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**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 June 30, 2025

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
(State or other jurisdiction of
incorporation or organization)

47-5461709
(I.R.S. Employer
Identification No.)

3115 Merryfield Row, Suite 120 San Diego California
(Address of principal executive offices)

92121
(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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 July 31, 2025, the registrant had 227,380,609 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)

	June 30, 2025	December 31, 2024
ASSETS	(unaudited)	
Current assets		
Cash and cash equivalents	\$ 26,309	\$ 46,074
Marketable securities	186,609	248,444
Receivable from contracts with collaborators	7,579	5,338
Prepaid expenses and other current assets	15,401	10,032
Total current assets	235,898	309,888
Property and equipment, net	76	10
Operating lease right-of-use assets	4,568	5,111
Other assets	383	283
Total assets	\$ 240,925	\$ 315,292
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable	\$ 1,876	\$ 2,319
Accrued research and development expenses	15,601	10,455
Current contract liabilities	23,472	17,050
Accrued expenses and other current liabilities	12,645	15,186
Total current liabilities	53,594	45,010
Long-term convertible senior notes	198,009	197,523
Operating lease liabilities - long-term	3,934	4,398
Long-term contract liabilities	31,495	38,869
Total liabilities	287,032	285,800
Commitments and contingencies (Note 9)		
Stockholders' equity (deficit)		
Common stock, \$0.0001 par value; 700,000,000 shares authorized as of June 30, 2025 and December 31, 2024; 227,322,528 shares issued and outstanding as of June 30, 2025, and 226,604,138 shares issued and outstanding as of December 31, 2024	23	23
Additional paid-in capital	1,302,437	1,296,848
Accumulated deficit	(1,343,479)	(1,268,568)
Accumulated other comprehensive income (loss)	(5,088)	1,189
Total stockholders' equity (deficit)	(46,107)	29,492
Total liabilities and stockholders' equity	\$ 240,925	\$ 315,292

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 June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Revenue:				
Revenue from sale of licenses	\$ —	\$ 88,751	\$ —	\$ 88,751
Revenue from contracts with collaborators	11,489	7,091	\$ 21,378	\$ 7,091
Total revenue	11,489	95,842	21,378	95,842
Operating expenses:				
Research and development	41,575	35,086	79,616	67,478
General and administrative	8,679	8,669	17,337	18,236
Total operating expenses	50,254	43,755	96,953	85,714
Income (loss) from operations	(38,765)	52,087	(75,575)	10,128
Other income (expense)				
Interest income	542	1,749	836	2,093
Interest expense	(2,744)	(2,916)	(5,490)	(6,045)
Other income, net	2,694	2,747	5,318	5,563
Total other income, net	492	1,580	664	1,611
Income (loss) before provision for income taxes	(38,273)	53,667	(74,911)	11,739
Provision for income taxes	—	4,435	—	4,435
Net income (loss)	\$ (38,273)	\$ 49,232	\$ (74,911)	\$ 7,304
Other comprehensive income (loss):				
Foreign currency translation	(4,195)	135	(6,098)	16
Unrealized loss on marketable securities	(69)	(25)	(179)	(184)
Other comprehensive income (loss)	(4,264)	110	(6,277)	(168)
Comprehensive income (loss)	\$ (42,537)	\$ 49,342	\$ (81,188)	\$ 7,136
Net income (loss) per share, basic	\$ (0.17)	\$ 0.22	\$ (0.33)	\$ 0.03
Net income (loss) per share, diluted	\$ (0.17)	\$ 0.22	\$ (0.33)	\$ 0.03
Weighted average common shares outstanding, basic	227,275,466	226,221,202	227,048,022	225,978,219
Weighted average common shares outstanding, diluted	227,275,466	238,543,102	227,048,022	225,978,219

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		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Total stockholders' equity (deficit)
	Shares	Amount				
Balance as of December 31, 2024	226,604,138	\$ 23	\$ 1,296,848	\$ (1,268,568)	\$ 1,189	\$ 29,492
Exercise of stock options	112,617	—	132	—	—	132
Stock-based compensation	—	—	2,405	—	—	2,405
Issuance of common stock pursuant to Employee Stock Purchase Plan	504,507	—	372	—	—	372
Net loss	—	—	—	(36,638)	—	(36,638)
Other comprehensive loss	—	—	—	—	(2,013)	(2,013)
Balance as of March 31, 2025	<u>227,221,262</u>	<u>\$ 23</u>	<u>\$ 1,299,757</u>	<u>\$ (1,305,206)</u>	<u>\$ (824)</u>	<u>\$ (6,250)</u>
Exercise of stock options	101,266	—	94	—	—	94
Stock-based compensation	—	—	2,586	—	—	2,586
Net loss	—	—	—	(38,273)	—	(38,273)
Other comprehensive loss	—	—	—	—	(4,264)	(4,264)
Balance as of June 30, 2025	<u>227,322,528</u>	<u>\$ 23</u>	<u>\$ 1,302,437</u>	<u>\$ (1,343,479)</u>	<u>\$ (5,088)</u>	<u>\$ (46,107)</u>

	Common stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total stockholders' equity
	Shares	Amount				
Balance as of December 31, 2023	225,409,315	\$ 23	\$ 1,275,136	\$ (1,212,040)	\$ (350)	\$ 62,769
Stock-based compensation	—	—	5,811	—	—	5,811
Issuance of common stock pursuant to Employee Stock Purchase Plan	390,246	—	348	—	—	348
Issuance of common stock for restricted stock units vested	419,092	—	—	—	—	—
Net loss	—	—	—	(41,928)	—	(41,928)
Other comprehensive loss	—	—	—	—	(278)	(278)
Balance as of March 31, 2024	<u>226,218,653</u>	<u>\$ 23</u>	<u>\$ 1,281,295</u>	<u>\$ (1,253,968)</u>	<u>\$ (628)</u>	<u>\$ 26,722</u>
Stock-based compensation	—	—	5,001	—	—	5,001
Issuance of common stock for restricted stock units vested	8,606	—	—	—	—	—
Grant of equity option pursuant to Chiesi Collaboration Agreement	—	—	464	—	—	464
Net income	—	—	—	49,232	—	49,232
Other comprehensive income	—	—	—	—	110	110
Balance as of June 30, 2024	<u>226,227,259</u>	<u>\$ 23</u>	<u>\$ 1,286,760</u>	<u>\$ (1,204,736)</u>	<u>\$ (518)</u>	<u>\$ 81,529</u>

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)

	Six months ended June 30,	
	2025	2024
Cash flows from operating activities		
Net income (loss)	\$ (74,911)	\$ 7,304
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	12	509
Stock-based compensation expense	4,991	10,812
Amortization of operating lease right-of-use assets	543	1,469
Amortization of long-term debt discount and issuance costs	486	614
Amortization of premium on marketable securities, net of accretion of discounts	(4,611)	(6,040)
Loss on disposal of property and equipment	—	316
Changes in operating assets and liabilities:		
Receivable from contracts with collaborators	(2,241)	(3,629)
Prepaid expenses and other current assets	(5,369)	(2,692)
Other assets	(100)	559
Operating lease liabilities	(534)	(1,620)
Accounts payable	(6,774)	(4,441)
Accrued expenses and other current liabilities	363	(6,282)
Accrued research and development expenses	5,146	3,082
Accrued compensation and benefits	(2,834)	(2,476)
Contract liabilities	(952)	66,696
Accrued interest expense	—	(135)
Net cash provided (used) in operating activities	(86,785)	64,046
Cash flows from investing activities		
Purchase of marketable securities	(176,533)	(279,739)
Maturities of marketable securities	242,800	282,300
Purchase of property and equipment	(79)	—
Net cash provided by investing activities	66,188	2,561
Cash flows from financing activities		
Proceeds from issuance of common stock pursuant to Employee Stock Purchase Plan	372	348
Proceeds from the exercise of stock options	226	—
Proceeds from grant of equity option pursuant to Chiesi Collaboration Agreement	—	464
Principal repayments of long-term debt	—	(12,581)
Net cash provided by (used in) financing activities	598	(11,769)
Effect of exchange rate changes on cash and cash equivalents	234	(70)
Net increase (decrease) in cash and cash equivalents	(19,765)	54,768
Cash and cash equivalents, at the beginning of the period	46,074	32,109
Cash and cash equivalents, at the end of the period	\$ 26,309	\$ 86,877
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 5,000	\$ 5,561
Supplemental disclosure of noncash investing and financing activities:		
Change in unrealized gain (loss) on marketable securities, net	\$ (179)	\$ (184)

The accompanying notes are an integral part of these unaudited condensed consolidated 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," or the "Company") is a late-stage, clinical biopharmaceutical company focused on the development and commercialization of seralutinib for the treatment of pulmonary hypertension ("PH") including pulmonary arterial hypertension ("PAH") and PH associated with interstitial lung disease ("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 consolidated 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 in consolidation.

Liquidity and Capital Resources

The Company has incurred significant operating losses since its inception. As of June 30, 2025, the Company had an accumulated deficit of \$1,343.5 million.

From the Company's inception through June 30, 2025, the Company has funded its operations primarily through equity financings, convertible senior notes and the Chiesi Collaboration Agreement (as defined in Note 10 below).

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 Company's accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles 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, 2024 included in the Company's Annual Report on Form 10-K filed with the SEC on March 13, 2025. 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, 2024, 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 at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates in the Company's condensed consolidated financial statements relate to accrued research and development expenses, stand-alone selling price of performance obligations and estimated collaboration expenses associated with the Company's Chiesi Collaboration Agreement. 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.

Segments

Operating segments are identified as components of an enterprise about which discrete financial information is available for evaluation by the chief operating decision-maker ("CODM") in making decisions regarding resource allocation and assessing performance. The Company views its operations and manages its business as one operating segment.

Collaborative Arrangements

The Company assesses whether its licensing and other agreements are collaborative arrangements based on whether they involve joint operating activities and whether both parties have active participation in the arrangement and are exposed to significant risks and rewards. For arrangements that the Company determines are collaborations, it identifies each unit of account, and then determines whether a customer relationship exists for that unit of account. If the Company determines a performance obligation within the collaborative arrangement to be with a customer, it applies its revenue recognition accounting policy. If a portion of a distinct bundle of goods or services within the collaborative arrangement is not with a customer, the Company applies recognition and measurement based on an analogy to authoritative accounting literature or, if there is no appropriate analogy, a reasonable, rational and consistently applied accounting policy election. To the extent the arrangement is within the scope of ASC 808, the Company assesses whether aspects of the arrangement between the Company and the collaboration partner are within the scope of other accounting literature. If the Company concludes that some or all aspects of the arrangement represent a transaction with a customer, the Company accounts for those aspects of the arrangement within the scope of ASC Topic 606, Revenue from Contracts with Customers (ASC 606). See Note 10, "Significant Agreements and Contracts," for more information.

Revenue Recognition

The Company recognizes revenue when a customer obtains control of promised goods or services in a contract for an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. For contracts with customers, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies each performance obligation. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. As part of the accounting for contracts with customers, the Company develops assumptions that require judgment to determine the standalone selling price of each distinct performance obligation identified in the contract. In addition, variable consideration such as milestone payments are evaluated to determine if they are constrained and, therefore, excluded from the transaction price. The Company then allocates the total transaction price proportionally to each distinct performance obligation based on their estimated standalone selling prices, unless an allocation exception applies. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective distinct performance obligation when (or as) the performance obligation is satisfied.

In a contract with multiple performance obligations, the Company must develop estimates and assumptions that require judgment to determine the underlying standalone selling price for each distinct performance obligation, which determines how the transaction price is allocated among the distinct performance obligations. The estimation of the stand-alone selling price(s) may include estimates regarding forecasted revenues or costs, development timelines, discount rates, and probabilities of technical and regulatory success. The Company evaluates each performance obligation to determine if it can be satisfied at a point in time or over time. Any change made to estimated progress towards completion of a distinct performance obligation and, therefore, revenue recognized will be recorded as a change in estimate. In addition, variable consideration must be evaluated to determine if it is constrained and, therefore, excluded from the transaction price.

If a license to the Company's intellectual property is determined to be distinct from the other performance obligations identified in a contract, the Company recognizes revenues from the transaction price allocated to the license when the license is transferred to the licensee and the licensee is able to use and benefit from the license. For licenses that are bundled with other promises, the Company utilizes judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue from the allocated transaction price. The Company evaluates the measure of progress at each reporting period and, if necessary, adjusts the measure of performance and related revenue or expense recognition as a change in estimate.

At the inception of each arrangement that includes milestone payments, the Company evaluates whether the milestones are considered probable of being reached. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within the Company's or a collaboration partner's control, such as regulatory approvals, are generally not considered probable of being achieved until those approvals

are received. At the end of each reporting period, the Company re-evaluates the probability of achievement of milestones that are within its or a collaboration partner's control, such as operational developmental milestones and any related constraint, and, if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which will affect revenue from sale of licenses and revenue from contracts with collaborators in the period of adjustment. Revisions to the Company's estimate of the transaction price may also result in negative revenue from sale of licenses and revenue from contracts with collaborators in the period of adjustment.

For arrangements that include sales-based royalties, including commercial milestone payments based on the level of sales, and a license is deemed to be the predominant item to which the royalties relate, the Company will recognize revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied, or partially satisfied. To date, the Company has not recognized any royalty revenue from collaborative arrangements.

For arrangements that include cost-share reimbursements, we will recognize such payments when control of the related goods or services are transferred to the customer. Cost-sharing reimbursements are presented as revenue from contracts with collaborators.

Major Customer and Concentration of Credit Risk

During the six months ended June 30, 2025, Chiesi was the Company's principal customer, accounting for 100% of its revenue. Consequently, Chiesi represented 100% of the Company's accounts receivable balance as of June 30, 2025, and December 31, 2024.

The Company is exposed to concentration of credit risk through its financial instruments, primarily cash and cash equivalents. The Company's cash and cash equivalents are maintained in financial institutions that management considers to be of high credit quality. Amounts on deposit with these financial institutions have and will continue to exceed federally-insured limits. The Company has not experienced any losses on its deposits of cash and cash equivalents and does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships.

Recent Accounting Pronouncements - Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09 "Income Taxes (Topics 740): Improvements to Income Tax Disclosures" to expand the disclosure requirements for income taxes, specifically related to the rate reconciliation and income taxes paid. ASU 2023-09 is effective for the Company's annual periods beginning January 1, 2025, with early adoption permitted. The Company is currently evaluating the potential effect that the updated standard will have on its financial statement disclosures.

In November 2024, the FASB issued ASU No. 2024-03 "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses" which requires disaggregated disclosure of certain costs and expenses on an interim and annual basis. ASU No. 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The disclosure updates are required to be applied prospectively with the option for retrospective application. The Company is currently evaluating the impact of adopting ASU No. 2024-03.

Net Income (Loss) Per Share

The Company follows the guidance in FASB ASC 260, Earnings per Share, which establishes standards regarding the computation of earnings per share, by companies that have issued securities other than common stock that contractually entitle the holder to participate in dividends and earnings of a company. The guidance requires earnings to be hypothetically allocated between the common, preferred, and other participating stockholders based on their respective rights to receive non-forfeitable dividends, whether or not declared.

Basic and diluted net loss per share of common stock are computed by dividing net loss attributable to common stockholders by the weighted-average number of common shares outstanding for the period. In loss periods, basic net loss per share and diluted net loss per share are identical because the otherwise dilutive potential common shares become anti-dilutive and are therefore excluded.

Basic net income is calculated by dividing the net income attributable to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted net income per share is computed by dividing the net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period and dilutive

common stock equivalents outstanding for the period determined using the treasury-stock and if-converted methods. Dilutive common stock equivalents are comprised of warrants, options outstanding under the Company's stock option plans, options outstanding under the Company's stock purchase agreement and 2027 Notes (as defined below), on an as converted basis.

The following table sets forth the computation of basic and diluted earnings (loss) per common share:

(in thousands, except share and per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Numerator:				
Numerator for basic earnings (loss) per share - income available to common stockholders	\$ (38,273)	\$ 49,232	\$ (74,911)	\$ 7,304
Add back interest on 2027 Notes	—	2,500	—	—
Numerator of diluted earnings (loss) per share	\$ (38,273)	\$ 51,732	\$ (74,911)	\$ 7,304
Denominator:				
Denominator for basic earnings (loss) per share - common shares outstanding	227,275,466	226,221,202	227,048,022	225,978,219
Add back 2027 Notes, as converted	—	12,321,900	—	—
Denominator for diluted earnings (loss) per share - adjusted weighted average shares outstanding	227,275,466	238,543,102	227,048,022	225,978,219
Basic earnings (loss) per common share	\$ (0.17)	\$ 0.22	\$ (0.33)	\$ 0.03
Diluted earnings (loss) per common share	\$ (0.17)	\$ 0.22	\$ (0.33)	\$ 0.03

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 (in common stock equivalent shares):

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
2027 Notes	12,321,900	—	12,321,900	12,321,900
Shares issuable upon exercise of stock options	48,272,951	35,190,675	48,272,951	35,190,675
Shares issuable upon exercise of Chiesi Equity Option	22,504,930	22,396,498	22,504,930	22,396,498
Shares issuable upon exercise of warrants	32,467,360	32,467,360	32,467,360	32,467,360
Total potentially dilutive securities	115,567,141	90,054,533	115,567,141	102,376,433

Note 3 - Balance Sheet Accounts and Supplemental Disclosures

Accrued Expenses and Other Current Liabilities

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

	As of	
	June 30, 2025	December 31, 2024
Accrued compensation and benefits	\$ 9,161	\$ 11,995
Operating lease liabilities, short-term	890	961
Accrued consulting fees	1,002	841
Accrued interest	833	833
Accrued legal fees	14	65
Accrued accounting fees	162	180
Accrued other	583	311
Total accrued expenses and other current liabilities	\$ 12,645	\$ 15,186

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 classified as Level 2 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 June 30, 2025 and December 31, 2024 (in thousands):

	Fair Value Measurements at End of Period Using:			
	Total Fair Value	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of June 30, 2025				
Money market funds	\$ 22,829	\$ 22,829	\$ —	\$ —
U.S. Treasury and agency securities	41,466	41,466	—	—
Commercial paper	104,315	—	104,315	—
Corporate debt securities	40,828	—	40,828	—
As of December 31, 2024				
Money market funds	\$ 25,264	\$ 25,264	\$ —	\$ —
U.S. Treasury and agency securities	56,900	56,900	—	—
Commercial paper	188,653	—	188,653	—
Corporate debt securities	19,963	—	19,963	—

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 June 30, 2025 and December 31, 2024, 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-term maturities.

There was \$0.4 million and \$0.2 million interest receivable as of June 30, 2025 and December 31, 2024, respectively. Interest receivable is recorded as a component of prepaid expenses and other current assets on the condensed balance sheets.

As of June 30, 2025 and December 31, 2024, the fair value of the Company's 2027 Notes was \$105.0 million and \$110.0 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, "Indebtedness," for more information.

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, 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 as of June 30, 2025 and December 31, 2024 are as follows (in thousands except securities amounts):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Total Fair Value
As of June 30, 2025				
U.S. Treasury and agency securities	\$ 41,475	\$ —	\$ (9)	\$ 41,466
Corporate debt securities	40,838	3	(13)	40,828
Commercial paper	104,321	17	(23)	104,315
Total marketable securities	\$ 186,634	\$ 20	\$ (45)	\$ 186,609
Number of securities with unrealized losses			13	
As of December 31, 2024				
U.S. Treasury and agency securities	\$ 56,875	\$ 25	\$ —	\$ 56,900
Corporate debt securities	19,950	13	—	19,963
Commercial paper	188,537	142	(26)	188,653
Total marketable securities	\$ 265,362	\$ 180	\$ (26)	\$ 265,516
Number of securities with unrealized losses			5	

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 June 30, 2025 and December 31, 2024, 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 June 30, 2025, were as follows (in thousands):

	Estimated Fair Value
Less than one year	\$ 186,609
Greater than one year	—
Total	\$ 186,609

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. On May 3, 2024, the Credit Facility was terminated and the Company recorded a \$7.7 million payment of the outstanding debt balance in full and discharged, which released the Company from the obligations under the Credit Facility, and Lenders’ security interests in the Company’s assets and property were released. Unamortized debt discount and issuance costs were written off and recorded in interest expense on the condensed consolidated statements of operations and comprehensive loss. As of June 30, 2025, the Company has no further obligations under the Credit Facility.

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.

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 did not have the right to redeem the 2027 Notes prior to June 6, 2024. As of June 30, 2025, the Company has not redeemed the 2027 Notes. 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 June 30, 2025, 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 June 30, 2025, 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.

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):

	June 30, 2025	December 31, 2024
Principal amount	\$ 200,000	\$ 200,000
Unamortized debt discount	(1,865)	(2,321)
Unamortized debt issuance cost	(126)	(156)
Net carrying amount	<u>\$ 198,009</u>	<u>\$ 197,523</u>

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

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Contractual interest expense	\$ 2,500	\$ 2,500	\$ 5,000	\$ 5,000
Amortization of debt discount	229	217	455	431
Amortization of debt issuance cost	15	15	31	29
Total interest expense related to the 2027 Notes	<u>\$ 2,744</u>	<u>\$ 2,732</u>	<u>\$ 5,486</u>	<u>\$ 5,460</u>

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 expenses in the Company's condensed consolidated statements of operations and comprehensive loss.

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. On November 26, 2024, Pulmokine became a wholly-owned subsidiary of XOMA Royalty Corporation. 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 Food and Drug Administration ("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 \$48.0 million, which includes a payment of \$5.0 million due upon initiation of a Phase 3 clinical trial in a second indication, 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 and made a milestone payment of \$10.0 million, which was accrued in 2023, in connection with the initiation of the Phase 3 clinical trial of seralutinib in January 2024. The Company recognized these milestone payments as research and development expense on its condensed consolidated statements of operations and comprehensive loss. As of June 30, 2025, 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.

Chiesi Equity Option

On May 3, 2024, pursuant to the Chiesi Collaboration Agreement the Company granted to Chiesi (as defined in Note 10 below) an option to purchase directly from the Company, on one or more occasions, up to an aggregate number of shares of the Company's common stock (the "Equity Option") such that immediately following such issuance, Chiesi's beneficial ownership of the Company's common stock shall not exceed 9.9% of the total number of issued and outstanding shares of the Company's common stock. 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 the Company's common stock, and (c) the Company publicly announces its intent to consummate a GB002, Inc. change of control. The purchase price of each share the Company's common stock subject to the Equity Option shall be equal to 107.5% of the daily volume-weighted average per share price of the Company'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 the Company; provided that such purchase price shall be no less than \$1.63 per share. The shares of the Company'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 the Company and Chiesi in connection with each such exercise of the Equity Option. The Company evaluated the Equity Option granted to Chiesi as consideration payable to a customer and determined it qualified under ASC 718. Due to the market condition included in the Equity Option, the Company used the Geometric Brownian Motion/Monte Carlo model to determine fair market value. The value of the Equity Option is \$0.5 million, which is included in additional paid-in capital on the Company's condensed consolidated balance sheets.

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 June 30, 2025, an aggregate of 2,691,904 shares of common stock were available for issuance under the 2023

Inducement Plan. As of June 30, 2025 and December 31, 2024, 4,070,375 and 2,609,500 shares of common stock, respectively, 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. The Company's board of directors and stockholders approved an amendment and restatement to the 2019 Plan in 2025 to, among other things, increase the aggregate number of shares of common stock authorized for issuance under the 2019 Plan by 11,350,000 shares of common stock. 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, 2026 and ending with January 1, 2035, 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 June 30, 2025, an aggregate of 12,378,782 shares of common stock were available for issuance under the 2019 Plan. As of June 30, 2025 and December 31, 2024, 42,247,105 and 29,747,623 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 six months ended June 30, 2025, 504,507 shares were issued pursuant to the ESPP. As of June 30, 2025, an aggregate of 6,307,346 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 June 30, 2025 and December 31, 2024, 1,955,471 and 2,059,214 shares of common stock, respectively, were subject to outstanding options under the 2017 Plan. As of June 30, 2025, 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 to calculate the expected volatility. 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.

The following table summarizes stock option activity during the six months ended June 30, 2025:

	Shares Subject to Options Outstanding		Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in thousands)
	Shares	Weighted-Average Exercise Price		
Outstanding as of December 31, 2024	34,416,337	\$ 1.95	7.5	\$ 598
Options granted	15,038,174	\$ 1.14		
Options exercised	(213,883)	\$ 1.06		
Options forfeited/cancelled	(967,677)	\$ 2.02		
Outstanding as of June 30, 2025	48,272,951	\$ 1.70	8.0	\$ 6,729
Options vested and expected to vest as of June 30, 2025	48,272,951	\$ 1.70	8.0	\$ 6,729
Options exercisable as of June 30, 2025	19,330,297	\$ 2.60	6.6	\$ 2,082

The aggregate intrinsic value in the above table is calculated as the difference between fair value of the Company's common stock price on June 30, 2025 and the exercise price of the stock options. The aggregate intrinsic value of stock options exercised was \$0.1 million during the six months ended June 30, 2025. No stock options were exercised during the six months ended June 30, 2024.

The weighted-average grant date fair value per share for the stock option grants during the six months ended June 30, 2025 and 2024 was \$0.91 and \$0.78, respectively.

The aggregate fair value of stock options that vested during the six months ended June 30, 2025 and 2024 was \$6.2 million and \$8.7 million, respectively.

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 June 30, 2025, there were 32,467,360 warrants outstanding.

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 June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Research and development	\$ 1,328	\$ 2,495	\$ 2,466	\$ 5,423
General and administrative	1,258	2,506	2,525	5,389
Total stock-based compensation expense	\$ 2,586	\$ 5,001	\$ 4,991	\$ 10,812

As of June 30, 2025, the total unrecognized compensation expense related to the unvested stock option awards granted was \$22.9 million, which the Company expects to recognize over a weighted-average period of approximately 2.8 years.

As of June 30, 2025, the total unrecognized compensation expense related to the ESPP was \$0.7 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 previously leased certain office and laboratory space under a non-cancelable operating lease, which expired in January 2025.

On July 9, 2024, the Company entered into a lease agreement for office space located at 3115 Merryfield Row, Suite 120, San Diego, CA 92121, consisting of approximately 18,421 square feet. The term of the lease is 63 months commencing on August 1, 2024. The base rent is \$109,605 per month effective October 1, 2024, and it is subject to a 3% annual increase every October. The lease expires on October 31, 2029 with an option for a one-year extension and an option to terminate on December 1, 2027 with the payment of a termination fee equal to four months of the then-current base rent upon the termination date. As of June 30, 2025, the Company was not reasonably certain that it would exercise the extension options, and therefore did not include these options in the determination of the total operating lease term for accounting purposes.

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 an incremental borrowing rate of 7% for each of the initial leased space and expansion space and 12.4% for the office lease commenced on August 1, 2024 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 June 30, 2025, the weighted average remaining lease term was 4.3 years and weighted average discount rate was 12.4%.

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

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Operating lease cost	\$ 359	\$ 779	\$ 851	\$ 1,557
Short-term lease cost	5	7	11	21
Total lease cost	\$ 364	\$ 786	\$ 862	\$ 1,578

Cash paid for amounts included in the measurement of operating lease liabilities for the three months ended June 30, 2025 and 2024 was \$0.4 million and \$1.1 million, respectively. Cash paid for amounts included in the measurement of operating lease liabilities for the six months ended June 30, 2025 and 2024 was \$1.2 million and \$2.0 million, respectively.

Gross future minimum annual rental commitments as of June 30, 2025, were as follows (in thousands):

	Undiscounted Rent Payments
Year ending December 31	
2025 (remaining 6 months)	\$ 708
2026	1,417
2027	1,406
2028	1,448
2029	1,237
Total undiscounted rent payments	\$ 6,216
Present value discount	(1,392)
Present value of lease payments	\$ 4,824
Current portion of operating lease liabilities (included as a component of accrued expenses and other current liabilities)	890
Operating lease liabilities - long-term	3,934
Total operating lease liability	\$ 4,824

Note 10 - Significant Agreements and Contracts

On May 3, 2024, the Company, GB002, Inc., a Delaware corporation and wholly-owned subsidiary of the Company, 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 Company concluded that there were four distinct performance obligations under the Chiesi Collaboration Agreement: the U.S. Territory license (as defined below), the ROW Territory license (as defined below), the research and development services of PAH and the research and development services of PH-ILD clinical development. Revenue associated with the licenses was recognized upon delivery in May 2024. In addition, the Company granted to Chiesi an option to purchase the Equity Option, as described in Note 7. "Stockholders Equity."

The collaboration is focused on the development and commercialization of seralutinib and licensed products including seralutinib and related licensed compounds ("Licensed Products") in the U.S. ("U.S. Territory") and the rest of the world ("ROW Territory"), for therapeutic, prophylactic and diagnostic uses in humans and animals, for the treatment of PAH and PH-ILD and other indications, as may be permitted under the Chiesi Collaboration Agreement.

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

The parties agreed to use commercially reasonable efforts to conduct development and commercialization activities in relation to seralutinib and Licensed Products, under the global development plan and U.S. commercialization plan in accordance with the timelines therein. The Company will continue to lead global development of seralutinib 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 the Company will be solely responsible for conducting at the Company'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 U.S. Territory, the development costs incurred following regulatory approval shall continue to be shared equally. The Company will lead potential commercialization for PAH and PH-ILD in the U.S. Territory, with both parties contributing 50 percent of commercial efforts, including performing 50 percent of the commercialization activities. Chiesi will lead potential commercialization in the U.S. Territory in any 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 Products in certain specified countries in the ROW Territory following receipt of regulatory approvals. Generally, the Company will have the right to lead in manufacturing commercial supply of seralutinib and Licensed Products for the U.S. Territory for PAH and PH-ILD, and, subject to any existing obligations of the Company to third party manufacturers, Chiesi will have the right to lead in manufacturing commercial supply of seralutinib 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 U.S. Territory or ROW Territory, subject to certain restrictions for the European Union and United Kingdom.

In consideration and as reimbursement for the Company's development costs, Chiesi agreed to pay the Company an up-front, nonrefundable payment of \$160 million. Additionally, the Company will be eligible to receive up to \$146 million in regulatory milestones and \$180 million in sales milestones. In the U.S. Territory, the parties agreed to share commercial profits and losses equally. In the ROW Territory, Chiesi will pay the Company 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 the Company 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.

Potential future payments for variable consideration, such as regulatory and commercial milestones, development costs, and profit sharing U.S. Territory will be recognized when it is probable that, if recorded, a significant reversal will not take place. Potential future royalty payments will be recorded as revenue when the associated sales occur.

Unless earlier terminated, the Chiesi Collaboration Agreement will remain in force until no Licensed Products are being developed or commercialized in the U.S. 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. The Company 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 without cause upon prior written notice to the Company, subject to a notice period in which all rights to Licensed Products will revert back to the Company.

The Company concluded that progress towards completion of the research and development services performance obligation related to the Chiesi Collaboration Agreement is best measured in an amount proportional to the collaboration expenses incurred and the total estimated collaboration expenses. The Company periodically reviews and updates the estimated collaboration expenses, when appropriate, which may adjust revenue recognized for the period. While such changes to the Company's estimates have no impact on the Company's reported cash flows, the amount of revenue recorded in the period could be materially impacted. The transaction price to be recognized as revenue from sale of licenses and revenue from contracts with collaborators under the Chiesi Collaboration Agreement consists of the one-time non-refundable and non-creditable development cost reimbursement payment and research and development costs. The transaction price was reduced by the fair value of the Equity Option.

Revenue Recognition

The Company determined the transaction price pursuant to the Chiesi Collaboration Agreement is equal to the one-time development cost reimbursement payment of \$160.0 million less the fair market value of the Equity Option of \$0.5 million. The price allocated for the Equity Option was determined to be at fair market value utilizing the Geometric Brownian Motion/Monte Carlo model and was considered a reduction in the transaction price. The transaction price was allocated to the performance obligations on the basis of the relative stand-alone selling price estimated for each distinct performance obligation. In estimating the stand-alone selling price for each distinct performance obligation, the Company developed assumptions that require judgment and included forecasted revenues or costs, expected development timelines, discount rates and probabilities of technical and regulatory success. A description of the distinct performance obligations identified under the Chiesi Collaboration Agreement, as well as the amount of revenue allocated to each distinct significant performance obligation, is as follows:

Licenses of Intellectual Property. The licenses to the Company's intellectual property, bundled with the associated know-how, represents two distinct performance obligations. The licenses and associated know-how were transferred to Chiesi in June 2024, therefore the Company recognized the full revenue related to these distinct performance obligations in the amount of \$90.7 million during the year ended December 31, 2024 as revenue from sale of licenses on its consolidated statements of operations and comprehensive loss.

Research and Development Services. The progress towards completion of two distinct performance obligations related to PAH and PH-ILD research and development services for the Licensed Products is measured in an amount proportional to the research and development expenses incurred and the total estimated PAH and PH-ILD research and development expenses. In addition, the Company and Chiesi share equally in the costs of ongoing global seralutinib clinical development, with the exception of the PROSERA Phase 3 study, and the costs of commercialization in the US. The Company records the revenue from performing research and development services and the cost-sharing payments due from Chiesi as revenue from contracts with collaborators on its condensed consolidated statements of operations and comprehensive loss. For the three months ended June 30, 2025 and 2024, the Company recognized \$11.5 million and \$7.1 million, respectively, for the PAH and PH-ILD research and development performance obligations and commercialization activities. For the six months ended June 30, 2025 and 2024, the Company recognized \$21.4 million and \$7.1 million, respectively, for the PAH and PH-ILD research and development performance obligations and commercialization activities.

Milestone Payments. The Company determined that as of June 30, 2025, it is not probable that a significant revenue reversal will not occur related to the potential milestone payments as their achievement is highly dependent on factors outside the Company's control or are otherwise constrained under the sales and usage based royalty exception. Therefore,

these payments have been fully constrained and are therefore not included in the transaction price. At the end of each subsequent reporting period, the Company will re-evaluate the probability of achievement of each milestone and any related constraint. No milestone payments were recognized during the three and six months ended June 30, 2025 and 2024.

Royalties. As the licenses are deemed to be the predominant item to which sales-based royalties relate, the Company will recognize revenue when the related sales occur. No royalty revenue was recognized during the three and six months ended June 30, 2025 and 2024.

The following table presents a summary of the activity in the Company's contract liabilities related to the Chiesi Collaboration Agreement (recorded as contract liabilities on the balance sheet) during the six months ended June 30, 2025 and 2024 (in thousands):

	2025	2024
Balance, December 31, 2024	\$ 55,919	\$ —
Payments received in advance	—	159,536
Revenue from sale of US license	—	(76,686)
Revenue from sale of ROW license	—	(12,050)
Revenue from PAH research and development service performance obligations satisfied during reporting period	(6,144)	(3,398)
Revenue from PH-ILD research and development service performance obligations satisfied during reporting period	(1,133)	(60)
Effect of exchange rate changes on contract liabilities	6,325	(646)
Balance, June 30, 2025	<u>\$ 54,967</u>	<u>\$ 66,696</u>

As of June 30, 2025, the contract liability amount of \$55.0 million represents the aggregate transaction price allocated to performance obligations that are unsatisfied under the Chiesi Collaboration Agreement. This amount is expected to be recognized over 3.5 years, which represents the remaining research period under the Chiesi Collaboration Agreement. As of June 30, 2025, the current contract liability balance of \$23.5 million is classified as a current liability since the rights to the research and development service are expected to be satisfied within one year, and the remaining contract liability balance of \$31.5 million is classified as a long-term liability.

As of June 30, 2025, the Company recorded \$7.6 million in accounts receivable associated with the Chiesi Collaboration Agreement. The payments are typically due 30 days after quarterly invoices are issued.

The following table presents the Company's contract revenues from the Chiesi Collaboration Agreement disaggregated by timing of revenue recognition and excluding royalty revenue (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Revenue from Chiesi Collaboration Agreement:				
<i>Point in Time:</i>				
US License	\$ —	\$ 76,686	\$ —	\$ 76,686
ROW License	—	12,050	—	12,050
<i>Over Time:</i>				
Revenue from PAH research and development service performance obligation satisfied during reporting period	3,356	\$ 3,398	6,145	\$ 3,398
Revenue from PH-ILD research and development service performance obligation satisfied during reporting period	586	60	1,133	60
Revenue from PAH research and development costs subject to reimbursement	3,186	3,297	7,598	3,297
Revenue from PH-ILD research and development costs subject to reimbursement	2,791	333	4,222	333
Revenue from PAH commercial costs subject to reimbursement	1,371	—	2,048	—
Revenue from PH-ILD commercial costs subject to reimbursement	231	—	295	—
Effect of exchange rate changes on revenue	(32)	18	(63)	18
Total revenue from Chiesi Collaboration Agreement	\$ 11,489	\$ 95,842	\$ 21,378	\$ 95,842

Note 11 - Segment Reporting

Operating segments are identified as components of an enterprise for which separate discrete financial information is available for evaluation by the CODM in making decisions regarding the allocation of resources and assessing performance. The Company's CODM is its chief executive officer. The Company views its operations and manages its business as one operating segment. The Company's operating segment derives its revenues from the Chiesi Collaboration Agreement and is wholly attributable to the United States. The CODM assesses performance for the Company's single operating segment and decides how to allocate resources based on research and development expenses incurred, which is a component of the Company's consolidated net loss as reported on the consolidated statement of operations and comprehensive loss. The measure of segment assets is reported on the balance sheet as total consolidated assets. Further, segment depreciation expense and segment asset additions are consistent with consolidated amounts reported within the consolidated statement of cash flows given the Company's operations are aggregated within a single reportable segment. The CODM uses research and development expenses and results of clinical trial activities completed to date to evaluate how to allocate the Company's resources to advance seralutinib.

Significant segment expenses which are regularly reported to the CODM for purposes of making decisions regarding the allocation of resources are included within the table below and are reconciled to consolidated net loss (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Total revenue	\$ 11,489	\$ 95,842	\$ 21,378	\$ 95,842
Less:				
Seralutinib	41,575	32,600	79,616	62,343
Other segment items ⁽¹⁾	8,679	11,155	17,337	23,371
Interest income	(542)	(1,749)	(836)	(2,093)
Interest expense	2,744	2,916	5,490	6,045
Other income, net	(2,694)	(2,747)	(5,318)	(5,563)
Segment net loss	\$ (38,273)	\$ 49,232	\$ (74,911)	\$ 7,304

⁽¹⁾ Other segment items include general and administrative expenses, which are provided to the CODM regularly, but are included within other segment items as they are not utilized as part of the decision making process as it relates to the allocation of resources. Further, R&D expenses for other terminated programs are also provided to the CODM. These costs include employee expenses, as well as allocations of consolidated overhead and stock compensation.

Note 12 - Income Taxes

We calculate the interim income tax provision in accordance with Accounting Standards Codification Topic 270, Interim Reporting, ("ASC 270"), and Topic 740, Accounting for Income Taxes, ("ASC 740"). At the end of each interim period, we estimate our annual effective tax rate and apply that rate to our ordinary quarterly earnings to calculate the tax related to ordinary income. The tax effects for other items that are excluded from ordinary income are discretely calculated and recognized in the period in which they occur. The income from the Chiesi Collaboration Agreement is a discrete item and not included in our annual effective tax rate based on the determination that it is significant, unusual and infrequent in nature as defined in ASC 270 and ASC 740. Our annual effective tax rate from continuing operations was 0% for the three and six months ended June 30, 2025 due to a full valuation and 7.6% and 4.1% for the three and six months ended June 30, 2024, respectively. We have also recorded income tax expense discretely for the three months ended June 30, 2024, related to the treatment of the Chiesi income and a partial release of the valuation allowance, resulting in total tax expense for the three and six months ended June 30, 2024 of \$4.4 million. Tax benefit was recorded in the quarters ended September 30, 2024 and December 31, 2024 related to the forecasted net operating losses and tax credits.

Note 13 - Subsequent Events

The Company has evaluated all subsequent events and transactions through the filing date. There were no material events that impacted the condensed consolidated financial statements or disclosures.

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, 2024 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 13, 2025.

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, including performance under the Chiesi Collaboration Agreement and the potential future issuance of our common stock to Chiesi pursuant to the Equity Option, 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, timing and likelihood of success, plans and objectives of management for future operations, the potential impact of U.S. trade policy, including tariffs, and future results of 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 13, 2025, 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 Reform Act of 1995.

Overview

We are a late-stage, clinical biopharmaceutical company focused on the development and commercialization of seralutinib for the treatment of PH, including 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 the Chiesi Collaboration Agreement focused on the development and commercialization of seralutinib. In December 2022, we announced positive topline results from the Phase 2 TORREY Study in PAH patients. In the fourth quarter of 2023, we initiated the registrational Phase 3 PROSERA Study in PAH. In June 2025, we announced the completion of enrollment for the ongoing, global registrational Phase 3 PROSERA Study evaluating seralutinib in Functional Class II and III PAH patients. We expect to report topline data from the PROSERA study in February 2026. In addition to PAH, we believe that seralutinib holds potential as a therapeutic for the treatment of PH-ILD. We expect to activate the first clinical sites for the global registrational Phase 3 SERANATA Study for the treatment of PH-ILD in the fourth quarter of 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 and the collaboration agreement. As of June 30, 2025, we had \$212.9 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 June 30, 2025 and 2024, our net loss was \$38.3 million and net income was \$49.2 million, respectively. For the six months ended June 30, 2025 and 2024, our net loss was \$74.9 million and net income was \$7.3 million, respectively. As of June 30, 2025, we had an accumulated deficit of \$1,343.5 million. We expect to incur expenses and operating losses for the 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 Pulmokit 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.

On May 3, 2024, we announced a strategic global partnership with Chiesi. Under the terms of the Chiesi Collaboration Agreement, we granted Chiesi exclusive licenses for the worldwide development, manufacture and commercialization of seralutinib and Licensed Products and an Equity Option to purchase our common stock. The total potential transaction value includes the one-time \$160.0 million development cost reimbursement payment for licenses, research and development funding, and certain regulatory and commercial milestones. We and Chiesi share equally in the costs of ongoing global seralutinib clinical development and the costs of commercialization in the U.S. Territory, with the exception of the PROSERA Phase 3 study, for which we bear all costs. We are also eligible for double-digit royalties in the mid-to-high teens percentage on tiers of annual net sales outside of the U.S. Territory and to an equal share of profits and losses from the commercialization of seralutinib and licensed products in the U.S. Territory.

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 retain such right.

Components of Results of Operations

Revenue

To date, we have generated all of our revenue from Chiesi Collaboration Agreement. Our revenue consists of a one-time development cost reimbursement payment for licenses and ongoing cost-sharing payments for performance of research and development services classified as revenue from contracts with collaborators.

In the future, we may generate revenue from a combination of license fees and other upfront payments, other funded research and development agreements, milestone payments, product sales, other third-party funding, U.S. profit/loss share and royalties in connection with strategic alliances. We expect that any revenue we generate will fluctuate from quarter-to-quarter as a result of the timing of performance of research and development services, the timing of our achievement of regulatory and commercialization milestones, the timing and amount of payments relating to such milestones and the extent to which any of our products are approved and successfully commercialized. If we are unable to fund our development costs or we are unable to develop product candidates in a timely manner or obtain regulatory approval for them, our ability to generate future revenues and our results of operations and financial position would be adversely affected.

Operating expenses

Research and development

Research and development expenses relate primarily to preclinical and clinical development of seralutinib, 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 ("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 Terminated Programs as any research and development expenses attributable to our clinical stage product candidates that were terminated prior to December 31, 2023 or any research and development expenses that are not directly allocated to seralutinib.

We expect to incur research and development expenses for the foreseeable future 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 health epidemics and pandemics and clinical site staff shortages, including clinical trial delays;
- the phase 3 stage of development for seralutinib; and
- the efficacy and safety profile of seralutinib.

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 to incur general and administrative expenses for the foreseeable future 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) investment accretion, (3) interest expense related to our Credit Facility prior to its termination and the 2027 Notes, (4) research and development tax credit and (5) 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 GAAP. The preparation of these financial statements requires us to make judgments and estimates that affect the reported amounts of assets, liabilities, revenue, 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 six months ended June 30, 2025, 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 13, 2025.

Results of Operations – Comparison of the Three and Six Months Ended June 30, 2025 and 2024

The following table sets forth our selected statements of operations data for the three months ended June 30, 2025 and 2024:

	Three months ended June 30,		2025 vs 2024
	2025	2024	Change
(in thousands)			
Revenue:			
Revenue from sale of licenses	\$ —	\$ 88,751	\$ (88,751)
Revenue from contracts with collaborators	11,489	7,091	4,398
Total revenue	11,489	95,842	(84,353)
Operating expenses:			
Research and development	41,575	35,086	6,489
General and administrative	8,679	8,669	10
Total operating expenses	50,254	43,755	6,499
Income (loss) from operations	(38,765)	52,087	(90,852)
Other income (expense)			
Interest income	542	1,749	(1,207)
Interest expense	(2,744)	(2,916)	172
Other income, net	2,694	2,747	(53)
Total other income, net	492	1,580	(1,088)
Income (loss) before provision for income taxes	(38,273)	53,667	(91,940)
Provision for income taxes	—	4,435	(4,435)
Net income (loss)	\$ (38,273)	\$ 49,232	\$ (87,505)

The following table sets forth our selected statements of operations data for the six months ended June 30, 2025 and 2024:

	Six months ended June 30,		2025 vs 2024
	2025	2024	Change
(in thousands)			
Revenue:			
Revenue from sale of licenses	\$ —	\$ 88,751	\$ (88,751)
Revenue from contracts with collaborators	21,378	7,091	14,287
Total revenue	21,378	95,842	(74,464)
Operating expenses:			
Research and development	79,616	67,478	12,138
General and administrative	17,337	18,236	(899)
Total operating expenses	96,953	85,714	11,239
Income (loss) from operations	(75,575)	10,128	(85,703)
Other income (expense)			
Interest income	836	2,093	(1,257)
Interest expense	(5,490)	(6,045)	555
Other income, net	5,318	5,563	(245)
Total other income, net	664	1,611	(947)
Income (loss) before provision for income taxes	(74,911)	11,739	(86,650)
Provision for income taxes	—	4,435	(4,435)
Net Income (loss)	\$ (74,911)	\$ 7,304	\$ (82,215)

Revenue

For the three months ended June 30, 2025 and 2024, our revenue was \$11.5 million and \$95.8 million, respectively. For the six months ended June 30, 2025 and 2024, our revenue was \$21.4 million and \$95.8 million, respectively. Our revenue

is generated from our ongoing collaboration with Chiesi and consists of a one-time development cost reimbursement payment for the licenses and ongoing cost-sharing payments for performance of research and development and pre-commercial services.

Research and development expenses

Research and development expenses were \$41.6 million for the three months ended June 30, 2025, compared to \$35.1 million for the three months ended June 30, 2024, for an increase of \$6.5 million, which was primarily attributable to an increase of \$9.0 million of costs associated with preclinical studies and clinical trials for seralutinib, offset by a decrease of \$2.5 million of costs associated with preclinical studies and clinical trials for terminated programs.

Research and development expenses were \$79.6 million for the six months ended June 30, 2025, compared to \$67.5 million for the six months ended June 30, 2024, for an increase of \$12.1 million, which was primarily attributable to an increase of \$17.2 million of costs associated with preclinical studies and clinical trials for seralutinib, offset by a decrease of \$5.1 million of costs associated with preclinical studies and clinical trials for terminated programs.

The following table shows our research and development expenses by program for the three and six months ended June 30, 2025 and 2024:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	(in thousands)			
Seralutinib	\$ 41,575	\$ 32,600	\$ 79,616	\$ 62,343
Terminated programs	—	2,486	—	5,135
Total research and development	\$ 41,575	\$ 35,086	\$ 79,616	\$ 67,478

General and administrative expenses

There was no change in general and administrative expenses for the three months ended June 30, 2025 and 2024. General and administrative expenses in both periods were \$8.7 million.

General and administrative expenses were \$17.3 million for the six months ended June 30, 2025, compared to \$18.2 million for the six months ended June 30, 2024, for a decrease of \$0.9 million, which was primarily attributable to a \$2.8 million decrease in stock-based compensation expense, offset by an increase of \$2.0 million in commercial expenses.

Other income, net

Other income, net was \$0.5 million for the three months ended June 30, 2025, compared to \$1.6 million for the three months ended June 30, 2024, for a decrease of \$1.1 million, which was primarily attributable to a \$1.2 million decrease in interest income, offset by a \$0.2 million decrease in interest expense.

Other income, net was \$0.7 million for the six months ended June 30, 2025, compared to \$1.6 million for the six months ended June 30, 2024, for a decrease of \$0.9 million, which was primarily attributable to a \$1.3 million decrease in interest income, offset by a \$0.6 million decrease in interest expense.

Provision for income taxes

There was no provision for income taxes for the three and six months ended June 30, 2025. Provision for income taxes was \$4.4 million for the three and six months ended June 30, 2024.

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 June 30, 2025, we had an accumulated deficit of \$1,343.5 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, 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 the agreement. As of June 30, 2025, 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 the 2027 Notes and existing operating leases.

From our inception through June 30, 2025, our operations have been financed primarily by proceeds of \$1,393.2 million from the sale of Series A and Series B convertible preferred stock, proceeds from our IPO, proceeds from the 2027 Notes, proceeds from issuance of common stock in May 2020 and July 2022, proceeds from issuance of common stock and accompanying warrants in July 2023 and the Chiesi Collaboration Agreement. In addition, we have received \$19.8 million as of June 30, 2025 through reimbursement related to the Chiesi Collaboration Agreement. As of June 30, 2025 we had cash, cash equivalents and marketable securities of \$212.9 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 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 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 was declared effective on August 28, 2023.

On May 3, 2024, we entered into the Chiesi Collaboration Agreement. In consideration and as reimbursement for our development costs, Chiesi paid us an up-front, nonrefundable payment of \$160.0 million. In addition, we and Chiesi share equally in the costs of ongoing global seralutinib clinical development, with the exception of the PROSERA Phase 3 study, and the costs of commercialization in the U.S. Territory. For the six months ended on June 30, 2025, we received cost-sharing payments from Chiesi in the amount of \$11.9 million.

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 “Significant Agreements and Contracts” 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 six months ended June 30, 2025 and 2024, respectively:

	Six months ended June 30,	
	2025	2024
	(in thousands)	
Net cash provided by (used in) operating activities	\$ (86,785)	\$ 64,046
Net cash provided by investing activities	66,188	2,561
Net cash provided by (used in) financing activities	598	(11,769)
Effect of exchange rate changes on cash and cash equivalents	234	(70)
Net increase (decrease) in cash and cash equivalents	<u>\$ (19,765)</u>	<u>\$ 54,768</u>

Operating activities

During the six months ended June 30, 2025, operating activities used approximately \$86.8 million of cash, primarily resulting from a net loss of \$74.9 million, changes in accounts payable of \$6.8 million, changes in prepaid expenses and other current assets of \$5.4 million and changes in amortization of premium on investments of \$4.6 million, reduced by changes in stock-based compensation expense of \$5.0 million.

During the six months ended June 30, 2024, operating activities provided approximately \$64.0 million of cash, primarily resulting from a net income of \$7.3 million and changes in contract liabilities of \$66.7 million, reduced by changes in accrued expenses of \$6.3 million and changes in amortization of premium on marketable securities, net of accretion of \$6.0 million.

Investing activities

During the six months ended June 30, 2025, investing activities provided approximately \$66.2 million of cash, primarily resulting from the maturities of marketable securities of \$242.8 million, offset by the purchases of marketable securities of \$176.5 million.

During the six months ended June 30, 2024, investing activities provided approximately \$2.6 million of cash, primarily resulting from the maturities of marketable securities of \$282.3 million, offset by the purchases of marketable securities of \$279.7 million.

Financing activities

During the six months ended June 30, 2025, financing activities provided \$0.6 million of cash, primarily resulting from the proceeds from issuance of common stock pursuant to the ESPP of \$0.4 million and the proceeds from the exercise of stock options of \$0.2 million.

During the six months ended June 30, 2024, financing activities used \$11.8 million of cash, primarily resulting from the principal repayments of long-term debt of \$12.6 million, reduced by the proceeds from the grant of an equity option pursuant to the Chiesi Collaboration Agreement of \$0.5 million and the proceeds from issuance of common stock pursuant to the ESPP of \$0.3 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 to continue the development and potential commercialization of seralutinib;
- the timing and amount of the milestone or other payments we must make to 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 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, 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 June 30, 2025, 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, 2024 filed with the SEC on March 13, 2025.

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 June 30, 2025 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, 2024 filed with the SEC on March 13, 2025 and Part II, Item 1A "Risk Factors" of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 filed with the SEC on May 15, 2025, except as set forth below.

Recently enacted legislation, future legislation and healthcare reform measures may increase the difficulty and cost for us to obtain marketing approval for and commercialize seralutinib and may affect the prices we may set.

In the United States and some foreign jurisdictions, there have been, and we expect there will continue to be, a number of legislative and regulatory changes to the healthcare system, including cost-containment measures that may reduce or limit coverage and reimbursement for newly approved drugs and affect our ability to profitably sell any product candidates for which we obtain marketing approval. In particular, there have been and continue to be a number of initiatives at the U.S. federal and state levels that seek to reduce healthcare costs and improve the quality of healthcare.

For example, in March 2010, the ACA was enacted in the United States. Among the provisions of the ACA of importance to seralutinib, the ACA: established an annual, nondeductible fee on any entity that manufactures or imports specified branded prescription drugs and biologic agents; extended manufacturers' Medicaid rebate liability to covered drugs dispensed to individuals who are enrolled in Medicaid managed care organizations; expanded eligibility criteria for Medicaid programs; expanded the entities eligible for discounts under the Public Health program; increased the statutory minimum rebates a manufacturer must pay under the Medicaid Drug Rebate Program; established a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in and conduct comparative clinical effectiveness research, along with funding for such research; and established a Center for Medicare and Medicaid Innovation at CMS to test innovative payment and service delivery models to lower Medicare and Medicaid spending.

Since its enactment, there have been judicial and political challenges to certain aspects of the ACA. On June 17, 2021, the U.S. Supreme Court dismissed the most recent judicial challenge to the ACA brought by several states without specifically ruling on the constitutionality of the ACA.

In addition, other legislative changes have been proposed and adopted since the ACA was enacted. On August 2, 2011, the Budget Control Act of 2011 was signed into law, which, among other things, resulted in reductions to Medicare payments to providers, which went into effect on April 1, 2013, and, due to subsequent legislative amendments to the statute, will remain in effect through 2032, with the exception of a temporary suspension from May 1, 2020, through March 31, 2022, unless additional Congressional action is taken. On January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, reduced Medicare payments to several providers, including hospitals, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. In addition, on March 11, 2021, the American Rescue Plan Act of 2021 was signed into law, which eliminated the statutory Medicaid drug rebate cap, beginning January 1, 2024. The rebate was previously capped at 100% of a drug's average manufacturer price.

Further, there has been heightened governmental scrutiny in the United States of pharmaceutical pricing practices in light of the rising cost of prescription drugs. Such scrutiny has resulted in several recent congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for products. On August 16, 2022, the Inflation Reduction Act of 2022, or IRA, was enacted into law. Among other things, the IRA requires manufacturers of certain drugs to engage in price negotiations with Medicare (beginning in 2026), imposes rebates under Medicare Part B and Medicare Part D to penalize price increases that outpace inflation (first due in 2023), and replaces the Part D coverage gap discount program with a new discounting program (which began in 2025). The IRA permits the Secretary of the Department of Health and Human Services to implement many of these provisions through guidance, as opposed to regulation, for the initial years. CMS has published the negotiated prices for the initial ten drugs, which will first be effective in 2026, and the list of the subsequent 15 drugs that will be subject to negotiation, although the Medicare

drug price negotiation program is currently subject to legal challenges. For that and other reasons, it is currently unclear how the IRA will be effectuated.

We expect that new laws and other healthcare reform measures that may be adopted in the future may result in additional reductions in Medicare and other healthcare funding, more rigorous coverage criteria, new payment methodologies and additional downward pressure on the price that we receive for any approved product. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability or commercialize seralutinib, if approved.

In addition, the One Big Beautiful Bill Act, which was enacted in July 2025, imposes significant reductions in the funding of the Medicaid program. Such reductions are expected to decrease the number of persons enrolled in Medicaid and reduce the services covered by Medicaid, which could adversely affect our ability to generate revenue, attain profitability or commercialize seralutinib.

Furthermore, the Trump administration has issued executive orders that address the pricing of pharmaceuticals in the United States and propose a so-called most favored nation pricing policy, which would tie the price of drugs in the United States to the lowest price in a group of other countries. While it is unclear whether and how the Trump proposals will be implemented, the Trump policies are likely to have a negative impact on the pharmaceutical industry. Even proposals or executive actions that are ultimately deemed unlawful could negatively impact the U.S. pharmaceutical sector and our business.

At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure, drug price reporting and other transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. Some states have enacted legislation creating so-called prescription drug affordability boards, which ultimately may attempt to impose price limits on certain drugs in these states. Legally mandated price controls on payment amounts by third-party payors or other restrictions could harm our business, results of operations, financial condition and prospects. In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other healthcare programs. This could reduce the ultimate demand for seralutinib, if approved, or put pressure on our product pricing, which could negatively affect our business, results of operations, financial condition and prospects.

In the EU, similar political, economic and regulatory developments may affect our or Chiesi's ability to profitably commercialize, or co-commercialize, seralutinib, if approved. For instance, on December 13, 2021, Regulation No 2021/2282 on Health Technology Assessment, or HTA, amending Directive 2011/24/EU, was adopted. The Regulation entered into force in January 2022 and has been applicable since January 2025, with phased implementation based on the type of product, i.e. oncology and advanced therapy medicinal products as of 2025, orphan medicinal products as of 2028, and all other medicinal products by 2030. The Regulation intends to boost cooperation among EU member states in assessing health technologies, including new medicinal products, and provide the basis for cooperation at the EU level for joint clinical assessments in these areas. It will permit EU member states to use common HTA tools, methodologies, and procedures across the EU, working together in four main areas, including joint clinical assessment of the innovative health technologies with the highest potential impact for patients, joint scientific consultations whereby developers can seek advice from HTA authorities, identification of emerging health technologies to identify promising technologies early, and continuing voluntary cooperation in other areas. Individual EU member states will continue to be responsible for assessing non-clinical (e.g., economic, social, ethical) aspects of health technology, and making decisions on pricing and reimbursement.

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

During the three months ended June 30, 2025, 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	
4.3	Indenture, dated as of May 21, 2020, by and between the Company and Wilmington Trust, National Association.	8-K	5/21/2020	4.1	
4.4	First Supplemental Indenture, dated May 21, 2020, by and between the Company and Wilmington Trust, National Association.	8-K	5/21/2020	4.2	
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	
4.6	Form of Warrant	8-K	7/20/2023	4.1	
10.1#	Gossamer Bio, Inc. 2019 Incentive Award Plan, as amended and restated	DEF 14A	4/29/2025	Appendix A	
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
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				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.				
#	Indicates management contract or compensatory plan.				

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 5, 2025

GOSSAMER BIO, INC.

By: /s/ Faheem Hasnain

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

Date: August 5, 2025

By: /s/ Bryan Giraudo

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

**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: August 5, 2025

/s/ Faheem Hasnain

Faheem Hasnain

President and Chief Executive Officer

(Principal Executive Officer)

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

I, Bryan Giraud, 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: August 5, 2025

/s/ Bryan Giraud

Bryan Giraud

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

**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 June 30, 2025 (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: August 5, 2025

/s/ Faheem Hasnain

Faheem Hasnain

President and Chief Executive Officer

(Principal Executive Officer)

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

I, Bryan Giraud, Chief Financial Officer and Chief Operating 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 June 30, 2025 (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: August 5, 2025

/s/ Bryan Giraud

Bryan Giraud

Chief Financial Officer and Chief Operating Officer

(Principal Financial and Accounting Officer)