

REFINITIV

DELTA REPORT

10-Q

GOSS - GOSSAMER BIO, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 499

CHANGES 182

DELETIONS 161

ADDITIONS 156

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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, 2023** **March 31, 2024**

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: 001-38796

GOSSAMER BIO, INC.

(Exact name of Registrant as specified in its charter).

Delaware

47-5461709

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

3013 Science Park Road

San Diego

California

92121

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (858) 684-1300

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value per share	GOSS	Nasdaq Global Select Market

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

As of November 3, 2023 May 2, 2024, the registrant had 225,409,314 226,218,652 shares of common stock (\$0.0001 par value) outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) GOSSAMER BIO, INC.

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

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
ASSETS	ASSETS	(unaudited)		
Current assets	Current assets			
Current assets				
Current assets				
Cash and cash equivalents				
Cash and cash equivalents				

Cash and cash equivalents	Cash and cash equivalents	\$ 82,609	\$ 111,973
Marketable securities	Marketable securities	246,279	143,705
Prepaid expenses and other current assets			
Prepaid expenses and other current assets			
Prepaid expenses and other current assets	Prepaid expenses and other current assets	12,602	6,202
Total current assets	Total current assets	341,490	261,880
Property and equipment, net	Property and equipment, net	1,941	3,981
Operating lease right-of-use assets	Operating lease right-of-use assets	3,845	5,909
Other assets	Other assets	649	680
Total assets	Total assets	\$ 347,925	\$ 272,450
LIABILITIES AND STOCKHOLDERS' EQUITY	LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	Current liabilities		
Current liabilities			
Current liabilities			
Accounts payable	Accounts payable		
Accounts payable	Accounts payable	\$ 1,251	\$ 1,459
Accrued research and development expenses	Accrued research and development expenses	11,990	15,626
Current portion of long-term debt	Current portion of long-term debt	11,613	11,613
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	17,462	20,532
Total current liabilities	Total current liabilities	42,316	49,230
Long-term convertible senior notes	Long-term convertible senior notes	196,366	195,709
Long-term debt	Long-term debt	3,634	11,988
Operating lease liabilities - long-term	Operating lease liabilities - long-term	992	3,446
Total liabilities	Total liabilities	243,308	260,373
Commitments and contingencies (Note 9)	Commitments and contingencies (Note 9)	Commitments and contingencies (Note 9)	
Stockholders' equity	Stockholders' equity		

Common stock, \$0.0001 par value; 700,000,000 shares authorized as of September 30, 2023 and December 31, 2022; 225,409,315 shares issued and outstanding as of September 30, 2023, and 94,478,405 shares issued and 94,423,181 shares outstanding as of December 31, 2022	23	10
Common stock, \$0.0001 par value; 700,000,000 shares authorized as of March 31, 2024 and December 31, 2023; 226,218,653 shares issued and outstanding as of March 31, 2024, and 225,409,315 shares issued and outstanding as of December 31, 2023		
Common stock, \$0.0001 par value; 700,000,000 shares authorized as of March 31, 2024 and December 31, 2023; 226,218,653 shares issued and outstanding as of March 31, 2024, and 225,409,315 shares issued and outstanding as of December 31, 2023		
Common stock, \$0.0001 par value; 700,000,000 shares authorized as of March 31, 2024 and December 31, 2023; 226,218,653 shares issued and outstanding as of March 31, 2024, and 225,409,315 shares issued and outstanding as of December 31, 2023		
Additional paid-in capital	Additional paid-in capital	1,269,104 1,044,864
Accumulated deficit	Accumulated deficit	(1,163,892) (1,032,223)
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(618) (574)
Total stockholders' equity	Total stockholders' equity	104,617 12,077
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$ 347,925 \$ 272,450

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

GOSSAMER BIO, INC.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)
(in thousands, except share and per share amounts)

Three months ended September 30,		Nine months ended September 30,	
2023	2022	2023	2022
Three months ended March 31,			
Three months ended March 31,			

		Three months ended March 31,					
		2024				2024	
Operating expenses:	Operating expenses:					2023	
Research and development	Research and development						
Research and development	Research and development	\$ 31,200	\$ 44,509	\$ 105,334	\$ 129,411		
In process research and development	In process research and development	—	15	—	50		
General and administrative	General and administrative	9,290	11,497	29,398	34,775		
Total operating expenses	Total operating expenses	40,490	56,021	134,732	164,236		
Loss from operations	Loss from operations	(40,490)	(56,021)	(134,732)	(164,236)		
Other income (expense)	Other income (expense)						
Interest income	Interest income	405	465	1,687	989		
Interest income	Interest income						
Interest expense	Interest expense	(3,343)	(3,475)	(10,272)	(10,423)		
Other income (expense), net	Other income (expense), net	3,420	(332)	11,648	56		
Other income, net	Other income, net						
Total other income (expense), net	Total other income (expense), net	482	(3,342)	3,063	(9,378)		
Net loss	Net loss	\$ (40,008)	\$ (59,363)	\$ (131,669)	\$ (173,614)		
Other comprehensive income (loss):	Other comprehensive income (loss):						
Foreign currency translation	Foreign currency translation	(170)	(173)	(146)	(319)		
Foreign currency translation	Foreign currency translation						
Unrealized gain (loss) on marketable securities	Unrealized gain (loss) on marketable securities	33	102	102	(311)		
Other comprehensive loss	Other comprehensive loss	(137)	(71)	(44)	(630)		
Other comprehensive income (loss)	Other comprehensive income (loss)						
Comprehensive loss	Comprehensive loss	(40,145)	(59,434)	(131,713)	(174,244)		

Net loss per share, basic and diluted	Net loss per share, basic and diluted	\$ (0.21)	\$ (0.65)	\$ (1.03)	\$ (2.14)
Weighted average common shares outstanding, basic and diluted	Weighted average common shares outstanding, basic and diluted	192,883,209	91,181,427	128,092,499	81,304,089

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

GOSSAMER BIO, INC.
Condensed Consolidated Statements of Stockholders' Equity (Deficit)
(Unaudited)
(in thousands, except share amounts)

	Common stock		Accumulated other Total stockholders' equity				
	Shares		Common stock	Additional paid-in capital	Accumulated deficit	comprehensive loss	equity
	Shares	Amount					
Balance as of December 31, 2023							
Balance as of December 31, 2023							
Balance as of December 31, 2023							
	Common stock		Accumulated other Total stockholders' equity				
	Shares	Amount	Common stock	Additional paid-in capital	Accumulated deficit	comprehensive loss	equity
	Shares	Amount					
Balance as of December 31, 2022	94,423,181	\$ 10	\$ 1,044,864	\$ (1,032,223)	\$ (574)	\$ 12,077	
Stock-based compensation							
Vesting of restricted stock	55,225	—	—	—	—	—	—
Stock-based compensation							
Stock-based compensation	Stock-based compensation	—	—	8,127	—	—	8,127
	Issuance of common stock						
Issuance of common stock pursuant to Employee Stock Purchase Plan	pursuant to Employee Stock Purchase Plan	249,623	—	367	—	—	367
	Issuance of common stock for restricted stock units vested						
Issuance of common stock for restricted stock units vested	716,067	—	—	—	—	—	—
Net loss	Net loss	—	—	—	(49,165)	—	(49,165)
Other comprehensive income	—	—	—	—	138	138	
Balance as of March 31, 2023	95,444,096	\$ 10	\$ 1,053,358	\$ (1,081,388)	\$ (436)	\$ (28,456)	

Other comprehensive loss	—	—	—	—	—	—
Balance as of March 31, 2024						
Stock-based compensation						
	—	—	8,197	—	—	8,197
Issuance of common stock for restricted stock units vested	8,607	—	—	—	—	—
Net loss	—	—	—	(42,496)	—	(42,496)
Other comprehensive loss	—	—	—	—	(45)	(45)
Balance as of June 30, 2023	95,452,703	\$ 10	\$ 1,061,555	\$ (1,123,884)	\$ (481)	\$ (62,800)
Issuance of common stock and accompanying warrants in connection with a private offering, net of offering costs of \$10,779	129,869,440	13	201,310	—	—	201,323
Stock-based compensation	—	—	6,162	—	—	6,162
Issuance of common stock pursuant to Employee Stock Purchase Plan	87,172	—	77	—	—	77
Net loss	—	—	—	(40,008)	—	(40,008)
Other comprehensive loss	—	—	—	—	(137)	(137)
Balance as of September 30, 2023	225,409,315	\$ 23	\$ 1,269,104	\$ (1,163,892)	\$ (618)	\$ 104,617

Common stock		Accumulated other comprehensive income (loss)				Total stockholders' equity	
Shares	Common stock	Additional paid-in capital	Accumulated deficit	other comprehensive income (loss)	Accumulated other comprehensive income (loss)	Total stockholders' equity	
Balance as of December 31, 2022							
Balance as of December 31, 2022							
Balance as of December 31, 2022							
		Common stock	Additional paid-in capital	Accumulated deficit	other comprehensive income (loss)	Total stockholders' equity	
Vesting of restricted stock							
Vesting of restricted stock							
Vesting of restricted stock							
		Shares	Amount	Additional paid-in capital	Accumulated deficit	other comprehensive income (loss)	Total stockholders' equity
Balance as of December 31, 2021		75,752,664	\$ 8				
Cumulative-effect adjustment from change in accounting principle		—	—	(53,527)	8,689	—	(44,838)
Vesting of restricted stock		165,675	—	—	—	—	—
Exercise of stock options		39,525	—	126	—	—	126
Stock-based compensation							
Stock-based compensation							
Stock-based compensation	Stock-based compensation	—	—	10,983	—	—	10,983

Issuance of common stock pursuant to Employee Stock Purchase Plan	Issuance of common stock pursuant to Employee Stock Purchase Plan	77,496	—	595	—	—	595
Issuance of common stock for restricted stock units vested	Issuance of common stock for restricted stock units vested	518,577	—	—	—	—	—
Net loss	Net loss	—	—	—	(57,785)	—	(57,785)
Other comprehensive loss	Other comprehensive loss	—	—	—	—	(385)	(385)
Balance as of March 31, 2022		76,553,937	\$ 8	\$ 891,121	\$ (860,630)	\$ (340)	\$ 30,159
Vesting of restricted stock		165,675	—	—	—	—	—
Exercise of stock options		8,005	—	21	—	—	21
Stock-based compensation		—	—	9,999	—	—	9,999
Issuance of common stock for restricted stock units vested		8,607	—	—	—	—	—
Net loss		—	—	—	(56,466)	—	(56,466)
Other comprehensive income	Other comprehensive income	—	—	—	—	(174)	(174)
Balance as of June 30, 2022		76,736,224	\$ 8	\$ 901,141	\$ (917,096)	\$ (514)	\$ (16,461)
Issuance of common stock in connection with a private offering, net of offering costs of \$184		16,649,365	2	119,926	—	—	119,928
Vesting of restricted stock		165,676	—	—	—	—	—
Exercise of stock options		219,573	—	1,576	—	—	1,576
Stock-based compensation		—	—	10,122	—	—	10,122
Issuance of common stock pursuant to Employee Stock Purchase Plan		80,362	—	620	—	—	620
Issuance of common stock for restricted stock units vested		63,000	—	—	—	—	—
Net loss		—	—	—	(59,363)	—	(59,363)
Other comprehensive loss		—	—	—	—	(71)	(71)
Balance as of September 30, 2022		93,914,200	\$ 10	\$ 1,033,385	\$ (976,459)	\$ (585)	\$ 56,351
Balance as of March 31, 2023							

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

GOSSAMER BIO, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

		Nine months ended			
		September 30,			
		2023	2022		
		Three months ended March 31,			
					Three months ended March 31,

	2024	2024	2023
Cash flows from operating activities	Cash flows from operating activities		
Net loss	Net loss	\$(131,669)	\$(173,614)
Net loss			
Net loss			
Adjustments to reconcile net loss to net cash used in operating activities:	Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	Depreciation and amortization expense		
Depreciation and amortization expense	Depreciation and amortization expense	1,315	1,372
Stock-based compensation expense	Stock-based compensation expense	22,486	31,104
In process research and development expenses	In process research and development expenses	—	50
Amortization of operating lease right-of-use assets	Amortization of operating lease right-of-use assets	2,064	1,934
Amortization of long-term debt discount and issuance costs	Amortization of long-term debt discount and issuance costs	1,013	893
Amortization of discount on marketable securities, net of accretion of discounts	Amortization of discount on marketable securities, net of accretion of discounts	(5,868)	(261)
Amortization of premium on marketable securities, net of accretion of discounts	Amortization of premium on marketable securities, net of accretion of discounts		
Loss on disposal of property and equipment	Loss on disposal of property and equipment	726	—
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	Prepaid expenses and other current assets		
Prepaid expenses and other current assets	Prepaid expenses and other current assets		
Prepaid expenses and other current assets	Prepaid expenses and other current assets	(6,400)	(1,151)
Other assets	Other assets	31	451

Operating lease liabilities	Operating lease liabilities	(2,216)	(2,030)
Accounts payable	Accounts payable	(272)	(2,098)
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	(1,255)	(1,561)
Accrued research and development expenses	Accrued research and development expenses	(3,636)	4,541
Accrued compensation and benefits	Accrued compensation and benefits	(4,483)	(1,415)
Accrued interest expense	Accrued interest expense	2,430	2,483
Net cash used in operating activities	Net cash used in operating activities	(125,734)	(139,302)
Cash flows from investing activities	Cash flows from investing activities		
Research and development asset acquisitions, net of cash acquired	Research and development asset acquisitions, net of cash acquired	—	(50)
Research and development asset acquisitions, net of cash acquired	Research and development asset acquisitions, net of cash acquired	—	(50)
Purchase of marketable securities	Purchase of marketable securities	(321,404)	(160,641)
Maturities of marketable securities	Maturities of marketable securities	224,800	151,500
Purchase of property and equipment	Purchase of property and equipment	—	(308)
Net cash used in investing activities	Net cash used in investing activities	(96,604)	(9,499)
Net cash provided by investing activities	Net cash provided by investing activities		
Net cash provided by investing activities	Net cash provided by investing activities		
Net cash provided by investing activities	Net cash provided by investing activities		
Cash flows from financing activities	Cash flows from financing activities		
Proceeds from issuance of common stock and common warrants in a private offering, net of offering costs	Proceeds from issuance of common stock and common warrants in a private offering, net of offering costs	201,323	119,928

Proceeds from issuance of common stock pursuant to Employee Stock Purchase Plan	Proceeds from issuance of common stock pursuant to Employee Stock Purchase Plan	444	1,215
Proceeds from the exercise of stock options		—	1,723
Proceeds from issuance of common stock pursuant to Employee Stock Purchase Plan			
Proceeds from issuance of common stock pursuant to Employee Stock Purchase Plan			
Principal repayments of long-term debt	Principal repayments of long-term debt	(8,710)	(2,903)
Net cash provided by financing activities		193,057	119,963
Principal repayments of long-term debt			
Principal repayments of long-term debt			
Net cash used in financing activities			
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents	(83)	(1,152)
Net decrease in cash and cash equivalents		(29,364)	(29,990)
Cash, cash equivalents and restricted cash, at the beginning of the period		111,973	183,467
Net increase (decrease) in cash and cash equivalents			
Cash and cash equivalents, at the beginning of the period			
Cash, cash equivalents and restricted cash, at the end of the period	Cash, cash equivalents and restricted cash, at the end of the period	\$ 82,609	\$ 153,477
Supplemental disclosure of cash flow information:	Supplemental disclosure of cash flow information:		
Supplemental disclosure of cash flow information:			
Supplemental disclosure of cash flow information:			
Cash paid for interest			
Cash paid for interest			

Cash paid for interest	Cash paid for interest	\$ 6,831	\$ 7,042
Supplemental disclosure of noncash investing and financing activities:			
Operating lease right-of-use asset obtained in exchange for lease liability			
		\$ —	\$ 3,029
Supplemental disclosure of noncash investing and financing activities:			
Supplemental disclosure of noncash investing and financing activities:			
Change in unrealized gain (loss) on marketable securities, net	Change in unrealized gain (loss) on marketable securities, net	\$ 102	\$ (311)
Purchases of property and equipment included in accounts payable and accrued expenses and other current liabilities			
		\$ —	\$ 49
Change in unrealized gain (loss) on marketable securities, net			
Change in unrealized gain (loss) on marketable securities, net			

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

GOSSAMER BIO, INC.
Notes to Unaudited Condensed Consolidated Financial Statements

Note 1 - Description of Business

Gossamer Bio, Inc. (including its subsidiaries, referred to as "we," "us," "our," "we," "us," "our," or the "Company") is a clinical-stage biopharmaceutical company focused on discovering, acquiring, developing the development and commercializing therapeutics in commercialization of seralutinib for the treatment of pulmonary arterial hypertension, or PAH, and pulmonary hypertension associated with interstitial lung disease, areas of immunology, inflammation and oncology, or PH-ILD. The Company was incorporated in the state of Delaware on October 25, 2015 (originally as FSG Bio, Inc.) and is based in San Diego, California.

The unaudited condensed financial statements include the accounts of Gossamer Bio, Inc. and its wholly owned subsidiaries. All intercompany balances and transactions among the consolidated entity have been eliminated upon in consolidation.

Liquidity and Capital Resources

The Company has incurred significant operating losses since its inception. As of **September 30, 2023** **March 31, 2024**, the Company had an accumulated deficit of **\$1,163.9 million** **\$1,254.0 million**.

From the Company's inception through **September 30, 2023** **March 31, 2024**, the Company has funded its operations primarily through equity and debt financings. The Company raised \$1,263.2 million from October 2017 through **September 30, 2023** **March 31, 2024** through the sale of Series A and Series B convertible preferred stock, issuance of convertible notes, its initial public offering ("IPO"), the Credit Facility and 2027 Notes (as defined in Note 5 below), issuance of common stock in May 2020 and July 2022 and issuance of common stock and accompanying warrants in July 2023 (see Note 7).

On July 24, 2023, the Company completed a private placement of 129,869,440 shares of the Company's common stock and accompanying warrants to purchase up to 32,467,360 shares of the Company's common stock at a combined purchase price of \$1.63125 per share and accompanying warrant, or with respect to any purchaser that was an officer, director, employee or consultant of the Company \$1.85125 per share and accompanying warrant. Each warrant will have an exercise price per share of \$2.04, will be immediately exercisable on the date of issuance and will expire five years from the closing of the private placement. The aggregate gross proceeds for the private placement were **approximately** \$212.1 million, before deducting offering expenses, which equaled approximately \$10.7 million.

The Company expects to continue to incur significant operating losses for the foreseeable future and may never become profitable. As a result, the Company will need to raise additional capital through equity offerings, debt financings or other capital sources, including potential collaborations, licenses and other similar arrangements. Management believes that it has sufficient working capital on hand to fund operations through at least the next 12 months from the date these **unaudited** condensed

consolidated financial statements were available to be issued. There can be no assurance that the Company will be successful in acquiring additional funding, that the Company's projections of its future working capital needs will prove accurate, or that any additional funding would be sufficient to continue operations in future years.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and with the instructions of the Securities and Exchange Commission ("SEC") on Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and disclosures required by GAAP for complete financial statements. In the opinion of management, the **unaudited** condensed consolidated financial statements include all adjustments necessary, which are of a normal and recurring nature, for the fair presentation of the Company's financial position and of the results of operations and cash flows for the periods presented. These **unaudited** condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended **December 31, 2022** **December 31, 2023** included in the Company's Annual Report on Form 10-K filed with the SEC on **March 17, 2023** **March 5, 2024**. The results of operations for the interim period shown in this report are not necessarily indicative of the results that may be expected for any other interim period or for the full year. The balance sheet at **December 31, 2022** **December 31, 2023**, has been derived from the audited **consolidated** financial statements at that date.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of expenses during the reporting period. The most significant estimates in the Company's condensed consolidated financial statements relate to accrued research and development expenses. These estimates and assumptions are based on current facts, historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of expenses that are not readily apparent from other sources. Actual results could differ from those estimates.

Net Loss Per Share

Basic net loss per share of common stock is computed by dividing net loss attributable to common stockholders by the weighted average number of shares of common stock outstanding for the period. The Company uses the if-converted method for assumed conversion of the 2027 Notes to compute the weighted average shares of common stock outstanding for diluted net loss per share. Diluted net loss per share excludes the potential impact of the Company's common stock options, warrants for the purchase of common stock, unvested shares of restricted stock and the potential shares issuable upon conversion of the 2027 Notes because their effect would be anti-dilutive due to the Company's net loss. Since the Company had a net loss in each of the periods presented, basic and diluted net loss per common share are the same.

The table below provides potentially dilutive securities not included in the calculation of the diluted net loss per share because to do so would be anti-dilutive:

		As of September 30,			
		2023	2022		
		As of March 31,		As of March 31,	
		2024	2024	2023	
2027 Notes	2027 Notes	12,321,900	12,321,900		
Shares issuable upon exercise of stock options	Shares issuable upon exercise of stock options	18,358,583	12,789,376		
Shares issuable upon exercise of warrants	Shares issuable upon exercise of warrants	32,467,360	—		

Non-vested shares under restricted stock grants	Non-vested shares under restricted stock grants	431,531	1,856,688
Total potentially dilutive securities	Total potentially dilutive securities	63,579,374	26,967,964

Note 3 - Balance Sheet Accounts and Supplemental Disclosures

Property and Equipment

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

	Office equipment	Estimated Useful Life			Estimated Useful Life		
		3-7	September 30, 2023		31, 2022	March 31, 2024	December 31, 2023
			(in years)	2023			
Office equipment	Office equipment	3-7	\$ 1,097	\$ 1,097			
Computer equipment	Computer equipment	5	123	123			
Software	Software	3	52	130			
Lab equipment	Lab equipment	2-5	3,168	6,098			
Leasehold improvements	Leasehold improvements	6-7	2,562	2,562			
Construction in process	Construction in process	N/A	—	83			
Total property and equipment	Total property and equipment		7,002	10,093			
Less: accumulated depreciation	Less: accumulated depreciation		(5,061)	(6,112)			
Property and equipment, net	Property and equipment, net		\$ 1,941	\$ 3,981			

For the three months ended **September 30, 2023** **March 31, 2024** and **2022**, the Company recorded approximately **\$0.4** **\$0.3** million and **\$0.5** million, respectively, in depreciation expense, and for the nine months ended **September 30, 2023** and **2022**, the Company recorded approximately **\$1.3** million and **\$1.4** million, respectively, in depreciation expense, which is included in general and administrative expense and research and development expense on the condensed consolidated statements of operations and comprehensive loss.

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

As of

	September 30, 2023	December 31, 2022	
	As of		
	March 31, 2024	March 31, 2024	As of December 31, 2023
Accrued compensation and benefits	Accrued compensation and benefits	\$ 9,051	\$13,534
Operating lease liabilities	Operating lease liabilities	3,220	2,983
Accrued consulting fees	Accrued consulting fees	637	1,104
Accrued interest	Accrued interest	3,495	1,065
Accrued legal fees	Accrued legal fees	127	380
Accrued accounting fees	Accrued accounting fees	165	521
Accrued accounting fees			
Accrued accounting fees			
Accrued in process research and development			
Accrued other	Accrued other	767	945
Total accrued expenses and other current liabilities	Total accrued expenses and other current liabilities	\$17,462	\$20,532

Note 4 - Fair Value Measurements and Available for Sale Investments

Fair Value Measurements

The accounting guidance defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the accounting guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company classifies its cash equivalents and available-for-sale investments within Level 1 or Level 2. The fair value of the Company's investment grade corporate debt securities and commercial paper is determined using proprietary valuation models and analytical tools, which utilize market pricing or prices for similar instruments that are both objective and publicly available, such as matrix pricing or reported trades, benchmark yields, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, and offers.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents the hierarchy for assets measured at fair value on a recurring basis as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** (in thousands):

Fair Value Measurements at End of Period Using:							
	Quoted Market Prices for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs				
	Total	Identical Assets	Inputs	Inputs			
	Fair Value	(Level 1)	(Level 2)	(Level 3)			
As of September 30, 2023							
	Fair Value Measurements at End of Period Using:						
		Quoted Market Prices for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs			
		Total	Identical Assets	Inputs	Inputs		
		Fair Value	(Level 1)	(Level 2)	(Level 3)		
As of March 31, 2024							
Money market funds	Money market funds	\$19,885	\$19,885	—	—		
U.S. Treasury and agency securities		83,790	83,790	—	—		
Commercial paper		216,096	—	216,096	—		
As of December 31, 2022							
	Money market funds						
Money market funds	Money market funds	\$54,662	\$54,662	—	—		
U.S. Treasury and agency securities	U.S. Treasury and agency securities	31,458	31,458	—	—		
Commercial paper	Commercial paper	134,954	—	134,954	—		
Corporate debt securities	Corporate debt securities	8,838	—	8,838	—		
As of December 31, 2023							
Money market funds							
Money market funds							
Money market funds							
U.S. Treasury and agency securities							
Commercial paper							
Corporate debt securities							

The Company did not reclassify any investments between levels in the fair value hierarchy during the periods presented.

Fair Value of Other Financial Instruments

As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the carrying amounts of the Company's financial instruments, which include cash, prepaid and other current assets, interest receivable, accrued research and development expenses, accounts payable and accrued expenses and other current liabilities, approximate fair values because of their **short** **short-term** maturities.

There was no interest receivable as of September 30, 2023, and there was no significant interest receivable as of December 31, 2022. Interest receivable is recorded as a component of prepaid expenses and other current assets on the condensed consolidated balance sheets.

The Company believes that its Credit Facility bears interest at a rate that approximates prevailing market rates for instruments with similar characteristics and, accordingly, the carrying value of the Credit Facility approximates fair value. The Company estimates the fair value of long-term debt utilizing an income approach. The Company uses a present value calculation to discount principal and interest payments and the final maturity payment on these liabilities using a discounted cash flow model based on observable inputs. The debt instrument is then discounted based on what the current market rates would be as of the reporting date. Based on the assumptions used to value these liabilities at fair value, the debt instrument is categorized as Level 2 in the fair value hierarchy.

As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the fair value of the Company's 2027 Notes was **\$78.9 million** **\$81.5 million** and **\$61.0 million** **\$74.9 million**, respectively. The fair value was determined on the basis of market prices observable for similar instruments and is considered Level 2 in the fair value hierarchy (see Note 5).

Available for Sale Investments

The Company invests its excess cash in U.S. Treasury and agency securities, corporate debt securities, and commercial paper, which are classified as available-for-sale investments. These investments are carried at fair value and are included in the tables below. The Company evaluates securities with unrealized losses to determine whether such losses, if any, are due to credit-related factors. Realized gains and losses are calculated using the specific identification method and recorded in other income, (expense), net in the Company's condensed consolidated statement of operations and comprehensive loss. The Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recover of their amortized cost basis.

The aggregate market value, cost basis, and gross unrealized gains and losses of available-for-sale investments by security type, classified in marketable securities and long-term investments as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** are as follows (in thousands):

As of September 30, 2023	Gross				Gross			
	Amortized		Unrealized		Unrealized		Total	
	Cost	Gains	Losses	Fair Value	Cost	Gains	Losses	Fair Value
As of March 31, 2024	Amortized Cost				Amortized Cost			
U.S. Treasury and agency securities								
U.S. Treasury and agency securities								
U.S. Treasury and agency securities	\$ 24	\$ —	\$ 83,790					
U.S. Treasury and agency securities	agency							
U.S. Treasury and agency securities	securities	\$ 83,766						
Corporate debt securities	Corporate debt				Corporate debt			
Corporate debt securities	securities	—	—	—	securities	—	—	—
Commercial paper	Commercial paper	162,535	—	(46)	162,489			
Total marketable securities	Total marketable securities	\$246,301	\$ 24	\$ (46)	\$246,279			

Number of securities with unrealized losses	Number of securities with unrealized losses	20
As of December 31, 2022		
As of December 31, 2023		
As of December 31, 2023		
As of December 31, 2023		
U.S. Treasury and agency securities	U.S. Treasury and agency securities	
U.S. Treasury and agency securities	U.S. Treasury and agency securities	
U.S. Treasury and agency securities	U.S. Treasury and agency securities	\$ 31,445
Corporate debt securities	Corporate debt securities	\$ 13
Commercial paper	Commercial paper	\$ —
Total marketable securities	Total marketable securities	\$ (38)
Number of securities with unrealized losses	Number of securities with unrealized losses	\$ 8,838
Number of securities with unrealized losses	Number of securities with unrealized losses	\$ 103,508
Number of securities with unrealized losses	Number of securities with unrealized losses	\$ (99)
Number of securities with unrealized losses	Number of securities with unrealized losses	\$ 103,409
Number of securities with unrealized losses	Number of securities with unrealized losses	\$ 143,829
Number of securities with unrealized losses	Number of securities with unrealized losses	\$ 13
Number of securities with unrealized losses	Number of securities with unrealized losses	\$ (137)
Number of securities with unrealized losses	Number of securities with unrealized losses	\$ 143,705
Number of securities with unrealized losses	Number of securities with unrealized losses	<u>16</u>

As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the Company classified **\$53.6 million** **\$32.8 million** and **\$31.5 million** **\$25.2 million**, respectively, of assets with original maturities of 90 days or less as cash and cash equivalents.

At each reporting date, the Company performs an evaluation of impairment to determine if any unrealized losses are due to credit-related factors. The Company records an allowance for credit losses when unrealized losses are due to credit-related factors. Factors considered when evaluating available-for-sale investments for impairment include the severity of the impairment, changes in underlying credit ratings, the financial condition of the issuer, the probability that the scheduled cash payments will continue to be made and the Company's intent and ability to hold the investment until recovery of the amortized cost basis. The Company intends and has the ability to hold its investments in unrealized loss positions until their amortized cost basis has been recovered. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, there were no material declines in the market value of the Company's available-for-sale investments due to credit-related factors.

Contractual maturities of available-for-sale debt securities, as of **September 30, 2023** **March 31, 2024**, were as follows (in thousands):

	Estimated Fair Value
Less than one year	\$ 246,279 205,531
Greater than one year	—
Total	\$ 246,279 205,531

The Company has the ability, if necessary, to liquidate any of its cash equivalents and marketable securities to meet its liquidity needs in the next 12 months.

Note 5 - Indebtedness

Credit Facility

On May 2, 2019, the Company entered into a credit, guaranty and security agreement, as amended on September 18, 2019, July 2, 2020, December 7, 2022 and February 14, 2023 (the "Credit Facility"), with MidCap Financial Trust ("MidCap"), as agent and lender, and the additional lenders party thereto from time to time (together with MidCap, the "Lenders"), pursuant to which the Lenders, agreed to make term loans available to the Company for working capital and general business purposes, in a principal amount of up to \$150.0 million in term loan commitments, including a \$30.0 million term loan that was funded at the closing date, with the ability to access the remaining \$120.0 million in two additional tranches (each \$60.0 million), subject to specified availability periods, the achievement of certain clinical development milestones, minimum cash requirements and other customary conditions. The Company did not achieve the clinical development milestone required to access one of the \$60.0 million tranches, and access to the other \$60.0 million tranche expired on December 31, 2022. The Company, GB001, Inc., GB002, Inc., and GB004, Inc., each wholly-owned subsidiaries of the Company, are designated as co-borrowers to the

Credit Facility, whereas GB003, Inc., GB005, Inc., GB007, Inc., GB008, Inc. and Gossamer Bio Services, Inc., each wholly-owned subsidiaries of the Company, are designated as guarantors. The Credit Facility is secured by substantially all of the Company's and its domestic subsidiaries' personal property, including intellectual property. On May 3, 2024, the Credit Facility was terminated, the payment and other obligations of the Company under the Credit Facility were paid in full and discharged, and Lenders' security interests in the Company's assets and property were released.

Each term loan under the Credit Facility bears interest at an annual rate equal to the sum of (i) the secured overnight financing rate ("SOFR"), plus corresponding spread, plus (ii) 7.00%, subject to a SOFR floor of 2.00%. The borrower is required to make interest-only payments on the term loan for all payment dates prior to July 1, 2022. The term loans under the Credit Facility began amortizing on July 1, 2022, with equal monthly payments of principal plus interest being made by the Company to the Lenders in consecutive monthly installments following such interest-only period until the Credit Facility matures on January 1, 2025. Upon final repayment of the term loans, the borrower must pay an exit fee of 1.75% of the amount borrowed under the Credit Facility, less any partial exit fees previously paid. Upon partial prepayment of a portion of the term loans, the borrower must pay a partial exit fee of 1.75% of the principal being prepaid. At the borrower's option, the borrower may prepay the outstanding principal balance of the term loan in whole or in part, subject to a prepayment fee of 3.00% of any amount prepaid if the prepayment occurs through and including the first anniversary of the second amendment effective date, 2.00% of the amount prepaid if the prepayment occurs after the first anniversary of the second amendment effective date through and including the second anniversary of the second amendment effective date, and 1.00% of any amount prepaid after the second anniversary of the second amendment effective date and prior to January 1, 2025.

On December 7, 2022, the Company entered into the Third Amendment to the Credit Facility, with no change to the principal or repayment terms, except with respect to the interest rate applicable to the Credit Facility, with the implementation of a forward-looking term rate based on SOFR as the replacement of LIBOR as the benchmark interest rate. The Company accounted for the change in reference rate as a non-substantial modification as allowed under ASU 2020-04.

The Credit Facility includes affirmative and negative covenants applicable to the Company and certain of its subsidiaries. The affirmative covenants include, among others, covenants requiring such entities to maintain their legal existence and governmental approvals, deliver certain financial reports, maintain insurance coverage, maintain property, pay taxes, satisfy certain requirements regarding accounts and comply with laws and regulations. The negative covenants include, among others, restrictions on such entities from transferring collateral, incurring additional indebtedness, engaging in mergers or acquisitions, paying dividends or making other distributions, making investments, creating liens, amending material agreements and organizational documents, selling assets and suffering a change in control, in each case subject to certain exceptions. The Company and certain of its subsidiaries are also subject to an ongoing minimum cash financial covenant in which they must maintain unrestricted cash in an amount not less than 25% of the outstanding principal amount of the term loans. As of September 30, 2023 March 31, 2024, the Company was in compliance with these covenants.

The Credit Facility also includes events of default, the occurrence and continuation of which could cause interest to be charged at the rate that is otherwise applicable plus 3.00% and would provide MidCap, as agent, with the right to exercise remedies against the Company and/or certain of its subsidiaries, and the collateral securing the Credit Facility, including foreclosure against the properties securing the credit facilities, including cash. These events of default include, among other things, failure to pay any amounts due under the Credit Facility, a breach of covenants under the Credit Facility, insolvency or the occurrence of insolvency events, the occurrence of a change in control, the occurrence of certain U.S. Food and Drug Administration ("FDA") and regulatory events, failure to remain registered with the SEC and listed for trading on Nasdaq, the occurrence of a material adverse change, the occurrence of a default under a material agreement reasonably expected to result in a material adverse change, the occurrence of certain defaults under certain other indebtedness in an amount greater than \$2.5 million and the occurrence of certain defaults under subordinated indebtedness and convertible indebtedness.

Debt consisted of the following (in thousands):

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Debt, current portion	Debt, current portion		\$11,613	\$11,613
Debt, non- current portion	Debt, non- current portion		3,871	12,581
Total debt	Total debt		15,484	24,194

Less:	Less:
unamortized debt	unamortized debt
discount	discount
and	and
issuance costs	issuance costs
	(237) (593)
Debt, net	Debt, net
	<u><u>\$15,247</u></u>
	<u><u>\$23,601</u></u>

The scheduled future minimum principal payments are as follows (in thousands):

		September 30, 2023	March 31, 2024
2023 (remaining			
3 months)	\$ 2,903		
2024	11,613		
		March 31, 2024	
2024			
(remaining 9 months)			
2025	2025 968		
Total	Total <u><u>\$15,484</u></u>		

5.00% Convertible Senior Notes due 2027

On May 21, 2020, the Company issued \$200.0 million aggregate principal amount of 5.00% convertible senior notes due 2027 in a public offering (the "2027 Notes"). The 2027 Notes were registered pursuant to the Company's shelf registration statement on Form S-3 filed with the SEC on April 10, 2020. The interest rate on the 2027 Notes is fixed at 5.00% per annum. Interest is payable semi-annually in arrears on June 1 and December 1 of each year, commencing on December 1, 2020. The 2027 Notes will mature on June 1, 2027. The net proceeds from the offering, after deducting the underwriting discounts and commissions and other offering costs, were approximately \$193.6 million. The 2027 Notes may be settled in cash, shares of the Company's common stock, or a combination thereof, solely at the Company's election. The initial conversion rate of the 2027 Notes is 61.6095 shares per \$1,000 principal amount, which is equivalent to a conversion price of approximately \$16.23 per share, subject to adjustments. In addition, following certain corporate events that occur prior to the maturity date or if the Company issues a notice of redemption, the Company will increase the conversion rate for a holder who elects to convert its 2027 Notes in connection with such a corporate event during the related redemption period in certain circumstances.

The 2027 Notes are senior unsecured obligations of the Company, ranking senior in right of payment to any of the Company's indebtedness that is expressly subordinated in right of payment to the 2027 Notes, and are effectively subordinated to the Company's existing and future secured indebtedness, to the extent of the value of the collateral securing that indebtedness, including all indebtedness under the Credit Facility.

Holders may convert their notes at their option only in the following circumstances: (1) during any calendar quarter (and only during such calendar quarter) commencing after the calendar quarter ending on September 30, 2020, if the last reported sale price per share of the Company's common stock exceeds 130% of the conversion price for each of at least 20 trading days (whether or not consecutive) during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter; (2) during the five consecutive business days immediately after any 10 consecutive trading day period (such 10 consecutive trading day period, the "measurement period") in which the trading price per \$1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of the Company's common stock on such trading day and the conversion rate on such trading day; (3) upon the occurrence of certain corporate events or distributions on the Company's common stock; (4) if the Company calls such notes for redemption; and (5) at any time from, and including, March 1, 2027 until the close of business on the scheduled trading day immediately before the maturity date.

The Company will not have the right to redeem the 2027 Notes prior to June 6, 2024. On or after June 6, 2024 and on or before the 50th scheduled trading day immediately before the maturity date, the Company may redeem the 2027 Notes, in whole or in part, if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect on (1) each of at least 20 trading days (whether or not consecutive) during the 30 consecutive trading days ending on, and including, the trading day immediately before the date the Company sends the related redemption notice; and (2) the trading day immediately before the date the Company sends such notice. In the case of any optional redemption, the Company will redeem the 2027 Notes at a redemption price equal to 100% of the principal amount of such Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

If the Company undergoes a fundamental change prior to the maturity date of the 2027 Notes, holders of the 2027 Notes may require the Company to repurchase for cash all or part of their 2027 Notes at a repurchase price equal to 100% of the principal amount of the 2027 Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The indenture governing the 2027 Notes provides for customary terms and covenants, including that upon certain events of default, either the trustee or the holders of not less than 25% in aggregate principal amount of the 2027 Notes then outstanding may declare the unpaid principal amount of the 2027 Notes and accrued and unpaid interest, if any, thereon immediately due and payable. As of **September 30, 2023****March 31, 2024**, the Company was in compliance with these covenants. In the case of certain events of bankruptcy, insolvency or reorganization, the principal amount of the 2027 Notes together with accrued and unpaid interest, if any, thereon will automatically become and be immediately due and payable.

As of September 30, 2023, there were no events or market conditions that would allow holders to convert the 2027 Notes. When the 2027 Notes become convertible within 12 months of the balance sheet date, the carrying value of the 2027 Notes will be reclassified to short-term.

As a result of the adoption of ASU 2020-06, the Company no longer accounts for the 2027 Notes separately as a liability and equity component. The conversion feature of the 2027 Notes was previously represented by an equity component of \$53.5 million at issuance, with the excess of the principal amount of the liability component over the carrying amount ("debt discount") was amortized to interest expense over the term of the 2027 Notes at an effective interest rate of 11.17%.

The Company accounts for the 2027 Notes as a single liability measured at amortized cost. As the equity component is no longer required to be split into a separate component, the Company recorded an adjustment to reflect this update.

The Company recorded \$0.4 million of the debt issuance costs related to the 2027 Notes as a reduction to the liability and amortizes these costs to interest expense over the term of the 2027 Notes.

The net carrying amount of the 2027 Notes was as follows (in thousands):

	September 30, 2023	December 31, 2022		
	March 31, 2024		March 31, 2024	December 31, 2023
Principal amount	Principal amount	\$200,000	\$200,000	
Unamortized debt discount	Unamortized debt discount	(3,405)	(4,021)	
Unamortized debt issuance cost	Unamortized debt issuance cost	(229)	(270)	
Net carrying amount	Net carrying amount	\$196,366	\$195,709	

The following table sets forth the interest expense recognized related to the 2027 Notes (in thousands):

Contractual interest expense	Contractual interest expense	\$2,500	\$2,500	\$7,500	\$7,500
Amortization of debt discount	Amortization of debt discount	208	197	615	582
Amortization of debt issuance cost	Amortization of debt issuance cost	14	13	41	39
Total interest expense related to the 2027 Notes	Total interest expense related to the 2027 Notes	\$2,722	\$2,710	\$8,156	\$8,121

Note 6 - Licenses, Asset Acquisitions and Contingent Consideration

The following purchased assets were accounted for as asset acquisitions as substantially all of the fair value of the assets acquired were concentrated in a group of similar assets and/or the acquired assets were not capable of producing outputs due to the lack of employees and early stage of development. Because the assets had not yet received regulatory approval, the fair value attributable to these assets was recorded as in process research and development ("IPR&D") expenses in the Company's condensed consolidated statements of operations and comprehensive loss for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**.

The Company accounts for contingent consideration payable upon achievement of certain regulatory, development or sales milestones in such asset acquisitions when the underlying contingency is met.

License from Pulmokine, Inc. (Seralutinib)

On October 2, 2017, the Company entered into a license agreement with Pulmokine, Inc. under which it was granted an exclusive worldwide license and sublicense to certain intellectual property rights owned or controlled by Pulmokine to develop and commercialize seralutinib and certain backup compounds for the treatment, prevention and diagnosis of any and all disease or conditions. The Company also has the right to sublicense its rights under the license agreement, subject to certain conditions. The assets acquired are in the early stages of the FDA approval process, and the Company intends to further develop the assets acquired through potential FDA approval as evidenced by the milestone arrangement in the contract. The development activities cannot be performed without significant cost and effort by the Company. The agreement will remain in effect from the effective date, unless terminated earlier, until, on a licensed product-by-licensed product and country-by-country basis, the later of ten years from the date of first commercial sale or when there is no longer a valid patent claim covering such licensed product or specified regulatory exclusivity for the licensed product in such country. The Company is obligated to make future development and regulatory milestone payments of up to **\$58.0** **\$48.0** million, which includes a payment of **\$10.0** million due upon initiation of the first Phase 3 clinical trial, commercial milestone payments of up to \$45.0 million, and sales milestone payments of up to \$190.0 million. The Company is also obligated to pay tiered royalties on sales for each licensed product, at percentages ranging from the mid-single digits to the high single-digits. In addition, if the Company chooses to sublicense or assign to any third parties its rights under the agreement with respect to a licensed product, or the Company's seralutinib operating subsidiary undergoes a change of control, the Company must pay to Pulmokine a specified percentage of all revenue to be received in connection with such transaction. The Company made an upfront payment of \$5.5 million in October 2017. The Company made a milestone payment of \$5.0 million in connection with the initiation of the first Phase 2 clinical trial of seralutinib in January 2021. **The Company made a milestone payment of \$10.0 million in connection with the initiation of the Phase 3 clinical trial of seralutinib in January 2024.** As of **September 30, 2023** **March 31, 2024**, no other milestones had been accrued as the underlying contingencies had not yet been met.

Note 7 - Stockholders' Equity

Common Stock

Each share of common stock is entitled to one vote. Common stock owners are entitled to dividends when funds are legally available and declared by the Company's board of directors.

Private Placement Financing

On July 15, 2022, the Company completed a private placement of 16,649,365 shares of the Company's common stock at purchase price of \$7.21 per share. The gross proceeds for the private placement were \$120.1 million, before deducting offering expenses, which equaled \$0.2 million. On August 9, 2022, the Company filed a registration statement on Form S-3 registering the shares of common stock issued in the private placement, which registration statement became automatically effective on August 9, 2022.

On July 24, 2023, the Company completed a private placement of 129,869,440 shares of the Company's common stock and accompanying warrants to purchase up to 32,467,360 shares of the Company's common stock at a combined purchase price of \$1.63125 per share and accompanying warrant, or with respect to any purchaser that was an officer, director, employee or consultant of the Company, \$1.85125 per share and accompanying warrant. Each warrant has an exercise price per share of \$2.04, was immediately exercisable on the date of issuance and will expire five years from the closing of the private placement. The aggregate gross proceeds for the private placement were approximately \$212.1 million, before deducting offering expenses, which equaled \$10.8 million. On August 18, 2023, the Company filed a

registration statement on Form S-3 registering the shares of common stock and shares of common stock issuable upon the exercise of warrants issued in the private placement, which registration statement became was declared effective on August 28, 2023.

Shares of Common Stock Subject to Repurchase

On December 3, 2015, the Company issued 9,160,888 shares of common stock as founder shares for services rendered to the Company, valued at \$0.0001 par value per share, for a total of approximately \$4,100 (the "founder shares"). On January 4, 2018, incremental vesting conditions were placed on the previously issued founder shares. Fifty percent of the previously issued founder shares vested on January 4, 2018, and the remaining founder shares are subject to vesting restrictions over a period of five years. These shares are subject to repurchase by the Company upon a founder's termination of employment or service to the Company.

Pursuant to the employment agreements with the Company's founders executed January 4, 2018, the Company provided for certain potential additional issuances of common stock (the "anti-dilution shares") to each of the founders to ensure the total number of shares of common stock held by them and their affiliates (inclusive of any shares subject to equity awards granted by the Company) would represent 15% of the Company's fully-diluted capitalization until such time as the Company raised \$300.0 million in equity capital, including the capital raised in the Series A financing.

In furtherance of this obligation, on May 21, 2018, the Company issued 251,547 shares of common stock to the founders for services rendered to the Company, valued at \$2.61 per share with an additional 251,547 shares of restricted stock subject to the same vesting restrictions and vesting period as the founder shares. In addition, on September 6, 2018, the Company issued 1,795,023 shares of common stock to the founders for services rendered to the Company, valued at \$9.63 per share, with an additional 1,795,023 shares of restricted stock subject to the same vesting restrictions and vesting period as the founder shares.

During the nine months ended September 30, 2023 and the year ended December 31, 2022, no shares were forfeited due to termination of employment. Any shares subject to repurchase by the Company are not deemed, for accounting purposes, to be outstanding until those shares vest. As such, the Company recognizes the measurement date fair value of the restricted stock over the vesting period as compensation expense. As of September 30, 2023 and December 31, 2022, no shares and 55,227 shares of common stock, respectively, were subject to repurchase by the Company. The unvested stock liability related to these awards is immaterial to all periods presented.

Note 8 - Equity Incentive Plans

2023 Equity Inducement Incentive Plan

In November 2023, the Company approved the 2023 Employment Inducement Incentive Plan (the "2023 Inducement Plan"). The terms of the 2023 Inducement Plan are substantially similar to the terms of the Company's 2019 Incentive Award Plan (as described below) with the exception that incentive stock options may not be issued under the 2023 Inducement Plan and awards under the 2023 Inducement Plan may only be issued to eligible recipients under the applicable Nasdaq rules. The 2023 Inducement Plan was adopted without stockholder approval pursuant to Rule 5635(c)(4) of the Nasdaq Listing Rules. In accordance with Rule 5635(c)(4) of the Nasdaq Listing Rules, awards under the 2023 Inducement Plan may only be made to an employee who has not previously been an employee or member of the board of directors of the Company or any parent or subsidiary, or following a bona fide period of non-employment by the Company or a parent or subsidiary, if he or she is granted such award in connection with his or her commencement of employment with the Company or a subsidiary and such grant is an inducement material to his or her entering into employment with the Company or such subsidiary. The Company has initially reserved 6,762,279 shares of the Company's common stock for issuance pursuant to awards granted under the 2023 Inducement Plan. As of March 31, 2024, an aggregate of 5,049,779 shares of common stock were available for issuance under the 2023 Inducement Plan, and 1,712,500 shares of common stock were subject to outstanding awards under the 2023 Inducement Plan.

2019 Equity Incentive Plan

In January 2019, the Company's board of directors and stockholders approved and adopted the 2019 Incentive Award Plan (the "2019 Plan"). The 2019 Plan became effective on February 6, 2019, the day prior to the effectiveness of the registration statement filed in connection with the IPO. Under the 2019 Plan, the Company may grant stock options, stock appreciation rights, restricted stock, restricted stock units, and other stock or cash-based awards to individuals who are then employees, officers, directors or consultants of the Company, and employees and consultants of the Company's subsidiaries. A total of 5,750,000 shares of common stock were approved to be initially reserved for issuance under the 2019 Plan. The number of shares that remained available for issuance under the 2017 Plan (as defined below) as of the effective date of the 2019 Plan were, and shares subject to outstanding awards under the 2017 Plan as of the effective date of the 2019 Plan that are subsequently canceled, forfeited or repurchased by the Company will be, added to the shares reserved under the 2019 Plan. In addition, the number of shares of common stock available for issuance under the 2019 Plan will be automatically increased on the first day of each calendar year during the ten-year term of the 2019 Plan, beginning with January 1, 2020 and ending with January 1, 2029, by an amount equal to 5% of the outstanding number of shares of the Company's common stock on December 31 of the preceding calendar year or such lesser amount as determined by the Company's board of directors. As of September 30, 2023 March 31, 2024, an aggregate of 4,482,152 971,981 shares of common stock were available for issuance under the 2019 Plan. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, 16,605,681 31,003,558 and 16,199,202 20,374,879 shares of common stock, respectively, were subject to outstanding awards under the 2019 Plan.

2019 Employee Stock Purchase Plan

In January 2019, the Company's board of directors and stockholders approved and adopted the 2019 Employee Stock Purchase Plan (the "ESPP"). The ESPP became effective as of February 6, 2019, the day prior to the effectiveness of the registration statement filed in connection with the IPO. The ESPP permits participants to

purchase common stock through payroll deductions of up to 20% of their eligible compensation. A total of 700,000 shares of common stock were approved to be initially reserved for issuance under the ESPP. In addition, the number of shares of common stock available for issuance under the ESPP will be automatically increased on the first day of each calendar year during the first ten years of the term of the ESPP, beginning with January 1, 2020 and ending with January 1, 2029, by an amount equal to 1% of the outstanding number of shares of the Company's common stock on December 31 of the preceding calendar year or such lesser amount as determined by the Company's board of directors. During the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, **336,795** **390,246** shares were issued pursuant to the ESPP. As of **September 30, 2023** **March 31, 2024**, an aggregate of **3,058,844** **4,922,691** shares of common stock were available for issuance under the ESPP.

2017 Equity Incentive Plan

The Company's 2017 Equity Incentive Plan (the "2017 Plan") permitted the granting of incentive stock options, non-statutory stock options, restricted stock, restricted stock units and other stock-based awards. Subsequent to the adoption of the 2019 Plan, no additional equity awards can be made under the 2017 Plan. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, **2,184,433** **2,148,101** and **2,582,771** **2,178,934** shares of common stock, respectively, were subject to outstanding options under the 2017 Plan. As of **September 30, 2023** **March 31, 2024**, no shares of restricted stock awards granted under the 2017 Plan were unvested.

Stock Options

The fair value of each employee and non-employee time-vested stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The Company uses its own volatility to the extent it has sufficient trading history, and for awards in which sufficient trading history is not available, a peer group is used. Due to the lack of historical exercise history, the expected term of the Company's stock options for employees has been determined utilizing the "simplified" method for awards. The expected term of stock options granted to non-employees is equal to the contractual term of the option award. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is zero based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future.

On May 5, 2023, the Company granted to its Chairman and Chief Executive Officer 750,000 options with an exercise price of \$1.36 per share. This grant contains both service and market based vesting conditions. The awards vest on the later of the date of achievement and the one-year anniversary of the grant date. The market condition becomes satisfied in 50%, 25% and 25% tranches upon achieving the average per-share closing price of the Company's common stock over any 30 consecutive calendar days following the grant date equal to or exceeding \$5.00, \$7.50 and \$10.00, respectively. In the event a stock price tranche has not vested prior to the fourth anniversary of the grant date, any portion of the option attributable to such tranche will be forfeited. Due to the market condition included in this grant, the Company used the Geometric Brownian Motion/Monte Carlo model to value this award. The total stock-based compensation expense related to this award is \$0.4 million, which is included in general and administrative expense on the condensed consolidated statements of operations and comprehensive loss. The Company expects to recognize this expense over a weighted average period of approximately 2.2 years.

Effective May 5, 2023, and in accordance with the terms of the 2019 Plan, the Company's board of directors approved a stock option repricing (the "Option Repricing") whereby the exercise price of each Eligible Option (as defined below) was immediately reduced to \$1.36 per share, the closing stock price on May 5, 2023. For purposes of the Option Repricing, "Eligible Options" are 6,817,057 outstanding stock options as of May 5, 2023 (vested or unvested) granted under the 2019 Plan prior to November 30, 2022 and held by those eligible employees of the Company identified by the Company's board of directors, including the Company's executive officers except for the Company's Chairman and Chief Executive Officer.

The participation of the executive officers of the Company in the Option Repricing was subject to their agreement to cancel a portion of their Eligible Options effective immediately (the "Cancelled Options"). Each executive was required to agree to cancel one-third of his or her Eligible Options, on a grant-by-grant basis. The Cancelled Options were deducted proportionately from the vested and unvested portions of each Repriced Option grant.

To the extent an Eligible Option is exercised prior to the Premium End Date (as defined below), or the eligible employee's employment terminates prior to the Premium End Date, the eligible employee will be required to pay the original exercise price per share of the Eligible Options in connection with any exercise of the Eligible Option. The "Premium End Date" means the earliest of (i) May 5, 2024, (ii) the date of a change in control, (iii) the eligible employee's death or disability,

or (iv) if an eligible employee is an executive subject to the cancellation of a portion of Eligible Options and is terminated under circumstances giving rise to severance under his or her employment agreement, the date of such termination. Except for the reduction in the exercise prices of the Eligible Options as described above, the Eligible Options will retain their existing terms and conditions as set forth in the 2019 Plan and the applicable award agreements.

The repricing resulted in \$3.4 million of incremental cost, which was calculated using the Black-Scholes option-pricing model, of which \$2.0 million of the incremental cost was recognized immediately, and \$1.4 million of the incremental cost will be recognized on the straight-line basis over the remaining vesting period of the repriced options. The incremental cost is included in general and administrative expense and research and development expense on the condensed consolidated statements of operations and comprehensive loss.

The following table summarizes stock option activity during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**:

Shares Subject to Options Outstanding	Weighted-Average

	Shares	Weighted-Average Exercise Price	Remaining Contractual Life		Aggregate Intrinsic Value (in thousands)
			Years	Years	
			Years	Years	
Outstanding as of December 31, 2022	17,487,165	\$ 9.24	8.1	\$ 47	
Options granted	11,649,890	\$ 1.30			
Options exercised	—	\$ —			
Options forfeited/cancelled	(10,778,472)	\$ 11.12			
Outstanding as of September 30, 2023	18,358,583	\$ 3.09	7.5	\$ —	
Options vested and expected to vest as of September 30, 2023	18,358,583	\$ 3.09	7.5	\$ —	
Options exercisable as of September 30, 2023	7,470,969	\$ 4.72	6.0	\$ —	

	Shares Subject to Options Outstanding		Weighted-Average Exercise Price	Remaining Contractual Life		Aggregate Intrinsic Value (in thousands)	
	Shares	Weighted-Average Price		Years	Years		
				Years	Years		
Outstanding as of December 31, 2023	23,626,115	\$ 2.52		7.9	\$ 369		
Options granted	11,304,228	\$ 0.99					
Options exercised	—	\$ —					
Options forfeited/cancelled	(74,790)	\$ 4.04					
Outstanding as of March 31, 2024	34,855,553	\$ 2.02		8.3	\$ 4,043		
Options vested and expected to vest as of March 31, 2024	34,855,553	\$ 2.02		8.3	\$ 4,043		
Options exercisable as of March 31, 2024	10,596,716	\$ 3.80		6.4	\$ 13		

The aggregate intrinsic value in the above table is calculated as the difference between fair value of the Company's common stock price on **September 30, 2023** **March 31, 2024** and the exercise price of the stock options. **The** There was no aggregate intrinsic value of stock options exercised during each of the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022** was \$0.0 million and \$1.5 million, respectively.

2023 since no stock options were exercised during these periods.

The weighted-average grant date fair value per share for the stock option grants during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022** was **\$5.38** **\$0.81** and **\$8.27** **\$0.81**, respectively.

The aggregate fair value of stock options that vested during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022** was **\$17.1 million** **\$4.7 million** and **\$26.1 million** **\$15.9 million**, respectively.

As of March 31, 2024, the total unrecognized compensation expense related to the unvested stock option awards granted was \$29.4 million, which the Company expects to recognize over a weighted-average period of approximately 3.1 years.

Warrants

On July 24, 2023, the Company completed a private placement of 129,869,440 shares of the Company's common stock and accompanying warrants to purchase up to 32,467,360 shares of the Company's common stock at a combined purchase price of \$1.63125 per share and accompanying warrant, or with respect to any purchaser that was an officer, director, employee or consultant of the Company, \$1.85125 per share and accompanying warrant. Each warrant has an exercise price per share of \$2.04, was immediately exercisable on the date of issuance and will expire five years from the closing of the private placement.

Given that the warrants are indexed to the Company's shares of common stock (and otherwise meet the requirements to be classified in equity), the Company recorded the consideration received from the issuance of the warrants as additional paid-in capital on the Company's unaudited condensed consolidated balance sheets.

As of **September 30, 2023** **March 31, 2024**, there were 32,467,360 warrants outstanding.

Restricted Stock

The summary of the Company's restricted stock activity during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** is as follows:

	Number of Restricted Stock Units Outstanding	Average Grant Date Fair Value	Weighted- Average Grant Date Fair Value
Nonvested at December 31, 2022	1,350,035	\$ 10.83	
Granted	Granted	—	
Vested	Vested	(779,900) 10.67	
Forfeited	Forfeited	(138,604) 11.39	
Nonvested at September 30, 2023	<u>431,531</u>	<u>\$ 10.93</u>	
Nonvested at March 31, 2024			

As of March 31, 2024, the total unrecognized stock-based compensation expense related to the unvested restricted stock awards granted was insignificant, which the Company expects to recognize over a weighted-average period of approximately 0.2 years.

Stock-Based Compensation Expense

Stock-based compensation expense has been reported in the Company's condensed consolidated statements of operations and comprehensive loss as follows (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2023		2022	
	2024	2024	2023	2022
Research and development				
Research and development				
Research and development	Research and development	\$ 3,250	\$ 5,595	\$ 12,661
General and administrative	General and administrative	2,912	4,527	9,825
General and administrative				
General and administrative				
Total stock-based compensation expense	Total stock-based compensation expense	\$ 6,162	\$ 10,122	\$ 22,486
				\$ 31,104

Total stock-based compensation

expense

Total stock-based compensation

expense

As of September 30, 2023, the total unrecognized compensation expense related to the unvested stock option awards granted was \$26.2 million, which the Company expects to recognize over a weighted-average period of approximately 2.2 years.

As of September 30, 2023, the total unrecognized stock-based compensation expense related to the unvested restricted stock awards granted was \$1.6 million, which the Company expects to recognize over a weighted-average period of approximately 0.4 years.

As of September 30, 2023 [March 31, 2024], the total unrecognized compensation expense related to the ESPP was \$1.3 million \$0.8 million, which the Company expects to recognize over a weighted-average period of approximately 0.8 years.

Note 9 - Commitments and Contingencies

Leases

The Company subleases leases certain office and laboratory space under a non-cancelable operating lease expiring in January 2025 for the initial leased space and for the expansion space leased pursuant to an amendment to the lease agreement entered into in August 2018. In February 2022, the Company exercised its renewal option to extend the term of the expansion space until January 2025. The sublease agreement included options to extend for the entire premises through October 2028. The options to extend must be exercised prior to the termination of the original lease agreement. The period covered by the options was not included in the non-cancellable lease term as it was not determined to be reasonably certain to be executed. The lease is subject to charges for common area maintenance and other costs, and base rent is subject to an annual 3% increase each subsequent year. Costs determined to be variable and not based on an index or rate were not included in the measurement of the operating lease liabilities.

Monthly rent expense is recognized on a straight-line basis over the term of the leases. The operating leases are included in the condensed consolidated balance sheets at the present value of the lease payments at a weighted average discount rate of 7% using the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment as the leases do not provide an implicit rate. As of September 30, 2023 [March 31, 2024], the weighted average remaining lease term was 1.3 0.8 years.

Lease costs were comprised of the following (in thousands):

		Three months	Nine months	
		ended	ended September	
		September 30,	30,	
		2023	2022	2023
		2022		2022
Three months ended March 31, 2024				
Three months ended March 31, 2023				
Three months ended March 31, 2022				
				2024
				2023
Operating lease cost	Operating lease cost	\$778	\$778	\$2,335
				\$2,318

Short-term lease cost	Short-term lease cost	13	12	39	32
Total lease cost	Total lease cost	\$791	\$790	\$2,374	\$2,350

Cash paid for amounts included in the measurement of operating lease liabilities for the three months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** was \$0.6 million and \$0.5 million, respectively, and cash paid for amounts included in the measurement of operating lease liabilities for the nine months ended **September 30, 2023** and **2022** was \$2.5 million and \$2.4 million \$1.1 million, respectively.

Gross future minimum annual rental commitments as of **September 30, 2023** **March 31, 2024**, were as follows (in thousands):

		Undiscounted Rent Payments			
		Undiscounted Rent	Payments		
		Rent	Payments		
Year ending	Year ending				
December	December				
31	31				
2023 (remaining 3 months)	\$ 831				
2024	3,418				
2024 (remaining 9 months)					
2024 (remaining 9 months)					
2025	2025 144				
Total	Total				
undiscounted	undiscounted				
rent	rent				
payments	payments \$ 4,393				
Present value discount					
Present value discount					
Present value discount	Present value discount (181)				
Present value of lease payments	Present value of lease payments \$ 4,212				
Current portion of operating lease liabilities (included as a component of accrued expenses and other current liabilities)	Current portion of operating lease liabilities (included as a component of accrued expenses and other current liabilities) 3,220				

Noncurrent operating lease liabilities	Noncurrent operating lease liabilities	992
Total operating lease liability	Total operating lease liability	\$ 4,212

For the three months ended **September 30, 2023** **March 31, 2024** and 2022, the Company recorded \$0.9 million and \$0.8 million, in rent expense. For the nine months ended **September 30, 2023** and 2022, **2023**, the Company recorded approximately \$2.6 million and \$2.5 million, respectively, \$0.9 million in rent expense, expense in each period. Rent expense is included in research and development and general and administrative expense on the condensed consolidated statements of operations and comprehensive loss.

Note 10 - Subsequent Events

On May 3, 2024, the Company, GB002, Inc., a Delaware corporation and wholly-owned subsidiary of the Company ("GB002"), and Gossamer Bio 002 Ltd., a corporation organized and existing under the laws of Ireland and indirect wholly-owned subsidiary of the Company, entered into a global collaboration and license agreement (the "Chiesi Collaboration Agreement") with Chiesi Farmaceutici S.p.A and Chiesi USA, Inc. (collectively, "Chiesi"). The collaboration is focused on the development and commercialization of sralutinib and licensed products including sralutinib and related licensed compounds ("Licensed Products") in the US ("US Territory") and the rest of the world ("ROW Territory"), for therapeutic, prophylactic and diagnostic uses in humans and animals, for the treatment of pulmonary arterial hypertension (PAH) and pulmonary hypertension associated with interstitial lung disease (PH-ILD) and other indications, as may be permitted under the Chiesi Collaboration Agreement.

Pursuant to the Chiesi Collaboration Agreement, the Company granted exclusive, sublicensable (with Gossamer's consent required in the US Territory for third party sublicenses) licenses to Chiesi under intellectual property rights controlled by Gossamer relating to sralutinib and Licensed Products, for the worldwide development, manufacture and commercialization of sralutinib and Licensed Products. The licenses granted to Chiesi are subject to retained rights of Gossamer for the worldwide development and manufacture of sralutinib and Licensed Products, commercialization of Licensed Products in the US Territory, and performance of its obligations and exercise of its rights that may be set forth in the global development plan and US commercialization plan, in each case in accordance with the Chiesi Collaboration Agreement.

Chiesi granted Gossamer non-exclusive, sublicenseable (with Chiesi's consent required in the US Territory for third party sublicenses) licenses under certain practiced intellectual property rights relating to sralutinib and Licensed Products and arising intellectual property rights, in each case as controlled by Chiesi, for the worldwide development and manufacture of sralutinib and Licensed Product and a co-exclusive license (with Chiesi) to commercialize sralutinib and Licensed Products in the US Territory.

The parties agreed to use commercially reasonable efforts to conduct development and commercialization activities in relation to sralutinib and Licensed Products, under the global development plan and US commercialization plan in accordance with the timelines therein. Gossamer will continue to lead global development of sralutinib in PAH and PH-ILD, and the parties will equally share the costs for the activities included in the global development plan for all Licensed Products, with the exception of the PROSERA Phase 3 study, which Gossamer will be solely responsible for conducting at Gossamer's own cost and expense. With respect to each country in the ROW Territory, such obligation to equally share such development costs shall end when regulatory approval is received for a Licensed Product in such country. With respect to US Territory, the development costs incurred following regulatory approval shall continue to be shared equally. Gossamer will lead commercialization for PAH and PH-ILD in the US, with both parties contributing 50 percent of commercial efforts, including performing 50 percent of the commercialization activities. Chiesi will lead commercialization in the US Territory in additional indications, and Chiesi will have the exclusive right to commercialize Licensed Products in the ROW Territory. Chiesi further agreed to use commercially reasonable efforts to commercialize Licensed Product in certain specified countries in the ROW Territory following receipt of regulatory approvals. Generally, Gossamer will have the right to lead in manufacturing commercial supply of sralutinib and Licensed Products for the US Territory for PAH and PH-ILD, and, subject to any existing obligations of Gossamer to third party manufacturers, Chiesi will have the right to lead in manufacturing commercial supply of sralutinib and Licensed Products in the ROW Territory, in each case in accordance with the Chiesi Collaboration Agreement.

Pursuant to the Chiesi Collaboration Agreement, neither party nor its affiliates is permitted to develop or commercialize any compound or product throughout the term whose primary mechanism of action is inhibition of a tyrosine kinase for the treatment of PAH or PH-ILD in the US Territory or ROW Territory, subject to certain restrictions for the EU and UK.

In consideration and as reimbursement for the Company's development costs, Chiesi agreed to pay Gossamer \$160 million. Additionally, Gossamer will be eligible to receive up to \$146 million in regulatory milestones and \$180 million in sales milestones. In the US Territory, the parties agreed to share commercial profits and losses equally. In the ROW Territory, Chiesi will pay Gossamer an escalating mid-to-high teens percentage royalty on net sales of Licensed Product for PAH and additional indications on a Licensed Product-by-Licensed Product and country-by-country basis with such payment obligations beginning on the first commercial sale of Licensed Product in such country and expiring on a country-by-country basis on the latest of (a) the expiration of a valid claim to a Gossamer patent right in such country, (b) the expiration of regulatory exclusivity, and (c) the date that is 10 years after the first commercial sale of such Licensed Product in such country.

In addition, Gossamer granted to Chiesi an option to purchase directly from Gossamer, on one or more occasions, up to an aggregate number of shares of Gossamer's common stock such that immediately following such issuance, Chiesi's beneficial ownership of Gossamer's common stock shall not exceed 9.9% of the total number of issued and outstanding shares of Gossamer's common stock (the "Equity Option"). The Equity Option shall be exercisable by Chiesi, in whole or in part, at any time prior to the earliest to occur of the date on which (a) the last patient is last dosed in either (i) the PROSERA Phase 3 study for PAH or (ii) a Phase 3 clinical trial for the PH-ILD Indication, (b) any third party commences a tender offer or exchange offer for more than 50% of the outstanding shares of Gossamer's common stock, and (c) Gossamer publicly announces its intent to consummate a GB002 change of control. The purchase price of each share Gossamer's common stock subject to the Equity Option shall be equal to 107.5% of the daily volume-weighted average per share price of Gossamer's common stock on The Nasdaq Stock Market over the 30-trading day period ending on and including the last trading day prior to the date on which Chiesi delivers an exercise notice to Gossamer; provided that such purchase price shall be no less than \$1.63 per share. The shares of Gossamer's common stock to be issued will be issued in a private placement in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended, for transactions by an issuer not involving any public offering, pursuant to the terms of a stock issuance agreement to be entered into between Gossamer and Chiesi in connection with each such exercise of the Equity Option.

Unless earlier terminated, the Chiesi Collaboration Agreement will remain in force until no Licensed Products are being developed or commercialized in the US Territory and in the ROW Territory, on a country-by-country basis, until no royalty terms are in effect for all countries. Either party may terminate the Chiesi Collaboration Agreement for the other party's material breach, subject to a specified notice and cure periods, or due to an insolvency event of the other party. In lieu of termination upon a party's material breach due to non-payment of development costs within a specified time the non-breaching party may elect an alternative remedy which may involve modifications to their performance and payment obligations. Gossamer has the right to terminate by providing written notice in the event Chiesi or its affiliates or sublicensee brings a patent challenge and Chiesi does not take certain steps to withdraw from or cease supporting such challenge. Chiesi may terminate the Chiesi Collaboration Agreement for any reason upon prior written notice to Gossamer, subject to a notice period.

The foregoing description of the Chiesi Collaboration Agreement is not complete and is qualified in its entirety by reference to the full text of the Chiesi Collaboration Agreement, a copy of which will be filed as an exhibit to the Company's Quarterly Report on Form 10-Q to be filed with respect to the fiscal quarter ending June 30, 2024.

On May 3, 2024, the Credit Facility was terminated, the payment and other obligations of the Company under the Credit Facility were paid in full and discharged, and Lenders' security interests in the Company's assets and property were released.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis and the unaudited interim condensed consolidated financial statements included in this quarterly report on Form 10-Q should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2022 December 31, 2023 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission, or SEC, on March 17, 2023 March 5, 2024.

Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and Section 27A of the Securities Act of 1933, as amended, or the Securities Act. All statements other than statements of historical facts contained in this quarterly report, including statements regarding our future results of operations and financial position, business strategies and plans, research and development plans, the anticipated timing, costs, design and conduct of our ongoing and planned preclinical studies and planned clinical trials for seralutinib, the timing and likelihood of regulatory filings and approvals for seralutinib, the impact of recovery from COVID-19 on our business, timing and likelihood of success, plans and objectives of management for future operations and future results of anticipated products, seralutinib, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expect," "plan," "anticipate," "could," "intend," "target," "project," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions. The forward-looking statements in this quarterly report are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this quarterly report and are subject to a number of risks, uncertainties and assumptions, including those described in Part II, Item 1A, "Risk Factors" of this report, Part I, Item 1A, "Risk Factors" in our most recent Annual Report on Form 10-K filed with the SEC on March 17, 2023 March 5, 2024, and Part II, Item 1A, "Risk Factors" of our subsequently filed quarterly reports. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Moreover, we operate in an evolving environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise. All forward-looking statements are qualified in their entirety by this cautionary statement, which is made under the safe harbor provisions of the Private Securities Litigation Act of 1995.

Overview

We are a clinical-stage biopharmaceutical company focused on developing the development and commercializing commercialization of seralutinib for the treatment of pulmonary arterial hypertension, or PAH. PAH and PH-ILD. Our goal is to be an industry leader in, and to enhance the lives of patients living with PH. In May 2024, we entered into a global collaboration and license agreement for seralutinib with Chiesi. In December 2022, we announced positive topline results from the Phase 2 TORREY Study in PAH patients. Upon completion of the 24-week blinded portion of the Phase 2 TORREY Study, patients were able to enroll into an open-label extension trial. We reported interim results from this ongoing open-label extension trial in July 2023, and we expect to release updated results from this open-label extension trial in the fourth quarter of 2023. In the fourth quarter of 2023, we expect to dose initiated the first PAH patient in the registrational Phase 3 PROSERA study. Study in PAH. We expect to

begin clinical development report topline data from the PROSERA study in the fourth quarter of 2025. In addition to PAH, we believe that seralutinib holds potential as a therapeutic for the treatment of pulmonary hypertension associated with interstitial lung disease PH-ILD. We estimate that PH-ILD affects approximately 60,000-100,000 patients in the first half US. The median 5-year overall survival rate for patients with PH-ILD is approximately 23%. We expect to commence a registrational Phase 3 trial in PH-ILD in the middle of 2024, 2025. We have assembled a deeply experienced and highly skilled group of industry veterans, scientists, clinicians and key opinion leaders from leading biotechnology and pharmaceutical companies, as well as leading academic centers from around the world. Our employees are a team of highly dedicated, passionate individuals who pride themselves on a culture of respect, humility, transparency, inclusion, dedication, collaboration and fun. Our ultimate goal is to enhance and extend the lives of patients.

We were incorporated in October 2015 and commenced operations in 2017. To date, we have focused primarily on organizing and staffing our company, business planning, raising capital, identifying, acquiring and in-licensing our product candidates and conducting preclinical studies and clinical trials. We have funded our operations primarily through equity and debt financings. We raised \$1,263.2 million from October 2017 through September 30, 2023 March 31, 2024 through the sale of Series A and Series B convertible preferred stock, issuance of convertible notes, proceeds from our initial public offering, or IPO, completed in February 2019, proceeds from the Credit Facility and 2027 Notes (as defined below), issuance of common stock in May 2020 and July 2022 and issuance of common stock and accompanying warrants in July 2023. As of September 30, 2023 March 31, 2024, we had \$328.9 \$244.4 million in cash, cash equivalents and marketable securities.

We have incurred significant operating losses since our inception and expect to continue to incur significant operating losses for the foreseeable future. For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, our net loss was \$40.0 million \$41.9 million and \$59.4 million, respectively. For the nine months ended September 30, 2023 and 2022, our net loss was \$131.7 million and \$173.6 million \$49.2 million, respectively. As of September 30, 2023 March 31, 2024, we had an accumulated deficit of \$1,163.9 million \$1,254.0 million. We expect our to incur expenses and operating losses will remain relatively flat as compared to for the third quarter of 2023, foreseeable future as we continue our development of and seek regulatory approvals for seralutinib, including the conduct of ongoing and planned clinical trials and other research and development activities; and as we hire additional personnel, protect our intellectual property and incur additional costs associated with being a public company. In addition, as seralutinib progresses through development and toward commercialization, we will need to make milestone payments to the licensors and other third parties Pulmokine from whom we have in-licensed seralutinib. Our net losses may fluctuate significantly from quarter-to-quarter and year-to-year, depending in particular on the timing of our clinical trials and preclinical studies and our expenditures on other research and development activities.

We do not expect to generate any revenue from product sales unless and until we successfully complete development and obtain regulatory approval for seralutinib, which we expect will take a number of years. If we obtain regulatory approval for seralutinib, we expect to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution. Accordingly, until such time as we can generate substantial product revenues to support our cost structure, if ever, we expect to finance our cash needs through equity offerings, debt financings or other capital sources, including potentially collaborations, licenses and other similar arrangements. However, we may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. Our failure to raise capital or enter into such other arrangements when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies. If we are unable to raise additional capital when needed, we could be forced to delay, limit, reduce or terminate seralutinib development or future commercialization efforts or grant additional rights to develop and market seralutinib even if we would otherwise prefer to develop and market seralutinib ourselves. retain such rights.

Components of Results of Operations

Revenue

We have not generated any revenue since our inception and do not expect to generate any revenue from the sale of products for the foreseeable future.

Operating expenses

Research and development

Research and development expenses relate primarily to preclinical and clinical development of our product candidates seralutinib and discovery efforts, as well as our discontinued clinical product candidates. Research and development expenses are recognized as incurred and payments made prior to the receipt of goods or services to be used in research and development are capitalized until the goods or services are received.

Research and development expenses include or could include:

- salaries, payroll taxes, employee benefits, and stock-based compensation charges for those individuals involved in research and development efforts;
- external research and development expenses incurred under agreements with contract research organizations, or CROs, investigative sites and consultants to conduct our clinical trials and preclinical and non-clinical studies;
- laboratory supplies;
- costs related to manufacturing our product candidates for clinical trials and preclinical studies, including fees paid to third-party manufacturers;
- costs related to compliance with regulatory requirements; and
- facilities, depreciation and other allocated expenses, which include direct and allocated expenses for rent, maintenance of facilities, insurance, equipment and other supplies.

Our direct research and development expenses consist principally of external costs, such as fees paid to CROs, investigative sites and consultants in connection with our clinical trials, preclinical and non-clinical studies, and costs related to manufacturing clinical trial materials. We deploy our personnel and facility related resources across all of our research and development activities. We track external costs and personnel expense on a program-by-program basis and allocate common expenses, such as facility related resources, to each program based on the personnel resources allocated to such program. Stock-based compensation and personnel and common expenses not attributable to a specific program are considered unallocated research and development expenses. We categorize Other Terminated Programs as any research and development expenses attributable to our clinical stage product candidates that were terminated prior to December 31, 2022 and Other Programs as any preclinical or non-clinical related research and development expenses attributable to our preclinical product candidates that were terminated in the current fiscal year December 31, 2023.

We expect our to incur research and development expenses for the foreseeable future to remain relatively flat as we continue the development of seralutinib. We cannot determine with certainty the timing of initiation, the duration or the completion costs of current or future preclinical studies and clinical trials of seralutinib due to the inherently unpredictable nature of preclinical and clinical development. Clinical and preclinical development timelines, the probability of success and development costs can differ materially from expectations. We anticipate that we will make determinations as to how much funding to direct to seralutinib on an ongoing basis in response to the results of ongoing and future preclinical studies and clinical trials, regulatory developments and our ongoing assessments as to seralutinib's commercial potential. We will need to raise substantial additional capital in the future.

Our clinical development costs may vary significantly based on factors such as:

- per patient trial costs;
- the number of trials required for approval;
- the number of sites included in the trials;
- the countries in which the trials are conducted;
- the length of time required to enroll eligible patients;
- the number of patients that participate in the trials;
- the number of doses that patients receive;
- the drop-out or discontinuation rates of patients;
- potential additional safety monitoring requested by regulatory agencies;
- the duration of patient participation in the trials and follow-up;
- the cost and timing of manufacturing seralutinib;
- the costs incurred as a result of the COVID-19 pandemic and clinical site staff shortages, including clinical trial delays;
- the phase 3 stage of development of seralutinib; and
- the efficacy and safety profile of seralutinib.

In process research and development

In process research and development, or IPR&D, expenses include IPR&D acquired as part of an asset acquisition or in-license for which there is no alternative future use, are expensed as incurred.

General and administrative

General and administrative expenses consist primarily of salaries and employee-related costs, including stock-based compensation, for personnel in executive, finance and other administrative functions. Other significant costs include facility-related costs, legal fees relating to intellectual property and corporate matters, professional fees for accounting and consulting services and insurance costs.

We expect our to incur general and administrative expenses for the foreseeable future to remain relatively flat to support our current infrastructure and continued costs of operating as a public company. These expenses will likely include audit, legal, regulatory, and tax-related services associated with maintaining compliance with exchange listing and SEC requirements, director and officer insurance premiums, and investor relations costs associated with operating as a public company.

Other income (expense), net

Other income (expense), net consists of (1) interest income on our cash, cash equivalents and marketable securities, (2) sublease income, investment accretion, (3) interest expense related to our Credit Facility and our 2027 Notes, and (4) other miscellaneous income (expense).

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations are based on our condensed consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States, or GAAP. The preparation of these financial statements requires us to make judgments and estimates that affect the reported amounts of assets, liabilities, and expenses and the disclosure of contingent assets and liabilities in our condensed consolidated financial statements. We base our estimates on historical experience, known trends and events, and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. On an ongoing basis, we evaluate our judgments and estimates in light of changes in circumstances, facts and experience. During the **nine** three months ended **September 30, 2023** **March 31, 2024**, there have been no significant changes in our critical accounting policies and estimates as discussed in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates" in our Annual Report on Form 10-K filed with the SEC on **March 17, 2023** **March 5, 2024**.

Results of Operations – Comparison of the Three and Nine Months Ended **September 30, 2023** **March 31, 2024** and **2022** **2023**

The following table sets forth our selected statements of operations data for the three months ended **September 30, 2023** **March 31, 2024** and **2022** **2023**:

	Three months ended September 30,			2023 vs 2022	
	2023		2022	Change	
	(in thousands)				
Operating expenses:					
Research and development	\$ 31,200	\$ 44,509	\$ (13,309)		
In process research and development	—	15	(15)		
General and administrative	9,290	11,497	(2,207)		
Total operating expenses	40,490	56,021	(15,531)		
Loss from operations	(40,490)	(56,021)	15,531		
Other income (expense)					
Interest income	405	465	(60)		
Interest expense	(3,343)	(3,475)	132		
Other income (expense), net	3,420	(332)	3,752		
Total other income (expense), net	482	(3,342)	3,824		
Net loss	\$ (40,008)	\$ (59,363)	\$ 19,355		

The following table sets forth our selected statements of operations data for the nine months ended **September 30, 2023** and **2022**:

	Nine months ended			2023 vs 2022				
	September 30,			2023 vs 2022				
	2023	2022	Change					
(in thousands)								
Three months ended March 31,								
2024			2024 vs 2023					
(in thousands)								
Operating expenses:								
Operating expenses:								
Research and development								
Research and development								
Research and development	\$ 105,334	\$ 129,411	\$ (24,077)					
In process research and development	—	50	(50)					
General and administrative	29,398	34,775	(5,377)					
Total operating expenses	134,732	164,236	(29,504)					

Loss from operations	Loss from operations			
		(134,732)	(164,236)	29,504
Other income (expense)	Other income (expense)			
Interest income	Interest income	1,687	989	698
Interest income	Interest income			
Interest expense	Interest expense	(10,272)	(10,423)	151
Other income, net	Other income, net	11,648	56	11,592
Total other income (expense), net	Total other income (expense), net	3,063	(9,378)	12,441
Net loss	Net loss	<u>\$131,669</u>	<u>\$173,614</u>	<u>\$ 41,945</u>

Operating Expenses

Research and development

Research and development expenses were \$31.2 million \$32.4 million for the three months ended September 30, 2023 March 31, 2024, compared to \$44.5 million \$37.8 million for the three months ended September 30, 2022 March 31, 2023, for a decrease of \$13.3 million \$5.4 million, which was primarily attributable to a decrease of \$12.7 million \$17.2 million of costs associated with preclinical studies and clinical trials for GB5121, a decrease of \$5.5 million of costs associated with preclinical studies and clinical trials for other programs and a decrease of \$4.3 million of costs associated with preclinical studies and clinical trials for other the terminated programs, offset by an increase of \$9.2 million \$11.8 million of costs associated with preclinical studies and clinical trials for seralutinib.

Research and development expenses were \$105.3 million for the nine months ended September 30, 2023, compared to \$129.4 million for the nine months ended September 30, 2022, for a decrease of \$24.1 million, which was primarily attributable to a decrease of \$22.4 million of costs associated with preclinical studies and clinical trials for other terminated programs, a decrease of \$15.5 million of costs associated with preclinical studies and clinical trials for GB5121, and a decrease of \$9.9 million of costs associated with preclinical studies and clinical trials for other programs, offset by an increase of \$23.8 million of costs associated with preclinical studies and clinical trials for seralutinib.

The following table shows our research and development expenses by program for the three and nine months ended September 30, 2023 March 31, 2024 and 2022; 2023:

	Three months ended		Nine months ended		
	September 30,		September 30,		
	2023	2022	2023	2022	
(in thousands)					
Seralutinib					
	Three months ended		Three months ended		
	March 31,		March 31,		
	Three months ended		Three months ended		
	March 31,		March 31,		
	Three months ended		Three months ended		
	March 31,		March 31,		
	2024		2024		2023
	(in thousands)		(in thousands)		
Seralutinib	Seralutinib	\$27,010	\$17,855	\$ 67,149	\$ 43,326

GB5121		1,815	14,477	22,473	38,013
Other programs		2,375	7,873	15,175	25,091
Other terminated programs	Other terminated programs	—	4,304	537	22,981
Total research and development	Total research and development	\$31,200	\$44,509	\$105,334	\$129,411

In process research and development

There were no significant IPR&D expenses for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023.

General and administrative

General and administrative expenses were \$9.3 million \$9.6 million for the three months ended September 30, 2023 March 31, 2024, compared to \$11.5 million \$10.1 million for the three months ended September 30, 2022 March 31, 2023, for a decrease of \$2.2 million \$0.6 million, which was primarily attributable to a \$1.6 million \$0.6 million decrease in stock-based compensation expense a decrease of \$0.3 million in professional services expense and a decrease of \$0.3 million in other operating expense.

General and administrative expenses were \$29.4 million for the nine months ended September 30, 2023, compared to \$34.8 million for the nine months ended September 30, 2022, for a decrease of \$5.4 million, which was primarily attributable to a \$3.5 million decrease in stock-based compensation expense, a decrease of \$0.8 million in professional services expense, a decrease of \$0.5 million \$0.2 million in insurance costs and a decrease expense, offset by an increase of \$0.5 million \$0.2 million in other operating expense. legal costs.

Other income (expense), net

Other income, net was \$0.5 million insignificant for the three months ended September 30, 2023 March 31, 2024, compared to other expense, net of \$3.3 million \$1.2 million for the three months ended September 30, 2022 March 31, 2023, for an increase of \$3.8 million \$1.3 million, which was primarily attributable to a \$2.7 million \$1.4 million increase in investment accretion and a \$0.8 million increase in other income related to an Ireland Corporate R&D tax credit.

Other income, net was \$3.1 million for the nine months ended September 30, 2023, compared to other expense, net of \$9.4 million for the nine months ended September 30, 2022, for an increase of \$12.4 million, which was primarily attributable to a \$6.1 million increase in investment accretion, a \$4.9 million increase in other income related to \$2.8 million of employee retention credit under the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act, and \$2.1 million of Ireland Corporate R&D tax credit, a \$0.7 million increase in interest income and a \$0.2 million decrease in interest expense. accretion.

Liquidity and Capital Resources

We have incurred substantial operating losses since our inception and expect to continue to incur significant operating losses for the foreseeable future and may never become profitable. As of September 30, 2023 March 31, 2024, we had an accumulated deficit of \$1,163.9 million \$1,254.0 million.

Our primary use of cash is to fund operating expenses, which consist primarily of research and development expenditures, and to a lesser extent, general and administrative expenditures. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in our outstanding accounts payable and accrued expenses. We may also use cash on hand to repurchase 2027 Notes through open-market transactions, including through a Rule 10b5-1 trading plan to facilitate open-market repurchases, or otherwise, from time to time.

Under our license agreement with Pulmokine, as well as our other license and acquisition agreements, we have payment obligations that are contingent upon future events such as our achievement of specified development, regulatory and commercial milestones and are required to make royalty payments in connection with the sale of products developed under those agreements. the agreement. As of September 30, 2023 March 31, 2024, we were unable to estimate the timing or likelihood of achieving the milestones or making future product sales. Other contractual obligations include future payments under our Credit Facility, 2027 Notes and existing operating leases.

From our inception through September 30, 2023 March 31, 2024, our operations have been financed primarily by proceeds of \$1,263.2 million from the sale of Series A and Series B convertible preferred stock, issuance of convertible notes, proceeds from our IPO, proceeds from our Credit Facility and 2027 Notes, proceeds from issuance of common stock in May 2020 and July 2022 and proceeds from issuance of common stock and accompanying warrants in July 2023. As of September 30, 2023 March 31, 2024 we had cash, cash equivalents and marketable securities of \$328.9 \$244.4 million. Cash in excess of immediate requirements is invested in accordance with our investment policy, primarily with a view to capital preservation and liquidity.

On May 2, 2019, we entered into a credit, guaranty and security agreement, as amended on September 18, 2019, July 2, 2020, December 7, 2022 and February 14, 2023, pursuant to which the lenders party thereto agreed to make term loans available to us for working capital and general business purposes, in a principal amount of up to \$150.0 million in term loan commitments, including a \$30.0 million term loan which was funded at the closing date, with the ability to access the remaining \$120.0 million in two additional tranches (each \$60.0 million), subject to specified availability periods, the achievement of certain clinical development milestones, minimum cash requirements and other customary conditions, or the Credit Facility. As On May 3, 2024, the Credit Agreement and the other loan documents associated therewith were

terminated, the payment and other obligations of September 30, 2023, no tranches Gossamer under the Credit Facility Agreement were available to be drawn, paid in full and discharged, and Lenders' security interests in the Company's assets and property were released.

On April 10, 2020, we filed a registration statement on Form S-3, or the 2020 Shelf Registration Statement, covering the offering from time to time of common stock, preferred stock, debt securities, warrants and units, which registration statement became automatically effective on April 10, 2020.

On May 21, 2020, we issued \$200.0 million aggregate principal amount 5.00% convertible senior notes due 2027 in a registered public offering, or the 2027 Notes. The interest rate on the 2027 Notes is fixed at 5.00% per annum. Interest is payable semi-annually in arrears on June 1 and December 1 of each year commencing on December 1, 2020. The total net proceeds from the 2027 Notes, after deducting the underwriting discounts and commissions and other offering costs, were approximately \$193.6 million. Concurrent with the registered underwritten public offering of the 2027 Notes, we completed an underwritten public offering of 9,433,963 shares of our common stock. We received net proceeds of \$117.1 million, after deducting underwriting discounts and commissions and other offering costs. Our concurrent offerings of 2027 Notes and common stock were registered pursuant to the 2020 Shelf Registration Statement.

On March 3, 2022, we filed a registration statement on Form S-3 covering the offering from time to time of common stock, preferred stock, debt securities, warrants and units, which became automatically effective on March 3, 2022.

On July 15, 2022, we completed a private placement of 16,649,365 shares of our common stock. The aggregate gross proceeds for the private placement were approximately \$120.1 million, before deducting offering expenses. On August 9, 2022, we filed a registration statement on Form S-3 registering the resale of the shares of common stock issued in the private placement, which became automatically effective on August 9, 2022.

On July 24, 2023, we completed a private placement of 129,869,440 shares of our common stock and 32,467,360 accompanying warrants. The aggregate gross proceeds for the private placement were \$212.1 million, before deducting offering expenses. On August 18, 2023, we filed a registration statement on Form S-3 registering the resale of the shares of common stock and shares of common stock issuable upon the exercise of warrants issued in the private placement, which became was declared effective on August 28, 2023.

Additional information about our long-term borrowings is presented in Note 5 "Indebtedness" to the Notes to Unaudited Condensed Consolidated Financial Statements included in Part I, Item 1, of this Form 10-Q.

For additional information regarding our collaboration with Chiesi, see Note 10 "Subsequent Events" to the Notes to Unaudited Condensed Consolidated Financial Statements included in Part I, Item 1, of this Form 10-Q.

The following table shows a summary of our cash flows for each of the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively:

	Nine months ended September 30,	
	2023	2022
(in thousands)		
Net cash used in operating activities	\$ (125,734)	\$ (139,302)
Net cash used in investing activities	(96,604)	(9,499)
Net cash provided by financing activities	193,057	119,963
Effect of exchange rate changes on cash and cash equivalents	(83)	(1,152)
Net decrease in cash and cash equivalents	\$ (29,364)	\$ (29,990)

	Three months ended March 31,	
	2024	2023
(in thousands)		
Net cash used in operating activities	\$ (52,302)	\$ (52,989)
Net cash provided by investing activities	61,673	8,722
Net cash used in financing activities	(2,555)	(2,536)
Effect of exchange rate changes on cash and cash equivalents	(62)	72
Net increase (decrease) in cash and cash equivalents	\$ 6,754	\$ (46,731)

Operating activities

During the nine three months ended September 30, 2023 March 31, 2024, operating activities used approximately \$125.7 million \$52.3 million of cash, primarily resulting from a net loss of \$131.7 million \$41.9 million and changes in prepaid accrued expenses and other current liabilities of \$6.4 million \$9.3 million, changes in amortization of premium on investments marketable securities, net of \$5.9 million accretion of premium of \$3.0 million and changes in accrued compensation and benefits of \$4.5 million \$4.6 million, reduced by stock-based compensation expense of \$22.5 million \$5.8 million.

During the **nine** **three** months ended **September 30, 2022** **March 31, 2023**, operating activities used approximately **\$139.3 million** **\$53.0 million** of cash, primarily resulting from a net loss of **\$173.6 million** **\$49.2 million** and changes in **accounts payable** **accrued research and development expenses** of **\$2.1 million** **\$4.1 million** and **changes in accrued compensation and benefits** of **\$8.1 million**, reduced by stock-based compensation expense of **\$31.1 million**, and **accrued research and development expenses** of **\$4.5 million** **\$8.1 million**.

Investing activities

During the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, investing activities **used** **provided** approximately **\$96.6 million** **\$61.7 million** of cash, primarily resulting from the maturities of marketable securities of **\$147.8**, offset by the purchases of marketable securities of **\$321.4 million** **\$86.1 million**.

During the three months ended March 31, 2023, offset by investing activities provided approximately \$8.7 million of cash, primarily resulting from the maturities of marketable securities of **\$224.8 million** **\$85.6 million**, offset by the purchases of marketable securities of **\$76.9 million**.

Financing activities

During the **nine** **three** months ended **September 30, 2022** **March 31, 2024**, investing financing activities used approximately **\$9.5 million** **\$2.6 million** of cash, primarily resulting from the purchases **principal repayments** of **marketable securities** **long-term debt** of **\$160.6 million** **\$2.9 million**, offset reduced by the maturities of marketable securities of **\$151.5 million**.

Financing activities

During the nine months ended September 30, 2023, financing activities provided \$193.1 million of cash, primarily resulting from proceeds from the issuance of common stock and warrants in a private offering of \$201.3 million and the proceeds from issuance of common stock pursuant to the ESPP of \$0.4 million \$0.3 million.

During the three months ended March 31, 2023, reduced by financing activities used \$2.5 million of cash, primarily resulting from the principal repayments of long-term debt of \$8.7 million.

During the nine months ended September 30, 2022 \$2.9 million, financing activities provided \$120.0 million of cash, primarily resulting from offset by proceeds from the issuance purchase of common stock in a private offering of \$119.9 million, proceeds from the exercise of stock options of \$1.7 million and the proceeds from issuance of common stock shares pursuant to the ESPP of \$1.2 million, reduced by the principal repayments of long-term debt of \$2.9 million \$0.4 million.

Funding requirements

Based on our current operating plan, we believe that our existing cash, cash equivalents and marketable securities, will be sufficient to fund our operations through at least the next 12 months from the date these condensed consolidated financial statements were available to be issued. However, our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we expect. Additionally, the process of testing seralutinib in clinical trials is costly, and the timing of progress and expenses in these trials is uncertain.

Our future capital requirements will depend on many factors, including:

- the type, number, scope, progress, **enrollment pace**, expansions, results, costs and timing of, our preclinical studies and clinical trials of seralutinib which we are pursuing or may choose to pursue in the future;
- the costs and timing of manufacturing for seralutinib;
- the costs, timing and outcome of regulatory review of seralutinib;
- the costs of obtaining, maintaining and enforcing our patents and other intellectual property rights;
- our efforts to enhance operational systems and hire additional personnel to satisfy our obligations as a public company, including enhanced internal controls over financial reporting;
- the costs associated with hiring additional personnel and consultants as our preclinical to continue the development and clinical activities increase; potential commercialization of seralutinib;
- the timing and amount of the milestone or other payments we must make to the licensors and other third parties **Pulmokine** from whom we have in-licensed seralutinib;
- the costs and timing of establishing or securing sales and marketing capabilities if seralutinib is approved;

- our ability to achieve sufficient market acceptance, coverage and adequate reimbursement from third-party payors and adequate market share and revenue for any approved products;
- the terms and timing of establishing and maintaining collaborations, licenses and other similar arrangements;
- costs associated with any products or technologies that we may in-license or acquire; and
- any delays and cost increases that result from the COVID-19 pandemic or other epidemic diseases.

Until such time as we can generate substantial product revenues to support our cost structure, if ever, we expect to finance our cash needs through equity offerings, our Credit Facility, debt financings or other capital sources, including potentially collaborations, licenses and other similar arrangements.

However, we may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders will be or could be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common stockholders. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise funds through collaborations, licenses and other similar arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us and/or may reduce the value of our common stock. Our failure to raise capital or enter into such other arrangements when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies. If we are unable to raise additional capital when needed, we could be forced to delay, limit, reduce or terminate seralutinib development or future commercialization efforts or grant rights to develop and market seralutinib even if we would otherwise prefer to develop and market seralutinib ourselves.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of **September 30, 2023** **March 31, 2024**, there have been no material changes surrounding our market risk, including interest rate risk, foreign currency exchange risk, and inflation risk, from the discussion provided in Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the fiscal year ended **December 31, 2022** **December 31, 2023** filed with the SEC on **March 17, 2023** **March 5, 2024**.

ITEM 4. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic and current reports that we file with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable and not absolute assurance of achieving the desired control objectives. In reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. In addition, the design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this quarterly report. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the three months ended **September 30, 2023** **March 31, 2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not currently subject to any material legal proceedings. From time to time, we may be involved in legal proceedings or subject to claims incident to the ordinary course of business. Regardless of the outcome, such proceedings or claims can have an adverse impact on us because of defense and settlement costs, diversion of resources and other factors, and there can be no assurances that favorable outcomes will be obtained.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed by us in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023 filed with the SEC on March 17, 2023 and Part II, Item 1A "Risk Factors" of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 filed with the SEC on May 9, 2023 March 5, 2024, except as set forth below:

Our failure We have entered into, and may in the future seek to meet enter into, collaborations, licenses and other similar arrangements and we may not realize the continued listing requirements benefits of such relationships, or may not be successful in entering into such relationships.

On May 3, 2024, we entered into a collaboration with Chiesi to co-develop and co-commercialize seralutinib around the Nasdaq Global Select Market could result world, and we may in a delisting the future seek to enter into other collaborations, joint ventures, licenses and other similar arrangements for the development or commercialization of our common stock.

If we fail product candidates, due to satisfy the continued listing requirements of the Nasdaq Global Select Market, such as the minimum closing bid price requirement or the corporate governance requirements, Nasdaq may take steps to delist our common stock. On October 19, 2023, we received written notice from the Nasdaq Stock Market staff notifying us that, for the last 30 consecutive business days, the bid price for our common stock had closed below the minimum \$1.00 per share requirement for continued listing on the Nasdaq Global Select Market under Nasdaq Listing Rule 5450(a)(1). In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we have been provided an initial period of 180 calendar days, or until April 16, 2024, to regain compliance. We will regain compliance under this rule if at any time before April 16, 2024, the bid price of our common stock closes at \$1.00 per share or more for a minimum of 10 consecutive business days. The Nasdaq notice had no immediate effect on the listing or trading of our common stock, which continues to trade on the Nasdaq Global Select Market. We intend to monitor the bid price of our common stock and consider available options if our common stock does not trade at a level likely to result in us regaining compliance with Nasdaq's minimum bid price rule by April 16, 2024. If we do not regain compliance by April 16, 2024, we may be eligible for an additional 180 calendar day compliance period. To qualify for the additional compliance period, the Company would be capital costs required to transfer its listing develop or commercialize such product candidates or manufacturing constraints. For additional information regarding our collaboration with Chiesi, see Note 10 "Subsequent Events" to the Nasdaq Capital Market Notes to Unaudited Condensed Consolidated Financial Statements included in Part I, Item 1, of this Form 10-Q.

We may not be successful in our efforts to establish or maintain collaborations, including our collaboration with Chiesi, because third parties may not view our product candidates as having the requisite potential to demonstrate safety and efficacy or significant commercial opportunity. In addition, we would face significant competition in seeking appropriate strategic partners, and the negotiation process can be required time consuming and complex. Further, in connection with any such collaborations, we may have to meet relinquish valuable rights to our future revenue streams, or grant licenses on terms on terms that may not be favorable to us, as part of any such arrangement, and such arrangements may restrict us from entering into additional agreements with potential collaborators. We cannot be certain that, following the continued listing requirement for entry into our collaboration with Chiesi or any other strategic transaction or license, we will achieve an economic benefit that justifies such transaction. If we are successful in our efforts to establish any additional collaborations, the market value of publicly held shares and all other applicable initial listing standards for the Nasdaq Capital Market, with the exception of the bid price requirement, and would need to provide written notice of our intention to cure the deficiency during the additional compliance period, such as by effecting a reverse stock split, if necessary. However, if it appears to the Nasdaq staff terms that we will agree upon may not be favorable to us, and we may not be able to cure maintain such collaborations if, for example, development or approval of seralutinib is delayed, the deficiency, safety of seralutinib is questioned or sales of seralutinib, if we approved, are otherwise not eligible, the Nasdaq staff would notify us that unsatisfactory. In addition, our securities would collaboration with Chiesi and any potential future collaborations may be subject to delisting. In the event of such a notification, terminable by Chiesi or our other strategic partners in certain circumstances, and we may appeal not be able to adequately protect our rights under these agreements. Furthermore, our strategic partners may negotiate for certain rights to control decisions regarding the Nasdaq staff's determination development and commercialization of seralutinib. For example, under the Chiesi collaboration, Chiesi received such rights and may not conduct development and commercialization activities in the same manner as we do. Any termination of the collaboration with Chiesi or of any other collaborations we enter into in the future, or any delay in entering into collaborations related to delist our securities, but there can be no assurance seralutinib, could delay the Nasdaq staff would grant our request for continued listing.

Such a delisting would likely development and commercialization of seralutinib and reduce its competitiveness if it reaches the market, which could have a negative material adverse effect on the price our business, financial condition and results of our common stock and would impair your ability to sell or purchase our securities when you wish to do so. Such a delisting could also result in a limited amount of news and analyst coverage for the company; and a decreased ability for us to issue additional securities or obtain additional financing in the future. In the event of a delisting, we can provide no assurance that any action taken by us to restore compliance with listing requirements would allow our securities to become listed again, stabilize the market price or improve the liquidity of our securities, or prevent future non-compliance with Nasdaq's listing requirements.

operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

Issuer Repurchases of Equity Securities

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None. During the three months ended March 31, 2024, none of our officers or directors adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non Rule 10b5-1 trading arrangement."

ITEM 6. EXHIBITS

The exhibits filed or furnished as part of this Quarterly Report on Form 10-Q are set forth on the Exhibit Index, which Exhibit Index is incorporated herein by reference.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
3.1	Amended and Restated Certificate of Incorporation, as amended.	10-Q	8/8/2023	3.1	
3.2	Amended and Restated Bylaws.	10-Q	5/12/2020	3.2	
4.1	Form of Common Stock Certificate.	S-1/A	1/23/2019	4.1	
4.2	Amended and Restated Investors' Rights Agreement, dated July 20, 2018, by and among the Registrant and certain of its stockholders.	S-1	12/21/2018	4.2	
	Indenture, dated as of May 21, 2020, by and between the Company and Wilmington Trust, National Association.				
4.3	First Supplemental Indenture, dated May 21, 2020, by and between the Company and Wilmington Trust, National Association.	8-K	5/21/2020	4.1	
4.4	Form of Global Note representing 5.00% Convertible Senior Notes due 2027 (included as part of Exhibit 4.4).	8-K	5/21/2020	4.2	
4.5	Form of Warrant	8-K	7/20/2023	4.1	
10.1	Form of Securities Purchase Agreement.	8-K	7/20/2023	10.1	
	Certification of Chief Executive Officer of Gossamer Bio, Inc., as required by Rule 13a-14(a) or Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.1	Certification of Chief Financial Officer of Gossamer Bio, Inc., as required by Rule 13a-14(a) or Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.1*	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2*	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101.INS	XBRL Report Instance Document				X
101.SCH	XBRL Taxonomy Extension Schema Document				X
101.CAL	XBRL Taxonomy Calculation Linkbase Document				X
101.LAB	XBRL Taxonomy Label Linkbase Document				X
101.PRE	XBRL Presentation Linkbase Document				X

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
3.1	Amended and Restated Certificate of Incorporation, as amended.	10-Q	8/8/2023	3.1	
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4.1	Form of Common Stock Certificate.	S-1/A	1/23/2019	4.1	
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4.5	Form of Global Note representing 5.00% Convertible Senior Notes due 2027 (included as part of Exhibit 4.4).	8-K	5/21/2020	4.3	
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31.1	Certification of Chief Executive Officer of Gossamer Bio, Inc., as required by Rule 13a-14(a) or Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of Chief Financial Officer of Gossamer Bio, Inc., as required by Rule 13a-14(a) or Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1*	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2*	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101.INS	XBRL Report Instance Document				X
101.SCH	XBRL Taxonomy Extension Schema Document				X
101.CAL	XBRL Taxonomy Calculation Linkbase Document				X
101.LAB	XBRL Taxonomy Label Linkbase Document				X
101.PRE	XBRL Presentation Linkbase Document				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				X

* This certification is deemed not filed for purpose of section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

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.

GOSSAMER BIO, INC.

Date: **November 9, 2023** **May 7, 2024**

By: **/s/ Faheem Hasnain**

Faheem Hasnain
President and Chief Executive Officer
(Principal Executive Officer)

Date: **November 9, 2023** **May 7, 2024**

By: **/s/ Bryan Giraudo**

Bryan Giraudo
Chief Operating Officer and Chief Financial Officer
(Principal Financial and Accounting Officer)

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EXHIBIT 31.1

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Faheem Hasnain, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gossamer Bio, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer 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 9, 2023** **May 7, 2024**

/s/ Faheem Hasnain

Faheem Hasnain

President and Chief Executive Officer

(Principal Executive Officer)

EXHIBIT 31.2

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Bryan Giraudo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gossamer Bio, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer 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 9, 2023 May 7, 2024

/s/ Bryan Giraudo

Bryan Giraudo

Chief Operating Officer and Chief Financial Officer

(Principal Financial and Accounting Officer)

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

I, Faheem Hasnain, President and Chief Executive Officer of Gossamer Bio, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the accompanying Quarterly Report on Form 10-Q of the Company for the quarter ended **September 30, 2023** **March 31, 2024** (the "Report"), as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: **November 9, 2023** **May 7, 2024**

/s/ Faheem Hasnain

Faheem Hasnain

*President and Chief Executive Officer
(Principal Executive Officer)*

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

I, Bryan Giraudo, Chief Operating Officer and Chief Financial Officer of Gossamer Bio, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the accompanying Quarterly Report on Form 10-Q of the Company for the quarter ended **September 30, 2023** **March 31, 2024** (the "Report"), as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: **November 9, 2023** **May 7, 2024**

/s/ Bryan Giraudo

Bryan Giraudo

*Chief Operating Officer and Chief Financial Officer
(Principal Financial and Accounting Officer)*

DISCLAIMER

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