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, 2022

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 (State or other jurisdiction of incorporation or organization)	
#1203-4464 Markham Street **Victoria, British Columbia V8Z 7X8** (Address of principal executive offices)	**98-1231763** (I.R.S. Employer Identification Number)

(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 ☒

Indicate the number of shares outstanding of each of the registrant's classes of common shares, as of the latest predictable date. As of November 2, 2022, the registrant had 142,109,703 of common shares 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

AURINIA PHARMACEUTICALS INC. AND SUBSIDIARIES
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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, 2022 (unaudited)	December 31, 2021
ASSETS		
Current assets		
Cash, cash equivalents and restricted cash	**$ 86,052**	$ 231,900
Short-term investments	**290,592**	234,178
Accounts receivable, net	**41,771**	15,414
Inventories, net	**25,320**	19,326
Prepaid expenses	**12,159**	11,710
Other current assets	**3,808**	796
Total current assets	**459,702**	513,324
Non-current assets		
Other non-current assets	**13,049**	11,838
Property and equipment, net	**3,758**	4,418
Acquired intellectual property and other intangible assets, net	**6,839**	8,404
Right-of-use assets, net	**4,945**	5,383
Total assets	**488,293**	543,367
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**40,123**	34,947
Other current liabilities	**724**	4,640
Operating lease liabilities	**918**	1,059
Total current liabilities	**41,765**	40,646
Non-current liabilities		
Deferred compensation and other non-current liabilities	**15,833**	15,950
Operating lease liabilities	**7,270**	7,680
Total liabilities	**64,868**	64,276
Commitments and contingencies (Note 17)		
SHAREHOLDER'S EQUITY		
Common shares - no par value, unlimited shares authorized, 142,110 and 141,600 shares issued and outstanding at September 30, 2022 and December 31, 2021, respectively	**1,184,020**	1,177,051
Additional paid-in capital	**79,188**	59,014
Accumulated other comprehensive loss	**(1,527)**	(852)
Accumulated deficit	**(838,256)**	(756,122)
Total shareholders' equity	**423,425**	479,091
Total liabilities and shareholders' equity	**$ 488,293**	$ 543,367

The accompanying notes are an integral part of these condensed consolidated financial statements.

AURINIA PHARMACEUTICALS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(in thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2022	**2021**	**2022**	**2021**
	(unaudited)			
Revenue				
Product revenue, net	**$ 25,502**	$ 14,638	**$ 75,142**	$ 22,113
License and collaboration revenue	**30,277**	29	**30,453**	88
Total revenue, net	**55,779**	14,667	**105,595**	22,201
Operating expenses				
Cost of sales	**2,447**	254	**4,302**	610
Selling, general and administrative	**52,169**	44,645	**148,898**	128,772
Research and development	**10,973**	20,066	**35,118**	39,990
Other (income) expense, net	**(311)**	55	**647**	859
Total cost of sales and operating expenses	**65,278**	65,020	**188,965**	170,231
Loss from operations	**(9,499)**	(50,353)	**(83,370)**	(148,030)
Interest income	**1,464**	106	**2,209**	420
Net loss before income taxes	**(8,035)**	(50,247)	**(81,161)**	(147,610)
Income tax expense	**954**	8	**973**	34
Net loss	**(8,989)**	(50,255)	**(82,134)**	(147,644)
Other comprehensive loss:				
Unrealized gain (loss) on available-for-sale securities, net of tax ofnil	**326**	(2)	**(675)**	11
Comprehensive loss	**$ (8,663)**	$ (50,257)	**$ (82,809)**	$ (147,633)
Basic and diluted loss per share	**$ (0.06)**	$ (0.39)	**$ (0.58)**	$ (1.15)
Weighted-average common shares outstanding used in computation of basic and diluted loss per share	**141,856**	128,443	**141,831**	128,084

The accompanying notes are an integral part of these condensed consolidated financial statements.

AURINIA PHARMACEUTICALS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands)

(unaudited)

	Common Shares										
Three Months Ended September 30, 2022	**Shares**		**Amount**		**Additional paid in capital**		**Accumulated Other Comprehensive (Loss) Income**		**Accumulated Deficit**		**Total Shareholders' Equity**
Balance at June 30, 2022	141,892	$	1,180,884	$	74,004	$	(1,853)	$	(829,267)	$	423,768
Shares issued on exercise of stock options and vesting of performance awards and restricted stock units	218		3,136		(3,136)		—		—		—
Share-based compensation	—		—		8,320		—		—		8,320
Unrealized gain on available-for-sale securities, net	—		—		—		326		—		326
Net loss	—		—		—		—		(8,989)		(8,989)
Balance at September 30, 2022	**142,110**	**$**	**1,184,020**	**$**	**79,188**	**$**	**(1,527)**	**$**	**(838,256)**	**$**	**423,425**

	Common Shares										
Three Months Ended September 30, 2021	**Shares**		**Amount**		**Additional paid in capital**		**Accumulated Other Comprehensive (Loss) Income**		**Accumulated Deficit**		**Total Shareholders' Equity**
Balance at June 30, 2021	128,396		954,572		51,022		(792)		(672,545)		332,257
Shares issued on exercise of stock options	1,172		12,579		(3,505)		—		—		9,074
Exercise of warrants	2		8		(2)		—		—		6
Shared-based compensation	—		—		7,092		—		—		7,092
Unrealized loss on available-for-sale securities, net	—		—		—		(2)		—		(2)
Net loss	—		—		—		—		(50,255)		(50,255)
Balance at September 30, 2021	**129,570**	**$**	**967,159**	**$**	**54,607**	**$**	**(794)**	**$**	**(722,800)**	**$**	**298,172**

	Common Shares										
Nine Months Ended September 30, 2022	**Shares**		**Amount**		**Additional paid in capital**		**Accumulated Other Comprehensive (Loss) Income**		**Accumulated Deficit**		**Total Shareholders' Equity**
Balance at December 31, 2021	141,600	$	1,177,051	$	59,014	$	(852)	$	(756,122)	$	479,091
Shares issued on exercise of stock options and vesting of performance awards and restricted stock units	383		5,064		(4,542)		—		—		522
Issuance of common shares in conjunction with ESPP program	127		1,905		(682)		—		—		1,223
Share-based compensation	—		—		25,398		—		—		25,398
Unrealized loss on available-for-sale securities, net	—		—		—		(675)		—		(675)
Net loss	—		—		—		—		(82,134)		(82,134)
Balance at September 30, 2022	**142,110**	**$**	**1,184,020**	**$**	**79,188**	**$**	**(1,527)**	**$**	**(838,256)**	**$**	**423,425**

	Common Shares										
Nine Months Ended September 30, 2021	**Shares**		**Amount**		**Additional paid in capital**		**Accumulated Other Comprehensive (Loss) Income**		**Accumulated Deficit**		**Total Shareholders' Equity**
Balance at December 31, 2020	126,725	$	944,328	$	39,383	$	(805)	$	(575,156)	$	407,750
Shares issued on exercise of stock options	2,324		22,097		(6,745)		—		—		15,352
Exercise of warrants	521		734		(697)		—		—		37
Shared-based compensation	—		—		22,666		—		—		22,666
Unrealized gain on available-for-sale securities, net	—		—		—		11		—		11
Net loss	—		—		—		—		(147,644)		(147,644)
Balance at September 30, 2021	**129,570**	**$**	**967,159**	**$**	**54,607**	**$**	**(794)**	**$**	**(722,800)**	**$**	**298,172**

The accompanying notes are an integral part of these condensed consolidated financial statements.

AURINIA PHARMACEUTICALS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,	
	2022	**2021**
(in thousands)	**(unaudited)**	
Cash flows used in operating activities:		
Net loss	**$ (82,134)**	$ (147,644)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	**2,487**	2,030
Upfront license and milestone expense	**—**	10,000
Share-based compensation expense	**25,398**	22,666
Write-down of inventory	**2,464**	—
Other, net	**587**	1,005
Net changes in operating assets and liabilities		
Accounts receivable	**(26,356)**	(9,815)
Inventories, net	**(8,458)**	(5,366)
Prepaid expenses and other current assets	**(3,461)**	(6,541)
Non-current assets	**(830)**	247
Accounts payable, accrued and other liabilities	**875**	1,149
Lease liabilities	**(551)**	499
Net cash used in operating activities	**(89,979)**	(131,770)
Cash flows used in investing activities:		
Purchase of investments	**(403,184)**	(342,831)
Proceeds from investments	**346,109**	263,752
Upfront lease payment	**(381)**	(11,838)
Upfront license payment	**—**	(6,000)
Purchase of non-current assets	**(158)**	(268)
Additions to internal use-software implementation costs	**—**	(1,198)
Net cash used in investing activities	**(57,614)**	(98,383)
Cash flows from financing activities		
Proceeds from exercise of stock options and employee share purchase plan	**1,745**	15,353
Proceeds from exercise of warrants	**—**	37
Cash provided by financing activities	**1,745**	15,390
Net decrease in cash, cash equivalents and restricted cash	**(145,848)**	(214,763)
Cash, cash equivalents and restricted cash, beginning of period	**231,900**	272,350
Cash, cash equivalents and restricted cash, end of period	**$ 86,052**	$ 57,587
Supplemental cash flow information		
Cash received for interest	**$ 1,705**	$ 671
Cash paid for taxes	**$ (779)**	$ (236)
Cash paid for amounts included in the measurement of lease liabilities	**$ (897)**	$ (195)
Supplemental disclosure of noncash transactions		
Initial recognition of operating lease right-of-use asset	**$ —**	$ 419
Reconciliation of cash, cash equivalents and restricted cash to the condensed consolidated balance sheets		
Cash, cash equivalents	**$ 85,341**	$ 57,587
Restricted cash	**711**	—
Total cash, cash equivalents and restricted cash	**$ 86,052**	$ 57,587

The accompanying notes are an integral part of these condensed consolidated financial statements.

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 fully integrated biopharmaceutical company focused on delivering therapies to treat targeted patient populations that are impacted by serious diseases with a high unmet medical need. In January 2021, the Company introduced LUPKYNIS® (voclosporin), the first U.S. Food and Drug Administration (FDA) approved oral therapy for the treatment of adult patients with active lupus nephritis (LN) and continues to conduct pre-clinical, clinical, and regulatory activities to support the voclosporin development program as well as our other assets.

On August 17, 2021, the Company announced the addition of two novel assets AUR200 and AUR300. AUR200 and AUR300 are currently undergoing pre-clinical development with projected submission of Investigational New Drug Applications (INDs) to the FDA in 2023.

On September 15, 2022, the European Commission (EC) granted marketing authorization of LUPKYNIS to Otsuka Pharmaceutical Co., Ltd. (Otsuka).The centralized marketing authorization is valid in all European (EU) member states as well as in Iceland, Liechtenstein, Norway and Northern Ireland.

Aurinia's head office is located at #1203-4464 Markham Street, Victoria, British Columbia, Canada and its registered office is located at #201, 17873-106 A Avenue, Edmonton, Alberta. Aurinia also has a U.S. commercial office located at 77 Upper Rock Circle Suite 700, Rockville, Maryland, 20850 United States.

Aurinia is incorporated pursuant to the Business Corporations Act (Alberta). The Company’s common shares are traded on the Nasdaq Global Market (Nasdaq) under the symbol AUPH.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP) for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of normal recurring adjustments considered necessary for fair presentation in accordance with U.S. GAAP. The condensed consolidated balance sheet as of December 31, 2021 was derived from audited annual consolidated financial statements but does not include all annual disclosures required by U.S. GAAP. 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, 2021. The results of operations for the nine months ended September 30, 2022 are not necessarily indicative of the results to be expected for the full year or any other future periods.

These unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Aurinia Pharma U.S., Inc. (Delaware incorporated) and Aurinia Pharma Limited (UK incorporated). All intercompany balances and transactions have been eliminated in consolidation and operate in one segment.

These unaudited condensed consolidated financial statements are presented in U.S. dollars which is the Company's functional currency, therefore, there is no currency translation adjustment upon consolidation as the remeasurement of gains or losses are recorded in the condensed consolidated statements of operations. All assets and liabilities denominated in a foreign currency are remeasured into U.S. dollars at the exchange rate on the balance sheet date. Revenues and expenses are remeasured at the average exchange rate during the period. Foreign exchange gains and losses arising on translation or settlement of a foreign currency denominated monetary item are included in the condensed consolidated statements of operations.

The Company is devoting the majority of our operational efforts and financial resources towards the commercialization and post approval commitments of our approved drug, LUPKYNIS. The Company is also expending efforts towards our newly acquired assets AUR200 and AUR300. Taking into consideration the Company's cash, cash equivalents, restricted cash and investments of $376.6 million as of September 30, 2022, the Company believes that it has sufficient resources to fund its operations for at least the next few years beyond the date that the unaudited condensed consolidated financial statements are issued.

Significant Accounting Policies

Other than as described below, the Company's significant accounting policies have not changed from those previously described in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

Restricted cash: Restricted cash consists of the 2021 Employee Share Purchase Plan (2021 ESPP) deposits of $0.7 million and $0.3 million as of September 30, 2022 and December 31, 2021, respectively.

Major Customers: The Company currently has two main customers for U.S. commercial sales of LUPKYNIS and a collaboration partner for sales of LUPKYNIS in the EU, Japan, as well as the United Kingdom, Russia, Switzerland, Norway, Belarus, Iceland, Liechtenstein and Ukraine (collectively, the "Otsuka Territories"). Revenues from the two main customers in the U.S. accounted in total of approximately 48% for the three months ended September 30, 2022 and 74% for the nine months ended September 30, 2022 of the Company's total revenues. Our collaboration partner for sales outside the U.S. accounted for approximately 52% and 26% for the three and nine months ended September 30, 2022 of the Company's total revenues.

In late March 2022, we provided a nominal additional discount to both of our two main U.S. customers, applicable for the remainder of the 2022 calendar year, in connection with holding additional amounts of LUPKYNIS on hand due to supply chain concerns. Such discounts, or any future discounts, may result in reduced sales to these customers in subsequent periods and substantial fluctuations in our revenues from period to period. The Company monitors economic conditions, the creditworthiness of customers and government regulations and funding, both domestically and abroad. The Company regularly communicates with its customers regarding the status of receivable balances. Global economic conditions and customer specific factors may require the Company to periodically re-evaluate the collectability of its receivables and based on this evaluation the Company could potentially incur credit losses.

Product Revenues

In the United States (and territories), the Company sells LUPKYNIS primarily to specialty pharmacies and specialty distributors. These customers subsequently resell the Company's products to health care providers and patients. Revenues from product sales are recognized when the customer obtains control of our product, which typically occurs upon delivery to the customer.

Reserves for discounts and allowances: Product sales are recorded at the net sales price (transaction price), which includes estimates of variable consideration for which reserves are established. These reserves are based on estimates of the amounts earned or to be claimed on the related sales and are classified as reductions of accounts receivable (if the amount is payable to our customer) or a liability (if the amount is payable to a party other than our customer).

The Company's estimates of reserves established for variable consideration are calculated based upon utilizing the expected value method. The transaction price, which includes variable consideration reflecting the impact of discounts and allowances, may be subject to constraint and is included in the net sales price only to the extent that it is probable that a significant reversal of the amount of the cumulative revenues recognized will not occur in a future period. Amounts related to such items are estimated at contract inception and updated at the end of each reporting period as additional information becomes available.

Significant judgment is required in estimating variable consideration. In making these estimates, we consider historical data, including patient mix and inventory sold to our customers that has not yet been dispensed. We use a data aggregator and historical claims to estimate variable consideration for inventory sold to our customers, including specialty pharmacies and specialty distributors, that has not yet been dispensed. Actual amounts may ultimately differ from the Company's estimates. If actual results vary, the Company adjust these estimates, which could have an effect on earnings in the period of adjustment. As of September 30, 2022, we did not have any material adjustments to estimates based on actual results. These specific adjustments are detailed further in our Annual Report on Form 10-K for the year ended December 31, 2021.

Milestone Payments: At the inception of each arrangement that includes development or commercial sales milestone payments, the Company evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. The transaction price is then allocated to each performance obligation on a relative stand-alone selling price basis, for which the Company recognizes revenue as or when the performance obligations under the contract are satisfied. At the end of each subsequent reporting period, the Company re-evaluates the probability of achievement of such development milestones and any related constraint, and if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect license, collaboration and other revenues and earnings in the period of adjustment. Any consideration related to sales-based royalties (and sales-based milestones) will be recognized when the related sales occur. As of September 30, 2022, we recognized $30.0 million for the regulatory milestone related to the EC marketing authorization of LUPKYNIS.

Accounts receivable, net: Accounts receivable are stated at their net realizable value. The Company's accounts receivable represents amounts due to the Company from product sales and from its Otsuka collaboration agreement (Note 12). Milestone payments that have not been invoiced as of the balance sheet date are recorded as unbilled accounts receivable. As of September 30, 2022 and December 31, 2021, accounts receivable, net are $41.8 million and $15.4 million. The accounts receivable, net as of September 30, 2022 includes $28.8 million due from Otsuka related to the achievement of a regulatory milestone in September 2022, for which payment was received on October 31, 2022. The timing between the recognition of revenue for product sales and the receipt of payment is not significant. Our standard credit terms range from 30 to 45 days. We do not assess whether a contract has a significant financing component if the expectation at contract inception is such that the period between the transfer of the promised good to the customer and receipt of payment will be one year or less. We estimate the allowance for doubtful accounts using the current expected credit loss, or CECL, model. Under the CECL model, the allowance for doubtful accounts reflects the net amount expected to be collected from the account receivables. We evaluate the collectability of these cash flows based on the asset’s amortized cost, the risk of loss even when that risk is remote, losses over an asset’s contractual life, and other relevant information available to us. Accounts receivable balances are written off against the allowance when it is probable that the receivable will not be collected. The allowance for doubtful accounts was $nil as of September 30, 2022 and as of December 31, 2021.

Share-Based Compensation: The Company follows ASC Topic 718, Compensation - Stock Compensation (ASC 718), which requires the measurement and recognition of compensation expense, based on estimated fair values, for all share-based awards made to employees and directors. The Company records compensation expense based on the fair value on the grant date using the graded accelerated vesting method for all share-based payments related to stock options, performance awards (PAs), restricted stock units (RSUs) and purchases under the Company's 2021 ESPP. For stock options, forfeitures are estimated based on historical experience at the time of grant and revised in subsequent periods if actual forfeitures differ from those estimates. For RSUs and PAs, forfeitures are accounted for as they occur.

Recently adopted accounting pronouncements

In December 2019, the FASB issued ASU 2019-12, *Income Taxes* (Topic 740): Simplifying the Accounting for Income Taxes, which clarifies and simplifies certain aspects of the accounting for income taxes such as eliminating the exception to the general intraperiod tax allocation principle. The standard is effective for years beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2020. The Company adopted the ASU effective January 1, 2021, with no material impact on the condensed consolidated financial statements.

In November 2021, the FASB issued ASU No. 2021-10, Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance, which requires business entities to make annual disclosures about transactions with a government (including government assistance) by analogizing to a grant or contribution accounting model. The required disclosures include the nature of the transaction, the entity's related accounting policy, the financial statement line items affected and the amounts reflected in the current period financial statements, as well as any significant terms and conditions. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2021. The Company adopted the ASU effective January 1, 2022, with no material impact on the condensed consolidated financial statements.

3. Fair Value Measurements

The Company's financial instruments consist primarily of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities. The carrying value of accounts receivable, accounts payable and accrued liabilities approximate their fair value because of their short-term nature. Estimated fair value of available-for-sale securities are generally based on prices obtained from commercial pricing services.

In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from sources independent from the Company) and to minimize the use of unobservable inputs (the

Company’s assumptions about how market participants would price assets and liabilities). As a basis for considering such assumptions, a three-tier fair value hierarchy has been established, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 - Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3 - Unobservable inputs that reflect the reporting entity’s own assumptions.

The following table summarizes the financial assets (cash, cash equivalents, restricted cash and short-term investments) measured at fair value on a recurring basis:

	September 30, 2022			
(in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:				
Cash, cash equivalents and restricted cash	**$ 86,052**	**$ —**	**$ —**	**$ 86,052**
U.S. agency security	**—**	**4,904**	**—**	**4,904**
Corporate bond	**—**	**98,068**	**—**	**98,068**
Commercial paper	**112,633**	**—**	**—**	**112,633**
Treasury bill	**—**	**26,704**	**—**	**26,704**
Treasury bond	**—**	**44,553**	**—**	**44,553**
Yankee bond	**—**	**3,730**	**—**	**3,730**
Total financial assets	**$ 198,685**	**$ 177,959**	**$ —**	**$ 376,644**

	December 31, 2021			
(in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:				
Cash, cash equivalents and restricted cash	$ 231,900	$ —	$ —	$ 231,900
Certificates of deposit	—	3,140	—	3,140
Corporate bond	—	21,820	—	21,820
Commercial paper	206,724	—	—	206,724
Treasury bill	—	2,494	—	2,494
Total financial assets	$ 438,624	$ 27,454	$ —	$ 466,078

The Company's Level 1 instruments include cash, cash equivalents, restricted cash and commercial paper that are valued using quoted market prices. We estimate the fair values of our investments in corporate debt securities, government and government related securities and certificates of deposits by taking into consideration valuations obtained from third-party pricing services. The fair value of our short-term 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. At September 30, 2022, and December 31, 2021, the weighted average remaining contractual maturities of our Level 1 and 2 investments were approximately for 7 months and 8 months, respectively. These investments have an overall rating of A-1, or higher, by Moody’s, Standard & Poor’s and Fitch.

No credit loss allowance was recorded as of September 30, 2022, as we do not believe the unrealized loss is a result of a credit loss due to the nature of our investments. We also considered the current and expected future economic and market conditions and determined that the estimate of credit losses was not significantly impacted.

Refer to Note 4, “Cash, Cash Equivalents, Restricted Cash and Short-Term Investments,” for the carrying amount and related unrealized gains (losses) by type of investment.

4. Cash, Cash Equivalents, Restricted Cash and Short-Term Investments

As of September 30, 2022 and December 31, 2021, the Company had $376.6 million and $466.1 million, respectively of cash, cash equivalents, restricted cash and short-term investments summarized below. As of September 30, 2022, $376.6 million were available-for-sale debt securities which are carried at fair market value. As of December 31, 2021, $446.9 million were classified as available-for-sale and $19.2 million were held-to-maturity.

	September 30, 2022			
(in thousands)	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Estimated Fair Value**
Cash, cash equivalents and restricted cash	**$ 86,052**	**$ —**	**$ —**	**$ 86,052**
U.S. agency security	**4,900**	**4**	**—**	**4,904**
Corporate bond	**98,448**	**—**	**(380)**	**98,068**
Commercial paper	**112,833**	**—**	**(200)**	**112,633**
Treasury bill	**26,721**	**—**	**(17)**	**26,704**
Treasury bond	**44,670**	**—**	**(117)**	**44,553**
Yankee bond	**3,742**	**—**	**(12)**	**3,730**
Total cash, cash equivalents, restricted cash and short-term investments	**$ 377,366**	**$ 4**	**$ (726)**	**$ 376,644**

	December 31, 2021			
(in thousands)	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Estimated Fair Value**
Cash, cash equivalents and restricted cash	$ 231,900	$ —	$ —	$ 231,900
Certificates of deposit	3,144	—	(4)	3,140
Corporate bond	2,592	—	(1)	2,591
Commercial paper	206,764	—	(40)	206,724
Treasury bill	2,497	—	(2)	2,495
Total	$ 446,897	$ —	$ (47)	$ 446,850
Total held to maturity securities at amortized cost				19,228
Total cash, cash equivalents, restricted cash and short-term investments				$ 466,078

As of September 30, 2022 and December 31, 2021, accrued interest receivable from the investments were $0.7 million and $0.1 million, respectively. During the three and nine months ended September 30, 2022, the Company had $0.3 million and $0.7 million unrealized gains and losses on available-for-sale securities, net of tax, respectively, which are included as a component of comprehensive loss on the consolidated statements of operations. Currently, the Company does not intend to sell investments that are in an unrealized loss position, and it is unlikely we will be required to sell the investments before recovery of their amortized cost basis, which may be at maturity. We have determined that the gross unrealized losses on our investments at September 30, 2022, were temporary in nature. Realized gains or losses were immaterial during the three and nine months ended September 30, 2022 and 2021.

The Company's short-term investments as of September 30, 2022 mature at various dates through June 2023.

5. Inventories, net

Inventories are valued under a standard costing methodology on a first-in, first-out basis and are stated at the lower of cost or net realizable value. The Company capitalizes inventory costs related to products to be sold in the ordinary course of business. The Company makes a determination of capitalizing inventory costs for a product based on, among other factors, status of regulatory approval, information regarding safety, efficacy and expectations relating to commercial sales and recoverability of costs. Capitalized costs of inventories for LUPKYNIS mainly include third party manufacturing costs, transportation, storage, insurance, and allocated internal labor.

The Company assesses recoverability of inventory each reporting period to determine any write-down to net realizable value resulting from excess or obsolete inventories. As of September 30, 2022, we have recorded reserves of finished goods inventories of approximately $2.7 million which were primarily related to process validation batches used for FDA approval.

The components of inventory, net are as follows:

(in thousands)	September 30, 2022	December 31, 2021
Raw materials	$ 2,217	$ 2,217
Work in process	20,150	12,566
Finished goods	2,953	4,543
Total inventories	$ 25,320	$ 19,326

6. **Prepaid Expenses**

Prepaid expenses are as follows:

(in thousands)	September 30, 2022	December 31, 2021
Prepaid assets	$ 5,725	$ 5,316
Prepaid deposits	3,582	4,762
Prepaid insurance	2,852	1,632
Total prepaid expenses	$ 12,159	$ 11,710

7. **Intangible Assets**

The following table summarizes the carrying amount of intangible assets, net of accumulated amortization.

	September 30, 2022		
(in thousands)	Gross Carrying Value	Accumulated Amortization	Net Carrying Amount
Patents	$ 1,473	$ (1,249)	$ 224
Acquired intellectual property and reacquired rights	15,126	(9,580)	5,546
Internal-use software implementation costs	2,873	(1,804)	1,069
	$ 19,472	$ (12,633)	$ 6,839

	December 31, 2021		
(in thousands)	Gross Carrying Value	Accumulated Amortization	Net Carrying Amount
Patents	$ 1,471	$ (1,176)	$ 295
Acquired intellectual property and reacquired rights	15,126	(8,804)	6,322
Internal-use software implementation costs	2,873	(1,086)	1,787
	$ 19,470	$ (11,066)	$ 8,404

Amortization expense for the three months ended September 30, 2022 and 2021 was $0.5 million for both periods and for the nine months ended September 30, 2022 and 2021 was $1.6 million for both periods.

8. Property and Equipment, net

Property and equipment, net are as follows:

(in thousands)	September 30, 2022	December 31, 2021
Construction in progress	**$ 217**	$ 393
Leasehold improvements	**2,978**	2,978
Office equipment	**645**	645
Furniture	**976**	976
Computer equipment	**251**	262
	5,067	5,254
Less accumulated depreciation	**(1,309)**	(836)
Property and equipment, net	**$ 3,758**	$ 4,418

9. Lease Obligations

The Company has the following lease obligations:

Victoria, British Columbia

During August 2020, the Company signed a lease for commercial office space in Victoria, British Columbia for a new corporate headquarters that was expected to commence in April 2022.

During the fourth quarter of 2020, the Company entered into 18-month facility and furniture leases for its existing corporate head office located in Victoria, British Columbia. The lease terms commenced on January 1, 2021 with an end date of August 31, 2022.

On August 3, 2022, we provided notice of termination for the lease of the intended new corporate headquarters space in Victoria on the basis that the landlord's work was not completed by the time required under the lease. As a result of the termination, the company expensed $0.3 million of CIP cost that was related to the new corporate headquarters.

On September 1, 2022, the fixed lease term ended for Aurinia's existing corporate headquarters and the Company exercised its right to enter into a month to month lease, of which expenses are incurred in SG&A.

Rockville, Maryland

During March 2020, the Company entered into a lease for its U.S. commercial office in Rockville, Maryland for a total of 30,531 square feet of office space. The lease has a remaining term of approximately 9 years and has an option to extend for two five-year periods after the initial term of 11 years has elapsed and has an option to terminate after seven years. As of September 30, 2022, the Company had a right-of-use asset of $4.9 million and lease liability of $8.2 million included in the condensed consolidated balance sheets. As of December 31, 2021, the Company had a right of use asset of $5.2 million and lease liability of $8.6 million included in the condensed consolidated balance sheets. The Company recorded leasehold improvement incentives in the amount of $2.3 million as additions to the lease liability. The lease term commenced on March 12, 2020. When measuring the lease liability, the Company discounted lease payments using its incremental borrowing rate at March 12, 2020. The incremental borrowing rate applied to the lease liability on March 12, 2020 was 5.2% based on the financial position of the Company, geographical region and term of lease.

Edmonton, Alberta

As of September 30, 2022, the Company has a short term lease in Edmonton, Alberta in which expenses are recognized in SG&A. The lease is not material to the Company's financial position.

The Company incurs variable lease costs under the existing Victoria and Rockville leases. These costs include operation and maintenance costs included in SG&A and are expensed as incurred. The variable lease costs are not material to the Company's financial position.

The operating lease costs for the three and nine months ended September 30, 2022 and September 30, 2021 are $0.2 million and $0.8 million for both periods respectively.

The following table represents the weighted-average remaining lease term and discount rate as of September 30, 2022:

	As of September 30, 2022	
	Weighted Average Remaining Lease Term (years)	**Weighted Average Discount Rate**
Operating leases	8.9	5.22%

The following table provides a summary of operating lease liabilities payments for the next five years and thereafter:

(in thousands)	**Operating Lease Payments**
Remainder of 2022	**$ 263**
2023	**1,061**
2024	**1,085**
2025	**1,110**
2026	**1,135**
Thereafter	**5,638**
Total future minimum lease payments	**10,292**
Less: lease imputed interest	**(2,104)**
Total future minimum lease payments	**$ 8,188**

On December 15, 2020, the Company entered into a collaborative agreement with Lonza to build a dedicated manufacturing facility within Lonza’s existing small molecule facility in Visp, Switzerland. The dedicated facility (also referred to as "monoplant") will be equipped with state-of-the-art manufacturing equipment to provide cost and production efficiency for the manufacture of voclosporin, while expanding existing capacity and providing supply security to meet future commercial demand.

Following U.S. regulatory approval of LUPKYNIS in January 2021, the Company has commenced a capital expenditure payment program for the monoplant totaling approximately CHF 21.0 million. The first capital expenditure payment was made in February 2021 of $11.8 million (CHF 10.5 million) and was treated as an upfront lease payment and recorded under other non-current assets on the condensed consolidated balance sheets. The second payment is not due until the facility fulfills the required operational qualifications which is estimated to be during the first half of 2023. Upon completion of the monoplant, the Company will have the right to maintain sole dedicated use of the monoplant by paying a quarterly fixed facility fee. The Company expects to account for the arrangement as a finance lease under ASC 842. The present value of the minimum lease payments total approximately $73.0 million, beginning April 2023 and expiring in 2030, and are not included in the above table.

The Company has entered into an equipment and facility finance lease for a backup manufacturing encapsulation site in Beinheim, France that has not yet commenced and is therefore, not included in the above table. As part of the agreement, the Company expects to make payments of approximately $0.9 million prior to lease commencement and the future value of minimum lease payments will total approximately $0.1 million.

10. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are as follows:

(in thousands)	September 30, 2022		December 31, 2021	
Employee accruals	**$**	**16,511**	$	18,278
Commercial accruals		**9,140**		5,916
Accrued R&D projects		**8,995**		6,412
Other accrued liabilities		**5,411**		3,527
Income taxes payable		**66**		814
Total accounts payable and accrued liabilities	**$**	**40,123**	$	34,947

11. Deferred Compensation and Other Non-current Liabilities

The Company recorded other non-current liabilities of $15.8 million and $16.0 million as of September 30, 2022 and December 31, 2021, respectively. The balance as of September 30, 2022 and December 31, 2021 primarily included deferred compensation arrangements whereby certain executive officers as of March 8, 2012 were provided with future potential employee benefit obligations for remaining with the Company, for a certain period of time. These obligations were also contingent on the occurrence of uncertain future events. Other non-current liabilities also include milestone payments deemed probable to be paid in the future.

12. License and Collaboration Agreements

Otsuka Contract

On December 17, 2020, the Company entered into a collaboration and license agreement with Otsuka for the development and commercialization of oral LUPKYNIS in the Otsuka Territories.

As part of the agreement, the Company received an upfront cash payment of $50.0 million for the license agreement and has the potential to receive up to $50.0 million in regulatory related milestones. The Company will provide semi-finished product of LUPKYNIS to Otsuka on a cost-plus basis, and will receive tiered royalties on future sales ranging from 10 to 20 percent (dependent on territory and achievement of sale thresholds) on net product sales by Otsuka, along with additional milestone payments based on the attainment of certain annual sales. In addition, certain collaboration services are to be provided to Otsuka on agreed upon rates.

In furtherance of the collaboration and license agreement with Otsuka mentioned above, on August 1, 2022, the Company entered into a commercial supply agreement with Otsuka, formalizing the terms to supply semi-finished goods of LUPKYNIS to Otsuka in the Otsuka Territories, including capacity sharing of the monoplant.

On September 15, 2022, the European Commission (EC) granted marketing authorization of LUPKYNIS. The centralized marketing authorization is valid in all EU member states as well as in Iceland, Liechtenstein, Norway and Northern Ireland. The approval triggered a $30.0 million milestone to the Company, which was recognized as collaboration revenue in the three and nine months period ended September 30, 2022 and was subsequently received on October 31, 2022.

For the three and nine months ended September 30, 2022, the Company recognized $0.2 million and $0.4 million, respectively, of collaboration service revenue from Otsuka.

Riptide License

On August 17, 2021, AUR300 (M2 macrophage modulation via CD206 binding) was secured through a global licensing and research agreement with Riptide Bioscience, Inc. (Riptide), a private company. As part of the agreement, in 2021 the Company paid Riptide an upfront license fee of $ 6.0 million which was expensed as research and development on the condensed consolidated statements of operations. During the first quarter of 2022, Aurinia paid $ 4.0 million for the achievement of a one-time milestone. Additional payments are due upon certain development, clinical and regulatory milestones, and royalties will be payable upon commercialization.

13. Net Loss per Common Share

Basic and diluted net loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding. Since the Company was in a loss position for all periods presented, diluted net loss per share is the same as basic net loss per share. The numerator and denominator used in the calculation of basic and diluted net loss per common share are as follows:

(in thousands, except per share data)	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Net loss	**$ (8,989)**	$ (50,255)	**$ (82,134)**	$ (147,644)
Weighted average common shares outstanding	**141,856**	128,443	**141,831**	128,084
Net loss per common share (expressed in $ per share)	**$ (0.06)**	$ (0.39)	**(0.58)**	(1.15)

The Company did not include the securities in the following table in the computation of the net loss per common share because the effect would have been anti-dilutive during each period:

(in thousands)	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Stock options	**14,299**	12,837
Unvested performance awards	—	857
Unvested restricted units	**2,098**	201
Warrants	—	1,012
	16,397	14,907

14. Share-based Compensation

The Company's Amended and Restated Equity Incentive Plan (the Plan), which was adopted and approved by the Company's shareholders in June 2021, allows for an issuance of up to an aggregate of 23.8 million shares (inclusive of then outstanding awards) and provides for grants of stock options, performance awards, and restricted stock units (RSUs) that may be settled in cash and common shares. Also in June 2021, the Company's shareholders adopted and approved the Company's 2021 ESPP, which allows for the issuance of up to 2.5 million shares. The 2021 ESPP is intended to qualify as an “employee stock purchase plan” under Section 423 of the Internal Revenue Code (the Code) but also permits the Company to include the employees, including non-United States employees, in offerings not intended to qualify under Section 423. The purpose of the 2021 ESPP is to provide eligible employees with opportunities to purchase the Company’s common shares at a discounted price.

During the second quarter of 2022, the Company modified the 2021 ESPP for the current and future offerings. The new ESPP terms shortened the plan fromfour (4) purchases over a 24 month Offering Period to two (2) purchases over a 12 month offering period. Additionally, the ESPP now contains a rollover mechanism; that is, if the stock price on the purchase date is less than the offering price (as that is determined under the 2021 ESPP), that offering is then canceled and any participants are rolled into the new 12 month offering period at the lower price.

As a result of the modification, $475 thousand of incremental expense was added to the estimated expense for the November 2022 and May 2023 purchase dates (to be amortized over the new 12 month offering period). Additionally, the originally scheduled purchase date in November 2023 is no longer planned given the new12 month offering period; therefore, the modification also resulted in a “repurchase for no consideration” under ASC 718. The Company recognized an additional $651 thousand of unamortized expense for the cancelled November 2023 purchase, which was recorded during the second quarter of 2022.

In addition to stock options, performance awards and RSUs granted under the Plan, the Company has granted certain stock options and RSUs as inducements material to new employees entering employment in accordance with Nasdaq Listing Rule 5635(c)(4). The inducements were granted outside of the Plan during 2022.

Stock Options

The Plan requires the exercise price of each option not to be less than the closing market price of the Company's common shares on the day immediately prior to the date of grant. The board of directors approves the vesting criteria and periods at its discretion. The options issued under the plan are accounted for as equity-settled share-based payments.

The Company used the Black-Scholes option pricing model to estimate the fair value of the options granted. The Company considers historical volatility of its common shares in estimating its future stock price volatility. The risk-free interest rate for the expected life of the options was based on the yield available on government benchmark bonds with an approximate equivalent remaining term at the time of the grant. The expected life is based upon the contractual term, taking into account expected employee exercise and expected post-vesting employment termination behavior.

The following weighted average assumptions were used to estimate the fair value of the options granted during the nine months ended September 30, 2022 and September 30, 2021:

	2022	2021
Annualized volatility	**70 %**	66 %
Risk-free interest rate	**2.01 %**	0.38 %
Expected life of options in years	**5.0 years**	4.0 years
Estimated forfeiture rate	**12.1 %**	8.9 %
Dividend rate	**0.0 %**	0.0%
Fair value per common share option	**$ 6.60**	$ 6.64

The following table summarizes the option award activity for the nine months ended September 30, 2022:

	September 30, 2022	
	Number of shares (in thousands)	Weighted average exercise price $
Outstanding - December 31, 2021	**12,074**	**$ 12.84**
Granted	**3,809**	**11.25**
Exercised	**(77)**	**6.47**
Forfeited	**(1,507)**	**14.63**
Outstanding - September 30, 2022	**14,299**	**$ 12.26**

Performance Awards and Restricted Stock Units

On October 23, 2020, the Company issued439,000 PAs to executive management of the Company whose vesting was contingent upon meeting specific performance metrics based on the results for the year ended December 31, 2021. Each PA which vested entitled the participant to receive common shares on the basis of the performance metrics set. On March 18, 2021 performance metrics were set and formally communicated. Therefore, March 18, 2021 was the grant date and the fair value on the grant date was $13.56. The PAs vested in 2022 and the participant was required to achieve at least one of the performance metrics to obtain the portion of the award associated with the metric.

On August 6, 2021, the Company granted approximately 619,000 PAs and RSUs. The grant date for the PAs and RSUs was August 6, 2021 and the fair value on the grant date was $14.42 as this was the date performance measures were set and communicated to employees. The PAs vested on the employee's first anniversary of the grant date and the employee was required to achieve at least one of the performance metrics to obtain the portion of the award associated with the metric. The RSUs had no performance metrics and vested on the one year anniversary of the grant.

During the 2022, the Company has granted RSUs and intends to grant RSUs throughout the year under the Plan, as well as inducements for certain new hires as discussed above. The RSUs are fair valued based on the market price of our common shares on the date of the grant.

The following table summarizes the PA and RSU activity for the nine months ended September 30, 2022:

	September 30, 2022		
	Number of shares (in thousands)	Weighted average exercise price $	
Outstanding - December 31, 2021	**347**	**$**	**13.33**
Granted	**2,311**		**11.26**
Vested	**(305)**		**14.17**
Forfeited	**(255)**		**12.39**
Outstanding - September 30, 2022	**2,098**	**$**	**11.04**

Compensation Expense

The Company recognized share-based compensation expense for the three and nine month periods ended September 30, 2022 and September 30, 2021 as follows:

	Three months ended September 30,				Nine Months Ended September 30,			
(in thousands)	**2022**		**2021**		**2022**		**2021**	
Research and development	**$**	**1,489**	$	1,038	**$**	**3,531**	$	3,201
Selling, general and administrative		**6,625**		6,000		**21,480**		19,189
Capitalized under inventories		**206**		54		**387**		276
Share-based compensation expense	**$**	**8,320**	$	7,092	**$**	**25,398**	$	22,666

As of September 30, 2022, there was $33.6 million of unrecognized share-based compensation expense related to unvested awards granted which is expected to be recognized over a weighted-average period of approximately 1.4 years.

15. Income Taxes

The effective tax rates for the three and nine months ended September 30, 2022 and September 30, 2021 differed from the federal statutory rate applied to losses before income taxes primarily as a result of the mix of income, losses and valuation allowances. The Company recognized an income tax expense of approximately $1.0 million for the three and nine months ended September 30, 2022. The Company recognized an income tax expense of approximately $8 thousand and $34 thousand for the three and nine months ended September 30, 2021, respectively. The expense recognized for these periods is a result of income in certain jurisdictions and withholding taxes on foreign income. The Company currently has tax expense in certain jurisdictions that are not offset by tax benefits. The increase from prior periods was due to withholding taxes.

Uncertain Tax Positions

The Company was under examination by the Canadian Revenue Agency for years 2017 and 2018. In March 2022, the Company was notified by the Canadian Revenue Agency that the examination is now complete and there were no findings and as a result, there is no additional tax expense or benefit recognized in regards to the audit. There are no outstanding tax audits ongoing at September 30, 2022.

16. Related Party Transactions

ILJIN SNT Co., Ltd (ILJIN) was considered to be a related party due to their equity ownership of over 5% as per their public filing. The outstanding related party amount payable to ILJIN was the result of a settlement completed on September 20, 2013 between ILJIN and the Company. During 2021, Aurinia paid ILJIN $ 6.0 million upon achievement of specific milestones. The amount payable to ILJIN is nil as of September 30, 2022 and December 31, 2021.

17. Commitments and Contingencies

The Company may, from time to time, be subject to claims and legal proceedings brought against it in the normal course of business. Such matters are subject to many uncertainties. Management believes the ultimate resolution of such contingencies will not have a material adverse effect on the consolidated financial position of the Company. The Company's material commitments and contingencies 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, 2021 and the quarterly report for the quarter ended September 30, 2022.

Other Funding Commitments

In the normal course of business, the Company enters into agreements with contract research organizations, contract manufacturing organizations and other third parties for services to be provided to the Company. Generally, these agreements provide for termination upon notice, with specified amounts due upon termination based on the timing of termination and the terms of the agreement. The actual amounts and timing of payments under these agreements are uncertain and contingent upon the initiation and completion of services to be provided to the Company.

18. Subsequent Events

The Company’s Compensation Committee granted 4 new employees an aggregate of 20,800 inducement stock options and an aggregate of 12,500 inducement RSUs. The options have a per share exercise price of $7.52, the closing price of Aurinia's common stock on September 30, 2022. The stock options and RSUs have a grant date of October 3, 2022. The stock options and RSUs were granted as inducements material to the new employees entering employment with Aurinia in accordance with Nasdaq Listing Rule 5635(c)(4).

On October 17, 2022, Aurinia mutually agreed with Robert Huizinga, PhD RN, CNeph(C), Executive Vice President, Research and Neil Solomons, M.D., Chief Medical Officer, to cease their employment with Aurinia, each effective October 31, 2022.

Aurnia has entered into separation agreements with Dr. Huizinga and Dr. Solomons which will supersede and replace all the severance arrangements between Aurinia and Dr. Huizinga and Dr. Solomons, set forth in their respective employment agreements with Aurinia, dated October 1, 2018 and September 12, 2012, respectively (together, as amended, the Employment Agreements). The terms of the separation agreements are expected to be consistent with the terms of the Employment Agreements, respectively.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes included in this Quarterly Report. The information in this discussion contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Exchange Act, which are subject to the "safe harbor" created by those sections, as well as "forward-looking information" as defined in applicable Canadian securities laws. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. These forward-looking statements include, but are not limited to, statements concerning our strategy, future operations, future financial position, future revenues, projected costs, prospects and plans; objectives of management; the key potential benefits of LUPKYNIS; our belief that we have sufficient financial resources to fund our current plans for at least the next few years; and our potential to receive certain payments and royalties under our agreement with Otsuka; and that an IND is expected to be submitted for AUR200 and AUR300 in 2023. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "project," "predict," "propose," "intend," "continue," "potential," "possible," "foreseeable," "likely," "unforeseen" and similar expressions intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance, time frames or achievements to be materially different from any future results, performance, time frames or achievements expressed or implied by the forward-looking statements. We have made numerous assumptions about the forward-looking statements and information contained herein, including among other things, assumptions about: the accuracy of reported data from third party studies and reports; that our IP rights are valid and do not infringe the IP rights of third parties; our assumptions relating to the capital required to fund operations for the next few years; the assumption that our current good relationships with our suppliers, service providers and other third parties will be maintained; assumptions relating to the burn rate of our cash for operations; assumptions relating to the capital required to fund operations for the next few years; assumptions relating to the progress of our pre-clinical activities that our third party service providers will comply with their contractual obligations. Even though management believes that the assumptions made, and the expectations represented by such statements or information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. We discuss many of these risks, uncertainties and other factors in greater detail under the heading "Risk Factors" in Part I, Item 1A of our 2021 Annual Report on Form 10-K, as filed with the U.S. Securities and Exchange Commission on February 28, 2022 and with applicable Canadian securities regulatory authorities. 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

Aurinia is a fully integrated biopharmaceutical company focused on delivering therapies to treat targeted patient populations that are impacted by serious diseases with a high unmet medical need. In January 2021, we introduced LUPKYNIS® (voclosporin), the first FDA-approved oral therapy for the treatment of adult patients with active LN. We continue to conduct pre-clinical, clinical, and regulatory activities to support the LUPKYNIS development program as well as our other assets. We engaged with Otsuka as a collaboration partner for development and commercialization of LUPKYNIS in the Otsuka Territories.

LUPKYNIS is an orally administered CNI immunosuppressant that has been demonstrated to improve near and long-term outcomes in LN when used in combination with mycophenolate mofetil (MMF) (although MMF is not currently approved as such) and steroids. By inhibiting calcineurin, LUPKYNIS reduces cytokine activation and blocks interleukin IL-2 expression and T-cell mediated immune responses. LUPKYNIS also potentially stabilizes podocytes, which can protect against proteinuria. Voclosporin, the active ingredient in LUPKYNIS, is made by a modification of a single amino acid of the cyclosporine molecule. The mechanism of action of LUPKYNIS has been validated with certain earlier generation CNIs for the prevention of rejection in patients undergoing solid organ transplants and in several autoimmune indications, including uveitis, keratoconjunctivitis sicca, psoriasis, rheumatoid arthritis, and for LN in Japan. We believe that LUPKYNIS possesses pharmacologic properties with the potential to demonstrate best-in-class differentiation.

Aurinia announced during the fourth quarter of 2021 the initiation of ENLIGHT-LN, a U.S. based prospective, observational registry of adult patients with LN treated with LUPKYNIS. The registry is intended to support the interests of patients, clinicians, regulatory bodies, payers and industry by obtaining longitudinal data on LUPKYNIS. During the first quarter of 2022, we began actively enrolling patients.

On August 17, 2021, the Company announced the addition of two novel assets AUR200 and AUR300. AUR200 and AUR300 are currently undergoing pre-clinical development with projected submission of Investigational New Drug Applications (INDs) to the FDA in 2023.

On September 15, 2022, the EC granted marketing authorization of LUPKYNIS. The centralized marketing authorization is valid in all EU member states as well as in Iceland, Liechtenstein, Norway and Northern Ireland. The approval triggered a $30.0 million milestone payment to the Company, which was recognized as collaboration revenue in the three and nine months period ended September 30, 2022. We continue to progress with regulatory approval with Otsuka on the other Otsuka Territories.

Critical Accounting Policies and Significant Judgments and Estimates

Except as described below, there have been no material changes to the Company's critical accounting policies and significant judgments and estimates as described in our Annual Report on Form 10-K for the year ended December 31, 2021.

Product Revenues

In the United States (and territories), the Company sells LUPKYNIS primarily to specialty pharmacies and specialty distributors. These customers subsequently resell the Company's products to health care providers and patients. Revenues from product sales are recognized when the customer obtains control of our product, which typically occurs upon delivery to the customer.

Reserves for discounts and allowances: Product sales are recorded at the net sales price (transaction price), which includes estimates of variable consideration for which reserves are established. These reserves are based on estimates of the amounts earned or to be claimed on the related sales and are classified as reductions of accounts receivable (if the amount is payable to our customer) or a liability (if the amount is payable to a party other than our customer).

The Company's estimates of reserves established for variable consideration are calculated based upon utilizing the expected value method. The transaction price, which includes variable consideration reflecting the impact of discounts and allowances, may be subject to constraint and is included in the net sales price only to the extent that it is probable that a significant reversal of the amount of the cumulative revenues recognized will not occur in a future period. Amounts related to such items are estimated at contract inception and updated at the end of each reporting period as additional information becomes available.

Significant judgment is required in estimating variable consideration. In making these estimates, we consider historical data, including patient mix and inventory sold to our customers that has not yet been dispensed. We use a data aggregator and historical claims to estimate variable consideration for inventory sold to our customers, including specialty pharmacies and specialty distributors, that has not yet been dispensed. Actual amounts may ultimately differ from the Company's estimates. If actual results vary, the Company adjust these estimates, which could have an effect on earnings in the period of adjustment. As of September 30, 2022, we did not have any material adjustments to estimates based on actual results. These specific adjustments are detailed further in our Annual Report on Form 10-K for the year ended December 31, 2021.

Milestone Payments: At the inception of each arrangement that includes development or commercial sales milestone payments, the Company evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. The transaction price is then allocated to each performance obligation on a relative stand-alone selling price basis, for which the Company recognizes revenue as or when the performance obligations under the contract are satisfied. At the end of each subsequent reporting period, the Company re-evaluates the probability of achievement of such development milestones and any related constraint, and if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect license, collaboration and other revenues and earnings in the period of adjustment. Any consideration related to sales-based royalties (and sales-based milestones) will be recognized when the related sales occur. As of September 30, 2022, we recognized $30.0 million for the regulatory milestone related to the EC marketing authorization of LUPKYNIS.

Results of Operations

Three and Nine Months ended September 30, 2022 compared to Three and Nine Months ended September 30, 2021

The following table sets forth our results of operations for the three and nine months ended September 30, 2022 and September 30, 2021.

	Three months ended September 30,			Nine Months Ended September 30,		
	2022	**2021**	**Change**	**2022**	**2021**	**Change**
		(in thousands)			(in thousands)	
Revenue						
Product revenue, net	**$ 25,502**	$ 14,638	$ 10,864	**$ 75,142**	$ 22,113	$ 53,029
License and collaboration revenue	**30,277**	29	30,248	**30,453**	88	30,365
Total revenue, net	**55,779**	14,667	41,112	**105,595**	**22,201**	83,394
Operating expenses						
Cost of sales	**2,447**	254	2,193	**4,302**	610	3,692
Selling, general and administrative	**52,169**	44,645	7,524	**148,898**	128,772	20,126
Research and development	**10,973**	20,066	(9,093)	**35,118**	39,990	(4,872)
Other (income) expense, net	**(311)**	55	(366)	**647**	859	(212)
Total cost of sales and operating expenses	**65,278**	65,020	258	**188,965**	170,231	18,734
Loss from operations	**(9,499)**	(50,353)	40,854	**(83,370)**	(148,030)	64,660
Interest income	**1,464**	106	1,358	**2,209**	420	1,789
Net loss before income taxes	**(8,035)**	(50,247)	42,212	**(81,161)**	(147,610)	66,449
Income tax expense	**954**	8	946	**973**	34	939
Net loss	**$ (8,989)**	$ (50,255)	$ 41,266	**$ (82,134)**	$ (147,644)	$ 65,510

Revenues

Total net revenue was $55.8 million and $14.7 million for the three months ended September 30, 2022 and September 30, 2021, respectively. Total revenue was $105.6 million and $22.2 million for the nine months ended September 30, 2022 and September 30, 2021, respectively.

The increase in both periods is primarily due to the recognition of a $30.0 million regulatory milestone from Otsuka following the EC marketing authorization of LUPKYNIS in September 2022, coupled with an increase in product sales to our two main customers for LUPKYNIS driven predominantly by further penetration in the lupus nephritis market.

Cost of Sales

Cost of sales were $2.4 million and $0.3 million for the three months ended September 30, 2022 and September 30, 2021, respectively. Cost of sales were $4.3 million and $0.6 million for the nine months ended September 30, 2022 and September 30, 2021, respectively. The increase for both periods was primarily due to an increase in product related revenue, coupled with an increase in our safety stock inventory reserves.

Gross margin for the three months ended September 30, 2022 and September 30, 2021 was approximately 96% and 98% respectively. Gross margin for the nine months ended September 30, 2022 and September 30, 2021 was approximately 96% and 97% respectively.

Selling, General and Administrative Expenses

SG&A expenses increased to $52.2 million for the three months ended September 30, 2022 compared to $44.6 million for the three months ended September 30, 2021. For the nine months ended September 30, 2022 and September 30, 2021, SG&A expenses were $148.9 million and $128.8 million, respectively. SG&A expenses consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2022**	**2021**	**2022**	**2021**
Salaries, incentive pay and employee benefits	**$ 20,422**	$ 19,981	**$ 62,487**	$ 58,723
Professional fees and services	**17,920**	13,110	**44,487**	34,536
Share-based compensation expense	**6,625**	6,000	**21,480**	19,189
Other corporate costs	**4,093**	3,821	**12,091**	11,155
Travel, trade shows and sponsorships	**3,109**	1,733	**8,353**	5,169
	$ 52,169	$ 44,645	**$ 148,898**	$ 128,772

The primary drivers for the increase in SG&A expense for the three and nine months ended September 30, 2022 as compared to the same periods ended September 30, 2021 were an increase in professional fees and services related to corporate legal matters, and travel and sponsorships to support the commercialization of LUPKYNIS. For the nine months ended September 30, 2022, salaries, incentive pay and employee benefits also increased due to employee related expenses such as increased headcount, promotions and inflation.

Research and Development Expenses

R&D expenses were $11.0 million and $20.1 million for the three months ended September 30, 2022 and September 30, 2021, respectively. For the nine months ended September 30, 2022 and September 30, 2021, R&D expenses were $35.1 million and $40.0 million, respectively. R&D expenses consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2022**	**2021**	**2022**	**2021**
Contract research organizations (CRO) and developmental expenses	**$ 3,075**	$ 15,873	**$ 15,460**	$ 25,579
Clinical supply and distribution	**3,077**	872	**6,173**	3,242
Salaries, incentive pay and employee benefits	**3,159**	2,070	**9,429**	7,807
Share-based compensation expense	**1,489**	1,038	**3,531**	3,201
Other costs	**173**	213	**525**	161
	$ 10,973	$ 20,066	**$ 35,118**	$ 39,990

The primary driver for the decrease for the three and nine months ended September 30, 2022 as compared to the same periods ended September 30, 2021 were due to the upfront license and accrued milestone expense for AUR300 from the periods ended September 30, 2021 offset year to date by additional developmental expenses related to AUR200 and AUR300 for the periods ended September 30, 2022. In accordance with U.S. GAAP, AUR300 was recorded as an asset acquisition during the period ended September 30, 2021.

Interest Income

Interest income was $1.5 million and $0.1 million for the three months ended September 30, 2022 and September 30, 2021, respectively. Interest income was $2.2 million and $0.4 million for the nine months ended September 30, 2022 and September 30, 2021, respectively. The increase in both periods is due to higher yields on our investments as a result of increasing interest rates.

Liquidity and Capital Resources

As of September 30, 2022, we had cash, cash equivalents and restricted cash and investments of $376.6 million compared to cash, cash equivalents and restricted cash and investments of $466.1 million at December 31, 2021. The decrease in cash, cash equivalents and restricted cash and investments is primarily related to the continued investment in commercialization activities, advancement of our pipeline and a payment for the achievement of a one-time milestone, partially offset by an increase in cash receipts from sales of LUPKYNIS. Cash, cash equivalents and restricted cash and investments are primarily held in U.S. dollars. As of September 30, 2022 and December 31, 2021, we had working capital of $417.9 million and $472.7 million, respectively.

We are devoting the majority of our operational efforts and financial resources towards the commercialization and post approval commitments of our approved drug, LUPKYNIS. We are also expending efforts towards the development of our AUR200 and AUR300 assets. Taking into consideration the cash and cash equivalents and investments as of September 30, 2022, we believe that our cash position is sufficient to fund our current plans which include funding commercial activities, including our FDA related post approval commitments, manufacturing and packaging commercial drug supply, funding our supporting commercial infrastructure, advancing our R&D programs and funding our working capital obligations for at least the next few years.

Cash Flow Summary

The following table summarizes our cash flows for the nine months ended September 30, 2022 and September 30, 2021:

	Nine Months Ended September 30,	
(in thousands)	**2022**	**2021**
Net cash (used in) provided by:		
Operating activities	**$ (89,979)**	$ (131,770)
Investing activities	**(57,614)**	(98,383)
Financing activities	**1,745**	15,390
Net decrease in cash and cash equivalents	**$ (145,848)**	$ (214,763)

Net cash used in operating activities was $90.0 million for the nine months ended September 30, 2022 compared to $131.8 million for the nine months ended September 30, 2021. Net cash used in both periods was primarily related to the continued investment in commercialization activities, payments made for our ongoing post approval obligations, advancement of our pipeline, and inventory purchases partially offset by cash receipts from sales of LUPKYNIS. The decrease in net cash is primarily due to an increase in cash receipts from sales of LUPKYNIS.

Cash used in investing activities during the nine months ended September 30, 2022 was $57.6 million compared to cash used in investing activities of $98.4 million during the nine months ended September 30, 2021. The decrease was primarily related to the timing of purchases of investments offset by proceeds of maturities of investments and a nonrecurring upfront lease and license payment made during the nine months ended 2021.

Cash provided by financing activities during the nine months ended September 30, 2022 was $1.7 million compared to cash provided by financing activities of $15.4 million during the nine months ended September 30, 2021. The decrease was primarily due to less proceeds from the exercise of stock options.

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, 2021.

Item 3. Quantitative and Qualitative Disclosures About Market Risks

Our activities can expose us to market risks which include interest rate risk, foreign currency risk, inflation risk and credit risk. Risk management is carried out by management under policies approved by our Board of Directors, with oversight provided by the Audit Committee of our Board of Directors. Our overall risk management program seeks to minimize adverse effects on our financial performance.

Interest Rate Risk

Financial assets and financial liabilities with variable interest rates expose us to cash flow interest rate risk. We manage our interest rate risk by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct
operations on a day-to-day basis. As of September 30, 2022, our investment portfolio includes cash, cash equivalents, restricted cash and investments of $376.6 million that earn interest at market rates. Our investment portfolio is maintained in accordance with our investment policy, which defines allowable investments, specifies credit quality standards and limits the credit exposure of any single issuer. Our investments held during the year were comprised of highly rated instruments such as certificates of deposits, money market instruments, obligations issued by the U.S. government and U.S. government agencies as well as corporate debt securities. As of September 30, 2022, these instruments have a maturity of less than a year.

As of September 30, 2022, a hypothetical decrease of 100 basis points on the interest rates of our investments would result in $2.9 million less interest in our portfolio.

Accounts receivable, accounts payable and accrued liabilities bear no interest. We do not believe that the results of operations or cash flows would be affected to any significant degree by a sudden change in market interest rates relative to our investment portfolio.

Foreign Currency Risk

We are exposed to financial risk related to the fluctuation of foreign currency exchange rates. Foreign currency risk for the Company is the risk variations in exchange rates between the U.S. dollar and foreign currencies, primarily with the Canadian dollar, Swiss Franc and Great British Pound, which could affect our operating and financial results. The majority of our cash is held in U.S. dollars and a Canadian denominated bank account. As of September 30, 2022, a 10% increase of the Canadian dollar would have increased the net loss by $0.1 million assuming all other variables remained constant. An assumed 10% weakening of the Canadian dollar would have had an equal but opposite effect to the amounts shown above, on the basis all other variables remain constant. There were no other foreign currency fluctuations that would have had a material impact on our financial condition or results of operations as of September 30, 2022.

Inflation Risk

Inflation has increased during the periods covered by this Quarterly Report and is expected to continue to increase for the near future. Inflation generally affects us by increasing our cost of labor, commercial support, manufacturing and clinical trial expenditures. In addition, due to the increasing interest rates and market volatility, our investment portfolio may have higher yields with short-term maturities of nine months or less which could in turn increase the risk of realized losses on our investments if we were to sell before maturity.

Credit Risk

Our exposure to credit risk generally consists of cash and cash equivalents, investments and accounts receivable. We place our cash and cash equivalents with highly rated financial institutions and invest the excess cash in highly rated investments. Our investment policy limits investments to certain types of debt and money market instruments issued by institutions primarily with investment grade credit ratings and places restriction on maturities and concentrations by asset class and issuer.

We are subject to credit risk in connection with our accounts receivable due from our two customers and our collaboration partner which accounted for 99% of our net trade accounts receivable balances as of September 30, 2022. We monitor economic conditions, the creditworthiness of our customers and government regulations and funding, both domestically and abroad. We regularly communicate with our customers regarding the status of receivable balances. During the quarter ended September 30, 2022, we did not recognize any allowance for doubtful accounts receivable related to credit risk for our customers.

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, 2022, 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 has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the quarter ended September 30, 2022 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.

From time to time, we may be involved in various claims and legal proceedings relating to claims arising out of our operations. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

There are no material developments to report in respect of the litigation described in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 or the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022.

Item 1A. Risk Factors.

Under Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021 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 except as mentioned below. 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.

In response to the ongoing armed conflict in Ukraine, the U.S. government, numerous state governments, the EU and other countries in which we conduct business have imposed a wide range of economic sanctions that restrict commerce and business dealings with Russia, certain regions of Ukraine and certain entities. This conflict may also precipitate or amplify the other risks described herein and in our Annual Report on Form 10-K for the year ended December 31, 2021, Part I. Item A. Risk Factors including risks relating to cyber security, global economic conditions and supply chains which could adversely affect our business, operations and financial condition and results.

Item 2. Unregistered 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 April 23, 2021 (filed as Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on April 27, 2021 and incorporated herein by reference)
10.22+#	Employment Agreement between Aurinia Pharma U.S. Inc., and Volker Knappertz, M.D., dated July 11, 2022
10.23+#	Employment Agreement between Aurinia Pharma U.S. Inc., and Scott Habig dated June 27, 2022
10.24+#*	Separation Agreement between Aurinia Pharma U.S. Inc. and Max Colao dated August 12, 2022
10.25+#*	Separation Agreement between Aurinia Pharmaceuticals Inc. and Neil Solomons dated October 20, 2022
10.26+#*	Separation Agreement between Aurinia Pharmaceuticals Inc. and Rob Huizinga dated October 20, 2022
10.46#	Supply Agreement by and between Aurinia Pharmaceuticals Inc. and Otsuka Pharmaceutical Co. Ltd. dated August 1, 2022
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.

\+ Indicates a management contract of compensatory plan.

\# Certain portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K because they are not material and are the type that Aurinia treats as private or confidential.

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.

November 2, 2022	By:	/s/ Peter Greenleaf
		Peter Greenleaf
		Chief Executive Officer, Director **(Principal Executive Officer)**
November 2, 2022	By:	/s/ Joseph Miller
		Joseph Miller
		Chief Financial Officer **(Principal Financial and Accounting Officer)**

CONFIDENTIAL SEPARATION AGREEMENT,
GENERAL RELEASE AND COVENANT NOT TO SUE

This is a Confidential Separation Agreement, General Release and Covenant Not to Sue ("Agreement") between Aurinia Pharma U.S., Inc. ("Aurinia"), on the one hand, and Max Colao ("Mr. Colao"), on the other hand. Aurinia and Mr. Colao shall collectively be referred to herein as the "Parties".

WHEREAS, Mr. Colao had been an employee of Aurinia; and

WHEREAS, Mr. Colao's employment with Aurinia ended on or about July 22, 2022; and

WHEREAS, the Parties desire to amicably end their employment relationship and wish to formalize their agreement regarding the termination of their relationship; and

WHEREAS, the Parties desire to document the terms of their separation, with the Parties agreeing that Aurinia admits no wrongdoing, fault, or liability whatsoever, and that nothing herein shall be construed or interpreted as an admission of any wrongdoing, fault or liability of Aurinia;

NOW THEREFORE, in consideration of the mutual promises, covenants, and conditions set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties agree as follows:

1 . ***Payments by Aurinia:*** Provided Mr. Colao has complied and continues to comply with his obligations as set forth in this Agreement, Aurinia shall make the following payments:

a) ***Severance Payment:*** A one-time, lump sum payment in the gross amount of Four Hundred, Eighty-Eight Thousand, Eight Hundred, Thirty-Five Dollars and Zero Cents ($488,835.00), payable to Mr. Colao, less income tax withholding and other standard payroll deductions.

b) ***2022 Performance Bonus Payment:*** A one-time, lump sum payment in the gross amount of Two hundred, Forty-Four Thousand, Four Hundred, Seventeen Dollars and Fifty Cents ($244,417.50), payable to Mr. Colao, less income tax withholding and other standard payroll deductions. This payment will be made within **[redacted]** of the earlier of (i) **[redacted]**, or (ii) the date that such 2022 performance bonuses are generally otherwise paid to Aurinia's executive officers for objectives met in calendar year 2022.

2. ***COBRA Payments:*** Assuming Mr. Colao's proper election of and eligibility for COBRA coverage, Aurinia shall pay on his behalf the premium costs for COBRA continuation coverage for medical benefits, for **[redacted]**. It is understood and agreed that any period during which Aurinia reimburses Mr. Colao's COBRA premium costs pursuant to the preceding sentence shall count toward the COBRA period to which Mr. Colao shall be entitled by law. Such payments will be made directly by Aurinia to Aurinia's third-party administrator of COBRA. To receive this benefit, Mr. Colao must elect to continue his current health coverage under COBRA by completing and signing the necessary forms, which have been or will be mailed to him directly and returning them in a timely fashion. This benefit is subject to the applicable terms and conditions of the benefit plan(s) in effect during the period of time in which the benefit(s) is provided and nothing herein shall affect Aurinia' ability to modify, terminate or otherwise change any benefit plan it has in effect at any given time, to the extent permitted by law, and such changes shall be effective immediately, including any changes to the employee

share of the premium. Mr. Colao will be responsible for paying the total cost of continuing insurance coverage under COBRA before and after the payments made by Aurinia and all such payments must be mailed directly to the third-party administrator of COBRA.

3. ***Taxes:*** Mr. Colao agrees that he shall be solely and entirely responsible for the payment and discharge of all federal, state and local taxes, if any, which may at any time be found to be due upon or as a result of the payments or benefits described herein (though Aurinia shall withhold for all employer obligations for taxes, including for FICA, Medicare, FUTA, SUTA or similar obligations on an employer) and agrees to indemnify and hold harmless Aurinia against any claim or liability for any such taxes as described above and any related penalties and/or interest, in the event any such taxes, penalties and/or interest be assessed by the United States Internal Revenue Service and/or any other state or local taxing authority. Mr. Colao also agrees to cooperate with Aurinia in the event of a tax audit involving the payments under this Agreement. Mr. Colao agrees to cooperate fully with the designation and payments set forth above and complete any paperwork necessary as a condition for Aurinia's payments pursuant to this Agreement, including, but not limited to, completion of any tax forms (such as a W-4 and/or W-9) or other forms necessary for legal compliance or at the request of Aurinia, either before or after such payments. Aurinia may issue any tax forms and make reports of any such payments or benefits, within its sole discretion and as it deems necessary and/or appropriate.

4. ***No Further Benefits:*** Mr. Colao expressly admits, agrees, and acknowledges that the benefits described in this Agreement are not benefits to which he is otherwise entitled, and that he receives none of the benefits in this Agreement unless he signs this Agreement and does not revoke it, pursuant to the revocation provision below. Mr. Colao further expressly admits, agrees and acknowledges that he is not entitled to any other or further compensation, remuneration, commissions, bonuses, benefits, reimbursement, vacation/PTO pay, payments, options, stock, or other equity issue of or from Aurinia. Nothing in this Agreement affects any vested benefits Mr. Colao has under any retirement plan or any deferred compensation plan. Any remaining continuation and/or conversion rights to health or other insurance benefits, if any, will be as provided by the terms and conditions of those plans and applicable law. For purposes of any 401(k) plan or other retirement plans, the payments described herein do not constitute salary and wages to which existing employee contribution elections and/or employer match, if any, apply.

5 . ***General Release of Aurinia**:* Mr. Colao agrees to and hereby does, for himself and for each of his family members, heirs, representatives, executors, administrators and assigns, and each person or entity acting by or through any of them, forever and irrevocably fully release and discharge Aurinia and the Releasees (as defined below), of and from any and all grievances, disputes, liens, suits, judgments, proceedings, charges, lawsuits, claims, awards, demands, debts, defenses, actions or causes of action, rights, obligations, damages, and liabilities whatsoever which he now has, has had, or may have, whether the same be known or unknown, suspected or unsuspected, at law, in equity, or mixed, in any way arising out of or relating in any way to any matter, act, occurrence, omission, practice, conduct, policy, event, or transaction which occurred or allegedly occurred on or before the date this Agreement is signed by Mr. Colao. **This is a General Release. By signing this Agreement, Mr. Colao is agreeing to forego all claims or potential claims against Aurinia and the Releasees. Mr. Colao agrees that this release will extinguish all claims which have arisen at any time up to the time he signs this Agreement.** Mr. Colao expressly acknowledges that this General Release includes, but is not limited to, any claims arising out of or relating in any way to his employment with Aurinia, the ending of his employment with Aurinia, and all issues raised or which could have been raised in any litigation against Aurinia and/or the Releasees. ***Notwithstanding anything in this Agreement to the contrary, this Agreement will not waive (a) any rights expressly provided for in this Agreement or (b) any rights that, as a matter of law, cannot be waived.*** If any claim is not subject to release, to the extent permitted by law, Mr. Colao waives any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class,

collective or multi-party action or proceeding and to collect or receive any money from Aurinia based on such a claim in which Mr. Colao or any other Releasee identified in this Agreement is a party. Mr. Colao agrees to this General Release knowingly and voluntarily.

6. ***Further Description of General Release:*** Mr. Colao expressly acknowledges that his General Release of Aurinia and the Releasees includes, but is not limited to, any claims constituting or based on tort, contract, implied contract, defamation, libel, slander, intentional infliction of emotional distress, wrongful or abusive discharge, negligence, interference with contract or employment, assault and battery, personal injury, whistle-blowing, implied covenant of good faith and fair dealing, fraud, stock fraud, equity, any short-term or long-term disability benefits plan, intellectual property, spoliation of evidence, statute or common law, severance pay, equity compensation and/or fringe benefits, attorneys' fees, vacation pay, bonus, sales commissions, debts, accounts, compensatory damages, punitive or exemplary damages, expense reimbursement, or liquidated damages, arbitration claims, claims under any local, state or federal law, wage and hour law, wage collection law or labor relations law, and any claims of discrimination or harassment on the basis of age, race, sex, religion, disability, pregnancy, sexual orientation, national origin, ancestry, citizenship, retaliation or any other claim under any federal, state or local employment-related, human rights, civil rights, or employment discrimination statute, rule, regulation or ordinance, including, but not limited to, the following: the Civil Rights Acts of 1964 and 1991, as amended; Section 1981 of the Civil Rights Act of 1866; the Equal Pay Act of 1963; the Family and Medical Leave Act; the Age Discrimination In Employment Act (ADEA); the Americans With Disabilities Act; the Rehabilitation Act of 1973; the Employee Retirement Income Security Act; the Consolidated Omnibus Budget Reconciliation Act of 1985; The Worker Adjustment and Retraining Notification Act; The False Claims Act; The Sarbanes-Oxley Act of 2002; the Fair Labor Standards Act of 1993; the Lilly Ledbetter Fair Pay Act of 2009, as amended; the Occupational Safety and Health Act; the Maryland Fair Employment Practices Act (MD State Govt. Code Sec. 20-601 et seq.); the Maryland Wage Payment and Collection Act; the Maryland Wage and Hour Law; and any other claim under any law, regulation, or ordinance prohibiting employment discrimination or relating to employment. By signing this Agreement, Mr. Colao agrees that he has not suffered any injuries or occupational diseases relating to or arising out of his employment with Aurinia which would be compensable under the state workers' compensation act and that he has received all salary and wages (including any commissions or overtime pay for all hours worked, as applicable) and leave to which he was entitled as an employee of Aurinia and that he is not aware of any facts or evidence of any discrimination or retaliation by Aurinia. Further, by signing this Agreement, Mr. Colao also expressly acknowledges and represents that he is not currently aware of any facts or circumstances constituting a violation of the Family and Medical Leave Act of 1993 or the Fair Labor Standards Act, or any similar state law. Mr. Colao specifically acknowledges that he releases and waives any claim for any attorneys' fees, costs and expenses, including any attorneys' liens for fees.

7. ***Release of Unknown Claims by Mr. Colao:*** Mr. Colao understands and agrees that the claims released herein by him are intended to and do include any and all claims of every nature and kind whatsoever, known or unknown, suspected or unsuspected, which he has or may have against any person or entity he released above and he expressly consents that this Agreement shall be given full force and effect according to each and all of its expressed terms and provisions, including as well those relating to unknown and unspecified claims, charges, demands, suits, actions, causes of action and debts, if any, and those relating to any other claims, charges, demands, suits, actions, causes of action and debts hereinabove specified. Mr. Colao acknowledges that he is aware that he may hereafter discover claims or facts in addition to, or different from, those which he now knows or believes to exist with respect to the subject matter covered by this Agreement and which, if known or suspected at the time of executing this Agreement, may have materially affected this Agreement or his decision to enter into it.

Nevertheless, he hereby waives any rights, claims or causes of action that might arise as a result of such different or additional claims or facts.

8. ***Agreement Not to File Actions:*** Mr. Colao agrees not to file, join in or prosecute further any lawsuits against Aurinia and/or any of the Releasees, concerning any matter in any way arising out of or relating in any way to any matter, act, occurrence, omission, practice, conduct, policy, event, or transaction which occurred or allegedly occurred on or before the date this Agreement is signed by Mr. Colao. **By signing this Agreement, Mr. Colao agrees not to sue Aurinia and/or any of the Releasees for anything which has been released pursuant to this Agreement.** Nothing in this Agreement prohibits or prevents Mr. Colao from filing a charge with or participating, testifying, or assisting in any investigation, hearing, whistleblower proceeding, or other proceeding before any federal, state, or local government agency (*e.g.* EEOC, NLRB, SEC, *etc.*), nor does anything in this Agreement preclude, prohibit, or otherwise limit, in any way, his rights and abilities to contact, communicate with, report matters to, or otherwise participate in any whistleblower program administered by any such agencies. However, to the maximum extent permitted by law, Mr. Colao agrees that if such an administrative claim is made, Mr. Colao shall not be entitled to recover any additional monetary relief or other individual remedies. Nothing in this Agreement will interfere with the right of Mr. Colao to challenge the enforceability of the release of claims in this Agreement under the Age Discrimination in Employment Act or to enforce the terms of this Agreement. Mr. Colao represents and warrants that he does not presently have on file any claim, charge, grievance, or complaint against Aurinia or any of the Releasees in or with any administrative, state, federal, or governmental entity, agency, board, or court or before any other tribunal, panel or arbitrators, public or private, based upon any actions or omissions by Aurinia or any of the Releasees occurring prior to his execution of this Agreement.

9 . ***Releasees:*** Without limiting the generality of the General Release, Mr. Colao specifically acknowledges and agrees that he is knowingly and voluntarily releasing each and all of the following persons, companies, and entities from any and all claims he has or may have: Aurinia Pharma U.S., Inc., and any and all past, present, and/or future parent, subsidiary, affiliate, related business entity, employee benefit plan or fund, or any insurers, and its and their respective past, present, and/or future officers, Board members, directors, personnel, employees, managers, partners, administrators, associates, agents, predecessors, successors, purchasers, attorneys, assigns, members, and representatives and any person or entity acting by or through any of them, as well as any co-employer or professional employer organization (collectively known herein as "Releasees").

10. ***Testimony by Subpoena*****:** Mr. Colao further agrees that in the event that he is required by subpoena to provide testimony to any person or entity who has filed or who seeks to file or prosecute any grievance, claim, charge, complaint or lawsuit against Aurinia or any Releasee, he will provide written notice of such subpoena to Aurinia within 48 hours of receipt of such subpoena.

11. ***No Admission of Liability:*** Mr. Colao expressly acknowledges and agrees that this Agreement is not an admission of liability under any federal, state, or local statute, regulation, or ordinance, or breach of any contract, duty or obligation owed by Aurinia to Mr. Colao and is not otherwise an admission by Aurinia, and that Aurinia does not admit but denies any violation of his legal rights.

12. ***Not a Prevailing Party:*** Mr. Colao agrees that he shall not be regarded as the prevailing party for any purpose, including, but not limited to, determining responsibility for or entitlement to attorneys' fees or costs, under any statute or otherwise.

13. ***Duty to Cooperate:*** Mr. Colao agrees that, in the event Aurinia is or becomes a party or witness to any actual or threatened legal proceeding regarding any matter that arose, concerns or occurred during the term of his employment with Aurinia, he shall make himself reasonably available to and cooperate with Aurinia and its counsel in such proceedings, without further payment or compensation. Mr. Colao further agrees to answer any practical administration questions which may arise and to make himself reasonably available to assist Aurinia in its transition following his employment and to cooperate with any other reasonable request by Aurinia which may require his services after the ending of his employment. The Parties agree that, for the purpose of this Paragraph, the transition period shall be **[redacted]** following the Effective Date of this Agreement. Mr. Colao will not seek or be entitled to any additional compensation for such assistance or cooperation.

14. ***No Future Employment:*** Mr. Colao specifically acknowledges that his employment with the Company is irrevocably severed and his signing of this Agreement shall have the legal effect of forever surrendering, waiving and withdrawing any request or claim he has made, may have made, or could make for continuing employment with Aurinia beyond the last day of employment. Mr. Colao acknowledges that because of circumstances unique to him including, but not limited to, irreconcilable differences with Aurinia, he is not qualified to hold any position with Aurinia or any of the Releasees, now or in the future, and, therefore, shall not apply in the future for or hold employment with Aurinia or any of the Releasees. In the event that Mr. Colao should unknowingly seek/obtain employment with Aurinia or any of the Releasees, he will, immediately upon obtaining knowledge of his breach of this Paragraph, remedy said breach by either withdrawing such application and/or resigning his employment and that failure to do so shall subject him to immediate termination without notice or cause as a remedy for breach of this Agreement. Mr. Colao agrees that this is a negotiated, non-retaliatory settlement term.

15. ***Agreement is Confidential:*** Except as otherwise stated in this Paragraph, Mr. Colao specifically agrees to keep the existence and terms of this Agreement, the circumstances giving rise to its execution, the negotiations leading thereto and all matters relating to the allegations raised or which could have been raised in any litigation completely confidential and secret. He expressly covenants not to display, publish, disseminate, or disclose any such information to any person or entity, except to his attorneys, tax advisor, accountant, spouse, or if necessary to comply with a court order or to enforce the terms of this Agreement. Mr. Colao will instruct such person(s) to keep the information confidential pursuant to his obligations under this Paragraph and he agrees that any unauthorized disclosure by any such persons to any other person, entity or organization shall constitute a breach of this Paragraph by Mr. Colao. Mr. Colao may respond to unsolicited inquiries concerning his employment separation with Aurinia by stating only that his "employment ended amicably with Aurinia," and may provide general information about his position and duties while at Aurinia. Mr. Colao agrees not to disparage or defame, or otherwise communicate any negative information about Aurinia and/or the Releasees in any such response. Mr. Colao warrants and represents that prior to his execution of this Agreement, he did not disclose, directly or indirectly, any of the terms or promises of this Agreement or the payments offered him to any person, including other current or former employees of Aurinia, other than his attorneys, tax advisor, accountant and spouse. If required by a valid court-issued subpoena, Mr. Colao may produce a copy of this Agreement provided that he gives written notice of such subpoena to Aurinia within **[redacted]** of receipt of such subpoena and allows Aurinia a reasonable opportunity to move for a protective order or to otherwise quash the subpoena. Mr. Colao may also discuss the terms of his separation with official law enforcement, if required to do so pursuant to a subpoena, provided he gives notification to Aurinia within **[redacted]** of being requested to provide such information. Nothing in this Agreement prohibits or limits Aurinia's right to reveal the existence, terms, and conditions of this Agreement within its organization, to its attorneys, to its financial advisors and accountants or as otherwise judged appropriate by Aurinia, and to fulfill reporting obligations under applicable laws and requirements.

16. ***Confidential Information:*** Mr. Colao agrees that all information and know-how, regardless of whether in writing, of a private, secret or confidential nature concerning Aurinia's business or financial affairs (collectively, "Proprietary Information") is and shall be the exclusive property of Aurinia and that he will not use or disclose to any person or entity or aid others in obtaining or using any such information. By way of illustration, but not limitation, Proprietary Information may include inventions, products, processes, methods, techniques, formulas, compositions, compounds, projects, developments, plans, research data, financial data, personnel data, computer programs, computer software or code, information about actual or prospective customers, supplier lists and any other confidential business information. Mr. Colao will not disclose, at any time, any Proprietary Information to others outside Aurinia or use the same for any unauthorized purposes without prior written approval by an officer of Aurinia unless and until such Proprietary Information has become public knowledge without fault by Mr. Colao. Accordingly, Mr. Colao agrees to keep confidential any trade secret, business or Proprietary Information which Mr. Colao acquired during his employment with Aurinia, including, but not limited to, any Aurinia marketing, technology, customer, or sales information, plans, or strategies. This is intended to cover any information of a nature not normally disclosed by Aurinia to the general public. If required by a valid court-issued subpoena, Mr. Colao may disclose Proprietary Information provided that he gives written notice of such subpoena to Aurinia within **[redacted]**of receipt of such subpoena.

17. ***Return of Property:*** Mr. Colao agrees that within **[redacted]**of the Effective Date, he will return to Aurinia any and all property of Aurinia, including, but not limited to, any files and any documents prepared for or by Aurinia, whether or not prepared for or by Mr. Colao; computers; iPhones or similar devices; cellular phones; credit cards; files, books, binders, manuals, and other printed material; computer disks and software; files; and all other tangible and intangible property belonging to Aurinia and obtained by Mr. Colao in connection with his employment with Aurinia, including all copies of such property, in any form, electronic or otherwise. Mr. Colao agrees that no payment or any other benefit under this Agreement shall be made or given by Aurinia until and unless Mr. Colao has returned all property of Aurinia as required by this Paragraph. Mr. Colao also affirms that Aurinia is not in possession of any of his personal property.

18. ***Non-Disparagement:*** Mr. Colao agrees that he will not communicate or make or cause, directly or indirectly, any other person or entity to communicate or make any adverse, derogatory, libelous, slanderous, defamatory or disparaging remarks, statements or communications about Aurinia or any of the Releasees, including the personal and/or business reputations, practices, products, services or conduct of Aurinia or any of the Releasees. For instance, and without limitation, Mr. Colao shall not post on any social media or disclose in any other format or manner any issues, concerns or problems regarding any Aurinia business or service or disparage any Releasee on any such internet website or posting.

19. ***Breach of Agreement:*** Mr. Colao expressly agrees that a breach of any of the promises and covenants contained or referenced in this Agreement, including the filing of a lawsuit against Aurinia, shall be considered a material breach of the terms of this Agreement, and shall entitle Aurinia to recover from Mr. Colao any monies paid to him under this Agreement and Aurinia will have no further obligations to pay Mr. Colao any further compensation, as well as any and all remedies available at law and costs and reasonable attorneys' fees incurred in enforcing any provision of or any right contained in this Agreement. However, nothing in this Agreement will interfere with his right to challenge the enforceability of the foregoing release of claims under the Age Discrimination In Employment Act, and Mr. Colao shall not be required to tender back the payments made to him under this Agreement nor be liable for the costs and attorneys' fees that Aurinia and/or the Releasees incur in connection with a challenge by Mr. Colao of the foregoing release of claims pursuant to the Age Discrimination In Employment Act.

20. ***No Transfer or Assignment:*** Mr. Colao represents and warrants that no person had or has or claims any interest in the claims referred to anywhere in this Agreement. He also represents and warrants that he has the sole right and exclusive authority to execute this Agreement and that he has the sole right to receive the consideration paid therefore. He also represents and warrants that he has not heretofore assigned or transferred, or purported to assign or transfer, to any person or entity, any claim against Aurinia or any of the Releasees or portion thereof or interest therein, and will not assign or otherwise transfer, any claim or demand relating to any matter covered by this Agreement or the consideration to be paid pursuant thereto.

21. ***Entire Agreement and Enforcement:*** The Parties agree that this Agreement shall be binding upon the assigns, heirs, executors, and administrators of Mr. Colao and shall inure to the benefit of the officers, directors, employees, agents, parents, affiliates, predecessors, successors, purchasers, assigns, and representatives of Aurinia, including Aurinia and the Releasees. This Agreement supersedes all prior agreements between the Parties, and this Agreement constitutes the entire agreement between the Parties and all previous discussions, promises, representations, and understandings relating to the topics herein discussed are hereby merged into this Agreement. The Parties agree that there are no additional promises or terms among the Parties other than those contained or referred to herein. Notwithstanding the above, any other any invention, confidentiality, non-competition, and/or non-solicitation agreements/provisions between Mr. Colao and Aurinia are hereby incorporated in this Agreement and remain enforceable notwithstanding this Agreement.

22. ***Amendment and Notice:*** This Agreement may not be modified, waived or amended except in writing signed by each of the Parties wherein specific reference is made to this Agreement. Notification to Aurinia under this Agreement shall be via both written letter to counsel for Aurinia, Larry R. Seegull, Esq., Jackson Lewis P.C., 2800 Quarry Lake Drive, Suite 200, Baltimore, Maryland 21209, **[redacted]** and electronic mail to **[redacted]**.

23. ***No Waiver:*** The Parties recognize, acknowledge and agree that the failure by Aurinia to enforce any term of this Agreement shall not constitute a waiver of any rights or deprive Aurinia of the right to insist thereafter upon strict adherence to that or any other term of this Agreement, nor shall a waiver of any breach of this Agreement constitute a waiver of any preceding or succeeding breach. No waiver of a right under any provision of this Agreement shall be binding on Aurinia unless made in writing and signed by Aurinia.

24. ***Governing Law:*** The validity and construction of this Agreement or of any of its terms or provisions shall be determined under the laws of the State of Maryland, regardless of any principles of conflicts of laws or choice of laws of any jurisdiction. Accordingly, Mr. Colao waives any right he may have to assert the applicability of another state's law or to contest the application of the law of the State of Maryland. The exclusive jurisdiction and venue of any lawsuit arising under this Agreement shall be the State and Federal Courts in the State of Maryland having proper jurisdiction, and Mr. Colao hereby irrevocably agrees, acknowledges and submits to the exclusive jurisdiction and venue of such court for the purposes of any such lawsuit arising under this Agreement. Whenever in this Agreement the context may so require, the masculine gender shall be deemed to refer to and include the feminine and neuter, and the singular to refer to and include the plural, and vice versa. This Agreement has been freely negotiated by both Parties and therefore the language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against any of the Parties, notwithstanding any statutory or common law provisions which would suggest otherwise.

25. ***Reformation and Severability***: Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law. If, however, any of the provisions contained in this Agreement is declared illegal, unenforceable, or

ineffective in a legal forum of competent jurisdiction, Mr. Colao agrees that such provision shall be modified and reformed, if possible, in order to achieve, to the extent possible, the intentions of the Parties, and, if necessary, such provision shall be deemed severable, such that all other provisions contained in this Agreement shall remain valid and binding*; provided*, *however*, that if any portion of the General Release is held to be invalid or unenforceable, then the entire Agreement, including any obligation for Aurinia to provide any payment or benefits hereunder, shall be voidable at the option of Aurinia.

26. ***Consultation with Attorney:*** Mr. Colao is advised to consult an attorney regarding the terms of this Agreement before signing it, and states that he has consulted with his attorney regarding this Agreement, and had a full and fair opportunity to consult with any personal, family or professional advisors of his choosing regarding this Agreement, and that in executing this Agreement he has not relied upon any representations or statements by Aurinia or any of its respective agents, representatives, employees, or attorneys regarding the subject matter, basis, or effect of this Agreement. The Parties specifically agree and acknowledge that no court or agency must specifically approve this Agreement or its terms and conditions, including the release of any claims herein, for it to become effective.

27. ***Offer Period and Effective Date:*** Pursuant to the Older Workers Benefit Protection Act, Mr. Colao acknowledges and represents that he waives his claims identified above herein knowingly and voluntarily and in exchange for consideration of value. Mr. Colao acknowledges and represents that he understands that he has twenty-one (21) days from his receipt of this Agreement to consider his decision to sign it. Mr. Colao acknowledges and understands that he may revoke this Agreement within seven (7) days following his execution of this Agreement. Revocation shall be made by delivering written notice of revocation to Larry Seegull, Esq. and must be received no later than the final day of the revocation period. Revocation by Mr. Colao under this paragraph shall be via electronic mail to **[redacted]** and/or written letter to Larry Seegull, Esq., Jackson Lewis P.C., 2800 Quarry Lake Drive, Suite 200, Baltimore, Maryland 21209, **[redacted]**. This Agreement shall not become effective or enforceable until the revocation period has expired and the Agreement has been timely returned to Aurinia, and no monies shall be paid to Mr. Colao if he exercises his right to revocation. Accordingly, the Effective Date of this Agreement shall be the eighth day following his signing of this Agreement, provided he has not revoked the Agreement previously and has timely returned the signed Agreement.

28. ***Tax Code Compliance:*** This Agreement is intended to comply with, or otherwise be exempt from, Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and any regulations and Treasury guidance promulgated thereunder. The immediately preceding sentence, however, shall not be construed as a guarantee by Aurinia of any particular tax effect to Mr. Colao under this Agreement.

29. ***Full Defense:*** This Agreement may be pled as a full and complete defense to, and may be used as a basis for an injunction against, any action, suit or other proceeding that may be prosecuted, instituted or attempted by or on behalf of Mr. Colao in breach hereof.

30. ***Counterparts, Facsimile and PDF Signature:*** This Agreement may be executed in counterparts, each of which will be deemed an original, but both of which together will constitute one and the same instrument. A facsimile, electronic, PDF or email copy of the signature of any signatory on this Agreement shall be deemed the equivalent of an original thereof.

31. ***Headings:*** The headings and other captions in this Agreement are for convenience and reference only and shall not be used in interpreting, construing or enforcing any of the provisions of this Agreement or to define or limit the scope of any Paragraph of this Agreement.

MR. COLAO REPRESENTS THAT HE HAS READ THIS AGREEMENT, THAT BASED THEREON, HE UNDERSTANDS ALL OF ITS TERMS, AND THAT HE ENTERS INTO THIS AGREEMENT VOLUNTARILY AND WITH FULL KNOWLEDGE OF ITS EFFECT.

August 11, 2022 *\/s/ Max Colao*
Date Max Colao

August 12, 2022 By: *\/s/ Max Donley*
Date Aurinia Pharma U.S., Inc.

Exhibit 10.25

Aurinia

PERSONAL AND CONFIDENTIAL

October 20, 2022

Neil Solomons
[redacted]

Dear Neil:

<u>Re: End of Employment with Aurinia Pharmaceuticals Inc. (the "Company")</u>

Further to our recent discussions, as you are aware, the Company wished for you to begin to report to Volker Knappertz, Executive Vice President, Research and Development, pursuant to your current terms and conditions of employment (including with respect to compensation and benefits). We do not view this as a fundamental change to the terms and conditions of your employment and, in any event, as set out in your employment agreement with the Company dated September 12, 2012 (the **"Employment Agreement"**), you are required to report to such other person that the Board may otherwise determine from time to time. However, we understand that this is not an arrangement you wish to accept, and that you wish to end your employment.

As such, this letter confirms that you and the Company have mutually agreed that your employment with the Company will come to an end, effective October 31, 2022 (the **"End Date"**). This letter also sets forth details regarding the end of your employment and makes a without prejudice severance offer in exchange for a full and final Release in favour of the Company.

<u>GENERAL</u>

<u>Working Notice and Statutory Payments</u>

From now until the End Date (the **"Working Notice Period"**), you will be expected to perform your assigned duties and responsibilities to the best of your ability, and you will continue to receive your usual compensation and benefits, less applicable deductions, and withholdings.

Following the End Date, the balance of all outstanding wages, including any accrued and unused vacation pay, will be paid to you in a lump sum. Your accrued and unused vacation entitlements will be paid out on October 31, 2022, and are as follows:

Accrued (unused) vacation = 240 hours ($52,873.97 CAD) (provided no vacation is taken between now and the End Date)

Grandfathered vacation = 779.52 hours ($194,725.98 CAD)

These amounts are subject to the usual deductions, and you will be paid these amounts regardless of whether you accept the without prejudice severance offer detailed below.

Note that, in the event that you are terminated for just cause or resign from your employment prior to the end of the Working Notice Period, all payments and benefits will cease, and you will not receive any further compensation or pay in lieu, except as may be minimally required pursuant to the British Columbia *Employment Standards Act*.

<u>Record of Employment</u>

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

After the end of the Working Notice Period, your Record of Employment will be submitted electronically to Service Canada, which you will be able to access online on the Service Canada website. We encourage you to visit the Service Canada website at: https://www.canada.ca/en/services/benefits/ei.html to familiarize yourself with the available Employment Insurance (EI) application process and support services offered by the Canadian Government.

Outstanding Business Expenses

After the end of the Working Notice Period, outstanding unreimbursed business expenses will be paid within the Company's normal policies for expense reimbursement following submission of the expense report.

Return of Company Property

On or before the End Date, please return to the Company all its property, including, but not limited to, building access card, laptop, iPad, passwords, computer usernames, voicemail code, phone cards, company credit card, keys, internal policies, and other confidential business information and documents, and any other property belonging to the Company. Please also destroy or delete all tangible or electronic copies of any such property after returning it to the Company.

Confidentiality and Other Continuing Obligations

We wish to remind you that, despite the cessation of your employment with the Company, you continue to be bound by:

The Confidentiality Agreement and Assignment of Inventions attached as Schedule C to the Employment Agreement;

All restrictive covenants contained in the Employment Agreement, including paragraph 23 (Restrictive Covenant) of the Employment Agreement; and

All fiduciary duties that arise from your employment.

The Company expects you to comply with these obligations, which survive the cessation of your employment.

Benefits

Subject to provider approval and the terms and conditions of the applicable plans, the Company will maintain your Medical, Dental, and Vision benefits until the earlier of:

i. the date you obtain replacement benefits; or

ii. twelve (12) months from the End Date,

after which time you will be responsible for obtaining your own replacement benefits.

Coverage for your Short Term & Long-Term Disability, Life Insurance, AD&D, Group Retirement Savings Plan, and all other benefits other than Medical, Dental, and Vision benefits, will terminate as of the End Date, October 31, 2022, and you will be responsible for obtaining your own replacement benefits.

There may be conversion options available to you through Sun Life that are subject to strict time limitations (e.g., within 31 days of your coverage termination date):

Please call Sun Life Client Services at 800-247-6875 if you want to exercise conversion options or if you have any questions or require further information about this coverage.

Please contact Manulife at gromail@manulife.com or 888-727-7766 for details regarding transferring your Group Retirement Savings Plan (RRSP) and your Non-registered Savings Plan (NRSP) or any other plans you hold for your retirement savings.

Stock Options

Any unvested options that you received under the Company's Equity Incentive Plan will be cancelled on the End Date, October 31, 2022.

You have the right to exercise your vested options for a period of 90 days post termination, after which time your vested options will be cancelled. Please direct any inquiries regarding stock options to securities@auriniapharma.com.

WITHOUT PREJUDICE SEVERANCE OFFER

As the Company did not wish to terminate your employment, and your employment is coming to an end only by mutual agreement, the Company has no legal obligation to provide you with any termination notice entitlements under statute, contract, or otherwise. However, on the condition that you:

Remain with the Company and continue to perform all of your assigned duties and responsibilities to the best of your ability until the end of the Working Notice Period;

Resign any directorship or office held in the Company, or any subsidiary or affiliated companies of the Company, effective as of the End Date;

Sign the attached Release on or after the End Date (i.e., after the end of the Working Notice Period), and return it to us within two (2) business days after the End Date; and

Keep the terms of the offer confidential,

the Company is prepared to offer you a severance package on the following terms, in full and final satisfaction of all claims you may have against the Company and any affiliated company:

a) The Company will pay to you a lump-sum payment of $899,688.00 CAD, less applicable statutory deductions and withholdings, which represents eighteen (18) months of your Base Salary (the **"Severance Payment"**), which will be paid on January 15, 2023, per your request;

b) The Company will pay to you a lump-sum payment of $299,896.00 CAD, less applicable statutory deductions and withholdings, representing a target bonus payment equal to 50% of your Base Salary, which will be paid on March 15, 2023; and

c) The Company will provide you with a 12-month career transition services package through Lee Hecht Harrison (LHH), which can be activated commencing on November 1, 2022 through to October 31, 2023.

For clarity, you will not be entitled to receive the severance package set out above if you terminate your employment for any reason, including if you resign, or if you have been terminated for just cause, prior to the end of the Working Notice Period.

As mentioned above, this without prejudice severance offer is made in full and final satisfaction of all claims you may have against the Company and its related entities. Accordingly, it is a condition of this offer that you sign the attached Release on or after the End Date (i.e., after the end of the Working Notice Period), and that you keep the terms of the offer confidential.

You may wish to obtain legal advice with respect to this offer.

If you wish to accept this offer, please sign and return a copy of this letter to us by no later than October 31, 2022. As set out above, you must sign and return the signed Release to us within two (2) business days after the End Date.

If you have any questions, please feel free to contact me.

Yours truly,

Aurinia Pharmaceuticals Inc.

Per:

*/s/_Max Donley*_________________________
Max Donley
Executive VP, Operations & Strategy

ACKNOWLEDGEMENT AND ACCEPTANCE

I have read and understand the terms of this letter and the enclosed Release and confirm that I voluntarily accept the terms offered above in full and final satisfaction of all claims which I might have against Aurinia Pharmaceuticals Inc. and its related entities, including but not limited to those relating to or arising out of my employment with Aurinia Pharmaceuticals Inc. or the cessation of my employment. I acknowledge that I have been given the opportunity to obtain independent legal advice with respect to this offer, and that I am accepting it freely, voluntarily, and without duress.

Accepted: _/s/ *Neil Solomons*_____________ Date: _October 20, 2022______________________
Neil Solomons

RELEASE

Neil Solomons (the "**Employee**") for the consideration set out in the attached letter dated October 20, 2022 (the **"Letter"**), and for other good and valuable consideration, does, to the fullest extent permitted by law, forever release and forever discharge **Aurinia Pharmaceuticals Inc.** and **Aurinia Pharma U.S. Inc.**, together with their affiliates, subsidiaries, directors, officers, employees, agents, owners and shareholders (collectively the **"Company"**) from any and all manners of actions, causes of actions, suits, contracts, claims, complaints, damages, costs and expenses of any nature or kind whatsoever known or unknown whether in law (including the common law) or in equity or pursuant to statute, which, as against the Company, the Employee has ever had or now has by reason of or arising out of any cause, matter or thing whatsoever occurring or existing up to the date of execution of this Release and, without limiting the generality of the foregoing, any matter, cause, or thing relating to or arising out of the Employee's employment with the Company, the Employee's contract of employment with the Company, or the cessation of Employee's employment with the Company, and any other claim for damages, notice, payment in lieu of notice, wrongful dismissal, severance pay, loss of benefits including life insurance and long term and short term disability insurance, pension issues, bonus (pro-rated or otherwise), profit sharing, stock distribution, stock options or stock purchase rights, overtime pay, commissions, vacation pay, earned time off, or any claims under the British Columbia *Employment Standards Act* or the British Columbia *Human Rights Code*.

The Employee acknowledges that, upon receipt of the payments set out in the Letter, he/she will have received all payments and amounts owing to him/her under the British Columbia *Employment Standards Act* and that, to the fullest extent permitted by law, the payments made to him/her in the Letter are in full and final satisfaction of any further entitlements he/she may have pursuant to the British Columbia *Employment Standards Act*.

The Employee acknowledges that he/she has not be subjected to any form of discrimination or prohibited action whatsoever and hereby represents and warrants that he/she has not commenced any complaint and undertakes not to commence any complaint under the British Columbia *Human Rights Code* or *Workers Compensation Act*.

The Employee acknowledges and agrees that the consideration set out in the Letter includes full compensation and consideration for loss of employment benefits and that all of his/her employment benefits will cease as set out in the Letter. The Employee fully accepts sole responsibility to replace those benefits that he/she wishes to continue and to exercise conversion privileges where applicable with respect to benefits at his/her own cost. In the event that the Employee becomes disabled, he/she covenants not to sue the Company for insurance or other benefits, or for loss of benefits. The Employee hereby releases the Company from any and further obligations or liabilities arising from his/her employment benefits and the loss of such benefits.

The Employee covenants and undertakes not to defame, disparage or demean the Company, or any of its affiliates, subsidiaries, employees, officers, directors or agents, or any of its products or services, to any third party, in any manner whatsoever, including through social media.

This Release is binding upon and enures to the benefit of the Employee's heirs, executors, administrators, assigns, committees and trustees.

This Release is binding upon and enures to the benefit of the Company's affiliates, subsidiaries, directors, officers, employees, agents, predecessors, successors, assigns, liquidators, receivers, receiver managers, trustees, owners and shareholders.

In the event withholdings have not been deducted which should have been deducted, the Employee shall indemnify and save harmless the Company from any resulting liabilities, obligations, and costs regarding any claims which Canada Revenue Agency or Employment Insurance Commission may make upon the Company pursuant to the *Income Tax Act* (Canada), *Employment Insurance Act* (Canada), and/or the *Canada Pension Plan*, as such legislation or plans may be amended from time to time, with respect to any payments made or benefits provided to or on behalf of the Employee or in respect of any Canada Pension Plan or Employment Insurance benefits or contributions.

The Employee acknowledges that the facts in respect of which this Release is made may prove to be other than or different from the facts in that connection now known or believed by the Employee to be true. The Employee accepts and assumes the risk of the facts being different and agrees that this Release shall be in all respects enforceable and not subject to termination, rescission, or variation by discovery of any differences in facts.

The Employee agrees not to make claim or take proceedings (including, but not limited to, any cross-claims, counter-claims, third party claims, actions or applications) against any other person or corporation that might claim contribution or indemnity under the provisions of any statute or otherwise against the Company.

The Employee agrees to keep the terms of the Letter and this Release strictly confidential and will not disclose any information with respect to the Letter or this Release to anyone with the exception of his/her spouse and his/her legal or financial advisors, unless compelled to do so by law or court order.

The Employee acknowledges that this Release has been executed voluntarily after having had the opportunity to receive legal advice.

This Release is given voluntarily for the purposes of making a full and final settlement of all of the Employee's claims whatsoever arising against the Company. This Release and the Letter are not to be construed or considered as an admission of liability by the Company.

In the event that any paragraph or portion thereof of this Release shall be invalid or unenforceable, for any reason whatsoever, then such invalid or unenforceable paragraph or portion shall be severed from the remainder of this Release, provided that it does not render the remainder of the Release unenforceable.

The Employee understands and agrees that this Release and the Letter contains the entire agreement between the Company and the Employee and that the terms of this Release are contractual and not recitals.

This Release shall be governed by the laws of the Province of British Columbia, Canada and the Employee hereby submits to the exclusive jurisdiction of the courts and tribunals of that province, as applicable.

Executed copies of this Release may be exchanged by facsimile or electronically via PDF format. Each facsimile or PDF copy so executed and exchanged will be deemed an original.

Dated at Victoria (city), the 20th day of October , 2022.

/s/ Neil Solomons
Neil Solomons

PERSONAL AND CONFIDENTIAL

October 20, 2022

Robert B. Huizinga
[redacted]

Dear Rob:

Re: End of Employment with Aurinia Pharmaceuticals Inc. (the "Company")

Further to our recent discussions, as you are aware, the Company wished for you to assume the role of Senior Vice President, Medical Affairs, pursuant to your current terms and conditions of employment (including with respect to compensation and benefits). We view the position of Senior Vice President, Medical Affairs, as comparable to your current role of Executive Vice President, Research, and, in any event, as set out in your employment agreement with the Company dated October 1, 2018 (the **"Employment Agreement"**), the Company may vary or add to your position, duties and functions from time to time. However, we understand that this is not an arrangement you wish to accept, and that you wish to end your employment.

As such, this letter confirms that you and the Company have mutually agreed that your employment with the Company will come to an end, effective October 31, 2022 (the **"End Date"**). This letter also sets forth details regarding the end of your employment and makes a without prejudice severance offer in exchange for a full and final Release in favour of the Company.

GENERAL

Working Notice and Statutory Payments

From now until the End Date (the **"Working Notice Period"**), you will be expected to perform your assigned duties and responsibilities to the best of your ability, and you will continue to receive your usual compensation and benefits, less applicable deductions and withholdings.

Following the End Date, the balance of all outstanding wages, including any accrued and unused vacation pay, will be paid to you in a lump sum. Your accrued and unused vacation entitlements will be paid out on October 31, 2022, and are as follows:

Accrued (unused) vacation = 149.83 hours ($41,643.62 CAD) (provided no vacation is taken between now and the End Date)

Grandfathered vacation = 770.54 hours ($163,633.52 CAD)

These amounts are subject to the usual deductions, and you will be paid these amounts regardless of whether you accept the without prejudice severance offer detailed below.

Note that, in the event that you are terminated for just cause or resign from your employment prior to the end of the Working Notice Period, all payments and benefits will cease and you will not receive any further compensation or pay in lieu, except as may be minimally required pursuant to the British Columbia *Employment Standards Act*.

Record of Employment

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

After the end of the Working Notice Period, your Record of Employment will be submitted electronically to Service Canada, which you will be able to access online on the Service Canada website. We encourage you to visit the Service Canada website at: https://www.canada.ca/en/services/benefits/ei.html to familiarize yourself with the available Employment Insurance (EI) application process and support services offered by the Canadian Government.

Outstanding Business Expenses

After the end of the Working Notice Period, outstanding unreimbursed business expenses will be paid within the Company's normal policies for expense reimbursement following submission of the expense report.

Return of Company Property

On or before the End Date, please return to the Company all its property, including, but not limited to, building access card, laptop, iPad, passwords, computer usernames, voicemail code, phone cards, company credit card, keys, internal policies, and other confidential business information and documents, and any other property belonging to the Company. Please also destroy or delete all tangible or electronic copies of any such property after returning it to the Company.

Confidentiality and Other Continuing Obligations

We wish to remind you that, despite the cessation of your employment with the Company, you continue to be bound by:

The Confidentiality and Work Product Ownership Agreement attached as Schedule B to the Employment Agreement;

All restrictive covenants contained in the Employment Agreement, including paragraph 24 (Restrictive Covenant) of the Employment Agreement; and

All fiduciary duties that arise from your employment.

The Company expects you to comply with these obligations, which survive the cessation of your employment.

Benefits

Subject to provider approval and the terms and conditions of the applicable plans, the Company will maintain your Medical, Dental, and Vision benefits until the earlier of:

i. the date you obtain replacement benefits; or

ii. twelve (12) months from the End Date,

after which time you will be responsible for obtaining your own replacement benefits.

Coverage for your Short Term & Long-Term Disability, Life Insurance, AD&D, Group Retirement Savings Plan, and all other benefits other than Medical, Dental, and Vision benefits, will terminate as of the End Date, October 31, 2022, and you will be responsible for obtaining your own replacement benefits.

There may be conversion options available to you through Sun Life that are subject to strict time limitations (e.g., within 31 days of your coverage termination date):

Please call Sun Life Client Services at 800-247-6875 if you want to exercise conversion options or if you have any questions or require further information about this coverage.

Please contact Manulife at gromail@manulife.com or 888-727-7766 for details regarding transferring your Group Retirement Savings Plan (RRSP) and your Non-registered Savings Plan (NRSP) or any other plans you hold for your retirement savings.

Stock Options

Any unvested options that you received under the Company's Equity Incentive Plan will be cancelled on the End Date, October 31, 2022.

You have the right to exercise your vested options for a period of 90 days post termination, after which time your vested options will be cancelled. Please direct any inquiries regarding stock options to securities@auriniapharma.com.

WITHOUT PREJUDICE SEVERANCE OFFER

As the Company did not wish to terminate your employment, and your employment is coming to an end only by mutual agreement, the Company has no legal obligation to provide you with any termination notice entitlements under statute, contract, or otherwise. However, on the condition that you:

Remain with the Company and continue to perform all of your assigned duties and responsibilities to the best of your ability until the end of the Working Notice Period;

Resign any directorship or office held in the Company, or any subsidiary or affiliated companies of the Company, effective as of the End Date;

Sign the attached Release on or after the End Date (i.e., after the end of the Working Notice Period), and return it to us within two (2) business days after the End Date; and

Keep the terms of the offer confidential,

the Company is prepared to offer you a severance package on the following terms, in full and final satisfaction of all claims you may have against the Company and any affiliated company:

a) The Company will pay to you a lump-sum payment of $740,921.94 CAD, less applicable statutory deductions and withholdings, which represents eighteen (18) months of your annualized Base Salary (the **"Severance Payment"**), which will be paid on January 15, 2023, per your request;

b) The Company will pay to you a lump-sum payment of $246,974.00 CAD, less applicable statutory deductions and withholdings, representing a target bonus payment equal to 50% of your Base Salary, which will be paid on March 15, 2023;

c) You will continue to be eligible to receive the Retention Incentive set out at Section 8 of the Employment Agreement; and

d) The Company will provide you with a 12-month career transition services package through Lee Hecht Harrison (LHH), which can be activated commencing on November 1, 2022 through to October 31, 2023.

For clarity, you will not be entitled to receive the severance package set out above if you terminate your employment for any reason, including if you resign, or if you have been terminated for just cause, prior to the end of the Working Notice Period.

As mentioned above, this without prejudice severance offer is made in full and final satisfaction of all claims you may have against the Company and its related entities. Accordingly, it is a condition of this offer that you sign the attached Release on or after the End Date (i.e., after the end of the Working Notice Period), and that you keep the terms of the offer confidential.

You may wish to obtain legal advice with respect to this offer.

If you wish to accept this offer, please sign and return a copy of this letter to us by no later than October 31, 2022. As set out above, you must sign and return the signed Release to us within two (2) business days after the End Date.

If you have any questions, please feel free to contact me.

Yours truly,

Aurinia Pharmaceuticals Inc.

Per:

*/s/ Max Donley*__________________
Max Donley
Executive VP, Operations & Strategy

ACKNOWLEDGEMENT AND ACCEPTANCE

I have read and understand the terms of this letter and the enclosed Release and confirm that I voluntarily accept the terms offered above in full and final satisfaction of all claims which I might have against Aurinia Pharmaceuticals Inc. and its related entities, including but not limited to those relating to or arising out of my employment with Aurinia Pharmaceuticals Inc. or the cessation of my employment. I acknowledge that I have been given the opportunity to obtain independent legal advice with respect to this offer, and that I am accepting it freely, voluntarily, and without duress.

Accepted:_ */s/ Robert B. Huizinga*________________ Date: _October 20, 2022________________
Robert B. Huizinga

RELEASE

Robert B. Huizinga (the "**Employee**") for the consideration set out in the attached letter dated October 20, 2022 (the **"Letter"**), and for other good and valuable consideration, does, to the fullest extent permitted by law, forever release and forever discharge **Aurinia Pharmaceuticals Inc.** and **Aurinia Pharma U.S. Inc.**, together with their affiliates, subsidiaries, directors, officers, employees, agents, owners and shareholders (collectively the **"Company"**) from any and all manners of actions, causes of actions, suits, contracts, claims, complaints, damages, costs and expenses of any nature or kind whatsoever known or unknown whether in law (including the common law) or in equity or pursuant to statute, which, as against the Company, the Employee has ever had or now has by reason of or arising out of any cause, matter or thing whatsoever occurring or existing up to the date of execution of this Release and, without limiting the generality of the foregoing, any matter, cause, or thing relating to or arising out of the Employee's employment with the Company, the Employee's contract of employment with the Company, or the cessation of Employee's employment with the Company, and any other claim for damages, notice, payment in lieu of notice, wrongful dismissal, severance pay, loss of benefits including life insurance and long term and short term disability insurance, pension issues, bonus (pro-rated or otherwise), profit sharing, stock distribution, stock options or stock purchase rights, overtime pay, commissions, vacation pay, earned time off, or any claims under the British Columbia *Employment Standards Act* or the British Columbia *Human Rights Code*.

The Employee acknowledges that, upon receipt of the payments set out in the Letter, he/she will have received all payments and amounts owing to him/her under the British Columbia *Employment Standards Act* and that, to the fullest extent permitted by law, the payments made to him/her in the Letter are in full and final satisfaction of any further entitlements he/she may have pursuant to the British Columbia *Employment Standards Act*.

The Employee acknowledges that he/she has not be subjected to any form of discrimination or prohibited action whatsoever and hereby represents and warrants that he/she has not commenced any complaint and undertakes not to commence any complaint under the British Columbia *Human Rights Code* or *Workers Compensation Act*.

The Employee acknowledges and agrees that the consideration set out in the Letter includes full compensation and consideration for loss of employment benefits and that all of his/her employment benefits will cease as set out in the Letter. The Employee fully accepts sole responsibility to replace those benefits that he/she wishes to continue and to exercise conversion privileges where applicable with respect to benefits at his/her own cost. In the event that the Employee becomes disabled, he/she covenants not to sue the Company for insurance or other benefits, or for loss of benefits. The Employee hereby releases the Company from any and further obligations or liabilities arising from his/her employment benefits and the loss of such benefits.

The Employee covenants and undertakes not to defame, disparage or demean the Company, or any of its affiliates, subsidiaries, employees, officers, directors or agents, or any of its products or services, to any third party, in any manner whatsoever, including through social media.

This Release is binding upon and enures to the benefit of the Employee's heirs, executors, administrators, assigns, committees and trustees.

This Release is binding upon and enures to the benefit of the Company's affiliates, subsidiaries, directors, officers, employees, agents, predecessors, successors, assigns, liquidators, receivers, receiver managers, trustees, owners and shareholders.

In the event withholdings have not been deducted which should have been deducted, the Employee shall indemnify and save harmless the Company from any resulting liabilities, obligations, and costs regarding any claims which Canada Revenue Agency or Employment Insurance Commission may make upon the Company pursuant to the *Income Tax Act* (Canada), *Employment Insurance Act* (Canada), and/or the *Canada Pension Plan*, as such legislation or plans may be amended from time to time, with respect to any payments made or benefits provided to or on behalf of the Employee or in respect of any Canada Pension Plan or Employment Insurance benefits or contributions.

The Employee acknowledges that the facts in respect of which this Release is made may prove to be other than or different from the facts in that connection now known or believed by the Employee to be true. The Employee accepts and assumes the risk of the facts being different and agrees that this Release shall be in all respects enforceable and not subject to termination, rescission, or variation by discovery of any differences in facts.

The Employee agrees not to make claim or take proceedings (including, but not limited to, any cross-claims, counter-claims, third party claims, actions or applications) against any other person or corporation that might claim contribution or indemnity under the provisions of any statute or otherwise against the Company.

The Employee agrees to keep the terms of the Letter and this Release strictly confidential and will not disclose any information with respect to the Letter or this Release to anyone with the exception of his/her spouse and his/her legal or financial advisors, unless compelled to do so by law or court order.

The Employee acknowledges that this Release has been executed voluntarily after having had the opportunity to receive legal advice.

This Release is given voluntarily for the purposes of making a full and final settlement of all of the Employee's claims whatsoever arising against the Company. This Release and the Letter are not to be construed or considered as an admission of liability by the Company.

In the event that any paragraph or portion thereof of this Release shall be invalid or unenforceable, for any reason whatsoever, then such invalid or unenforceable paragraph or portion shall be severed from the remainder of this Release, provided that it does not render the remainder of the Release unenforceable.

The Employee understands and agrees that this Release and the Letter contains the entire agreement between the Company and the Employee and that the terms of this Release are contractual and not recitals.

This Release shall be governed by the laws of the Province of British Columbia, Canada and the Employee hereby submits to the exclusive jurisdiction of the courts and tribunals of that province, as applicable.

Executed copies of this Release may be exchanged by facsimile or electronically via PDF format. Each facsimile or PDF copy so executed and exchanged will be deemed an original.

Dated at Victoria (city), the 20th day of October, 2022.

/s/ *Robert B. Huizinga*
Robert B. Huizinga

Exhibit 31.1

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

Peter Greenleaf, certify that:

I have reviewed this quarterly report on Form 10-Q of Aurinia Pharmaceuticals Inc.;

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;

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;

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

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: November 2, 2022

By: /s/ Peter Greenleaf

Peter Greenleaf
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

oseph Miller, certify that:

I have reviewed this quarterly report on Form 10-Q of Aurinia Pharmaceuticals Inc..;

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;

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;

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

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:	November 2, 2022	By:	/s/ Joseph Miller
			Joseph Miller
			Chief Financial Officer
			(Principal Financial and Accounting Officer)

Exhibit 32.1

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

In connection with the Quarterly Report of Aurinia Pharmaceuticals Inc. (the “Company”) on Form 10-Q for the period ending September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Peter Greenleaf, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date:	November 2, 2022	By:	/s/ Peter Greenleaf
			Peter Greenleaf
			Chief Executive Officer
			(Principal Executive Officer)

Exhibit 32.2

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

In connection with the Quarterly Report of Aurinia Pharmaceuticals Inc. (the "Company") on Form 10-Q for the period ending September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph Miller, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date:	November 2, 2022	By:	/s/ Joseph Miller
			Joseph Miller
			Chief Financial Officer
			(Principal Financial and Accounting Officer)