. (the "Monoplant"), Aurinia's contract manufacturing partner for voclosporin.

For the three and nine months ended September 30, 2026, license, collaboration and royalty revenue was $4.3 million and $12.2 million, up 54% and 39%, respectively, from $2.8 million and $8.8 million, respectively, for the same periods in 2025. The increase is primarily due to manufacturing services provided to Otsuka for sharing the capacity of the Monoplant.

Cost of Revenue

Cost of revenue consists primarily of expense associated with: (i) amortization of the finance lease right-of-use asset recognized in connection with the Monoplant; (ii) manufacturing; and (iii) shipping, storage and distribution.

In December 2020, Aurinia entered into a manufacturing services agreement with Lonza Ltd. for the construction of the Monoplant. The construction of the Monoplant began in January 2021 and manufacturing of voclosporin began in late June 2023. The Monoplant is equipped with state-of-the-art manufacturing equipment to provide cost and production efficiency for the manufacturing of voclosporin, while expanding existing capacity and providing supply security to meet future commercial demand. Aurinia pays a quarterly fixed facility fee of 3.6 million Swiss Francs for the exclusive right to use the Monoplant through March 31, 2030.

For the three and nine months ended September 30, 2026, cost of revenue was $8.3 million and $21.4 million, respectively, up 1% and down 10%, respectively, from $8.2 million and $23.9 million, respectively, for the same periods in 2025. The decrease for the nine months ended September 30, 2026 is primarily due to lower sales of LUPKYNIS inventory to Otsuka, which has a lower gross margin.

For the three and nine months ended September 30, 2026, gross margin was 90% and 91%, respectively, compared to 89% and 88%, respectively, for the same periods in 2025.

Selling, General and Administrative Expense

Selling, general and administrative ("SG&A") expense consists of personnel and non-personnel expenses to support growing net product sales of LUPKYNIS. Personnel-related expense includes salaries, incentive pay, benefits and share-based compensation for personnel engaged in sales, finance and administrative functions. Non-personnel-related expense includes: (i) selling, patient services, pharmacovigilance, marketing, advertising, travel, sponsorships and trade shows; and (ii) other general and administrative costs, including consulting, legal, patent, insurance, accounting, information technology and facilities.

The following table summarizes our SG&A expense for the three and nine months ended September 30, 2026 and 2025 (in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025	Change	2026	2025	Change
Personnel expense:						
Salaries, incentive pay and benefits	**$ 8,630**	$ 10,449	$ (1,819)	**$ 32,524**	$ 32,593	$ (69)
Share-based compensation	**3,380**	5,387	(2,007)	**3,411**	6,751	(3,340)
Total personnel expense	**12,010**	15,836	(3,826)	**35,935**	39,344	(3,409)
Non-personnel expense:						
Professional fees and services	**8,517**	6,445	2,072	**21,211**	19,587	1,624
Travel, sponsorship and trade shows	**1,203**	1,012	191	**4,164**	3,729	435
Marketing and advertising	**787**	605	182	**1,649**	2,423	(774)
Other	**2,167**	2,284	(117)	**7,262**	7,456	(194)
Total non-personnel expense	**12,674**	10,346	2,328	**34,286**	33,195	1,091
Total SG&A expense	**$ 24,684**	$ 26,182	$ (1,498)	**$ 70,221**	$ 72,539	$ (2,318)

For the three months ended September 30, 2026, the decrease in SG&A personnel expense was primarily due to a lower weighted-average cost per full-time equivalent employee. For the three months ended September 30, 2026, the increase in SG&A non-personnel expense was primarily due to an increase in professional fees and services.

For the nine months ended September 30, 2026, the decrease in SG&A personnel expense was primarily due to the reversal of non-cash share-based compensation expense resulting from forfeited, unvested equity awards for terminated employees. For the nine months ended September 30, 2026, the increase in SG&A non-personnel expense was primarily due to an increase in professional fees and services, partially offset by a decrease to marketing and advertising costs.

We continue to expect our SG&A expense to remain substantially consistent.

Research and Development Expense

Research and development ("R&D") expense consists of personnel and non-personnel expenses. Personnel-related expense includes salaries, incentive pay, benefits and share-based compensation for personnel engaged in research and development functions. Non-personnel-related expense includes contract research organizations, contract manufacturing organizations and materials used for R&D activities, including development, clinical trials, clinical supply, and other professional services.

The following table summarizes our R&D expense for the three and nine months ended September 30, 2026 and 2025 (in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025	Change	2026	2025	Change
Personnel expense:						
Salaries, incentive pay and benefits	**$ 3,909**	$ 2,630	$ 1,279	**$ 11,771**	$ 5,314	$ 6,457
Share-based compensation	**2,470**	327	2,143	**3,891**	755	3,136
Total personnel expense	**6,379**	2,957	3,422	**15,662**	6,069	9,593
Non-personnel expense:						
Clinical manufacturing and supply	**4,540**	2,267	2,273	**11,594**	7,277	4,317
Other research and development	**5,694**	3,211	2,483	**9,877**	8,264	1,613
Total non-personnel expense	**10,234**	5,478	4,756	**21,471**	15,541	5,930
Total R&D expense	**$ 16,613**	$ 8,435	$ 8,178	**$ 37,133**	$ 21,610	$ 15,523

For the three and nine months ended September 30, 2026, the increase in total R&D expense was primarily due to an increase in: (i) the number of employees dedicated to R&D activities; (ii) clinical manufacturing and supply; and (iii) other research and development expenses as the Company advances its development programs.

We expect our R&D expense to increase as we progress our development activities.

Other (Income) Expense, Net

For the three and nine months ended September 30, 2026, other (income) expense, net was $(1.3) million and $(7.2) million, respectively, compared to $0.9 million and $14.6 million, respectively, for the same periods in 2025. The change is primarily due to: (i) favorable changes in the foreign exchange remeasurement of the finance lease liability recognized in connection with the Monoplant, which is denominated in Swiss Francs; and (ii) the reduction in other liabilities from the one-time payment to fully settle all future obligations under one arrangement.

Income Tax Expense

For the three and nine months ended September 30, 2026, income tax expense was $7.0 million and $28.0 million, respectively, compared to $0.4 million and $2.1 million, respectively, for the same periods in 2025. The increase in the Company's income tax expense in 2026 over the same periods in 2025 is primarily the result of the Company's ability to utilize unrecognized deferred tax assets in 2025 to reduce the income tax expense. All unrecognized deferred tax assets were recognized in the three months ended December 31, 2025 and were not available to offset income tax expense for the three and nine months ended September 30, 2026.

Liquidity and Capital Resources

As of September 30, 2026, Aurinia had cash, cash equivalents, restricted cash and investments of $486.9 million, compared to $398.0 million at December 31, 2025. For the nine months ended September 30, 2026, cash flows from operating activities were $131.5 million, up 46% from $90.0 million in the same period of 2025. For the nine months ended September 30, 2026, cash outflows from financing activities were $53.2 million, which primarily included the repurchase of 5.0 million of the Company's common shares for $74.9 million partially offset by proceeds from issuance of common shares for equity awards, net of tax withholding payments, of $35.9 million.

Based on our current operating plans and projections, the Company expects to fund future operations with existing cash or cash flows from operating activities.

The amount and timing of additional future funding needs, if any, will depend on many factors, including the success of our commercialization efforts for LUPKYNIS and our ability to control expenses. If necessary, we intend to raise additional capital through equity or debt financings. We can provide no assurance that additional financing will be available to us on favorable terms, or at all.

Critical Accounting Estimates

There have been no material changes to our critical accounting policies and significant judgments and estimates as described in our Annual Report on Form 10-K for the year ended December 31, 2025.

Off-Balance Sheet Arrangements

During the periods presented, we did not have, nor do we currently have, any off-balance sheet arrangements as such term is defined in Item 303(a)(4)(ii) of Regulation S-K under the Securities Act.

Contractual Obligations

There have been no material changes outside the ordinary course of business to our contractual obligations and commitments as described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2025.

Item 3. Quantitative and Qualitative Disclosures About Market Risks.

There have been no material changes to our quantitative and qualitative disclosures about market risks as described in our Annual Report on Form 10-K for the year ended December 31, 2025.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our principal executive officer and principal financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of September 30, 2026, have concluded that, based on such evaluation, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC, and is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the most recent quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

The information required by this Item is incorporated herein by reference to the Notes to the Unaudited Condensed Consolidated Financial Statements, Note 5 Commitments and Contingencies in Part I, Item 1, of this Quarterly Report on Form 10-Q. Those discussions should be read in conjunction with Part IV Note 5, Commitments and Contingencies, to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2025.

Item 1A. Risk Factors.

Under Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2025, we identified important factors that could affect our financial performance and could cause our actual results for future periods to differ materially from our anticipated results or other expectations, including those expressed in any forward-looking statements made in this Quarterly Report. There has been no material change in our risk factors subsequent to the filing of our prior reports referenced above. However, the risks described in our reports are not the only risks we face. Additional risks and uncertainties that we currently deem to be immaterial or not currently known to us, as well as other risks reported from time to time in our reports to the SEC, also could cause our actual results to differ materially from our anticipated results or other expectations.

Item 2. Unregistered Purchases or Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

The following exhibits are filed as part of this report:

Exhibit Number	Description
3.1	Articles of Amalgamation, as amended, as currently in effect (filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K with the SEC on February 24, 2021 and incorporated herein by reference)
3.2	Amended and Restated By-Law No. 2 amended as of May 15, 2025 (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on May 15, 2025 and incorporated herein by reference)
31.1*	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) or 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) or 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of 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 because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith. Exhibits 32.1 and 32.2 are being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, nor shall such exhibit be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as otherwise specifically stated in such filing.

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.

AURINIA PHARMACEUTICALS INC.

October 29, 2026 By: /s/ Kevin Tang

Kevin Tang
Chief Executive Officer and Chair of the Board
(Principal Executive Officer)

October 29, 2026 By: /s/ Michael Hearne

Michael Hearne
Chief Financial Officer
(Principal Financial and Accounting Officer)