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, 2019

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.)**
3013 Science Park Road **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	☐	Accelerated filer	☐
Non-accelerated filer	☑	Smaller reporting company	☐
Emerging growth company	☑		

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

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

As of August 5, 2019, the registrant had 65,925,183 shares of common stock ($0.0001 par value) outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

GOSSAMER BIO, INC.
Condensed Consolidated Balance Sheets
(Unaudited)
(in thousands, except share and par value amounts)

	June 30, 2019	December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 148,500	$ 105,219
Marketable securities	315,495	123,439
Restricted cash	—	200
Prepaid expenses and other current assets	25,591	3,095
Total current assets	489,586	231,953
Property and equipment, net	4,814	3,193
Operating lease right-of-use assets	11,407	—
Other assets	1,367	4,273
Total assets	**$ 507,174**	**$ 239,419**
LIABILITIES, CONVERTIBLE PREFERRED STOCK, AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable	$ 3,030	$ 2,182
Accrued research and development expenses	15,277	10,653
Accrued expenses	9,204	7,568
Total current liabilities	27,511	20,403
Long-term debt	28,281	—
Operating lease liabilities	9,938	—
Accrued expenses - long-term	—	718
Total liabilities	**65,730**	**21,121**
Commitments and contingencies - Note 10		
Series Seed convertible preferred stock, $0.0001 par value; 0 shares issued and outstanding as of June 30, 2019 and 20,000,000 shares issued and outstanding as of December 31, 2018 and; liquidation preference of $0 and $20,000 as of June 30, 2019 and December 31, 2018, respectively	—	29,200
Series A convertible preferred stock, $0.0001 par value; 0 shares issued and outstanding as of June 30, 2019 and 45,714,286 shares issued and outstanding as of December 31, 2018; liquidation preference of $0 and $80,000 as of June 30, 2019 and December 31, 2018, respectively	—	79,615
Series B convertible preferred stock, $0.0001 par value; 0 shares issued and outstanding as of June 30, 2019 and 71,506,513 shares issued and outstanding as of December 31, 2018; liquidation preference of $0 and $230,000 as of June 30, 2019 and December 31, 2018, respectively	—	229,552
Stockholders' equity (deficit)		
Common stock, $0.0001 par value; 700,000,000 shares authorized as of June 30, 2019 and 49,160,177 shares authorized as of December 31, 2018; 65,925,183 shares issued and 60,467,380 shares outstanding as of June 30, 2019, and 15,533,450 shares issued and 8,051,418 shares outstanding as of December 31, 2018	7	2
Additional paid-in capital	671,913	33,853
Accumulated deficit	(230,972)	(153,863)
Accumulated other comprehensive income (loss)	496	(61)
Total stockholders' equity (deficit)	441,444	(120,069)
Total liabilities, convertible preferred stock and stockholders' equity (deficit)	**$ 507,174**	**$ 239,419**

The accompanying notes are an integral part of these 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,	
	2019	**2018**	**2019**	**2018**
Operating expenses:				
Research and development	$ 35,676	$ 7,930	$ 60,659	$ 10,554
In process research and development	1,000	20,500	2,000	41,398
General and administrative	9,673	4,606	17,707	7,210
Total operating expenses	46,349	33,036	80,366	59,162
Loss from operations	**(46,349)**	**(33,036)**	**(80,366)**	**(59,162)**
Other income, net	1,851	300	3,257	389
Net loss	**$ (44,498)**	**$ (32,736)**	**$ (77,109)**	**$ (58,773)**
Other comprehensive income:				
Unrealized gain on marketable securities, net of tax	417	3	557	3
Other comprehensive income	417	3	557	3
Comprehensive loss	**(44,081)**	**(32,733)**	**(76,552)**	**(58,770)**
Net loss per share, basic and diluted	$ (0.74)	$ (5.65)	$ (1.59)	$ (10.14)
Weighted average common shares outstanding, basic and diluted	60,265,046	5,795,053	48,357,294	5,796,370

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

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

	Series Seed convertible preferred stock		Series A convertible preferred stock		Series B convertible preferred stock		Common stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Total stockholders' equity (deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of December 31, 2018	20,000,000	$ 29,200	45,714,286	$ 79,615	71,506,513	$ 229,552	8,051,418	$ 2	$ 33,853	$ (153,863)	$ (61)	$ (120,069)
Issuance of common stock in connection with a public offering, net of underwriting discounts, commissions, and offering costs	—	—	—	—	—	—	19,837,500	2	291,342	—	—	291,344
Conversion of convertible preferred stock into common stock	(20,000,000)	(29,200)	(45,714,286)	(79,615)	(71,506,513)	(229,552)	30,493,460	3	338,364	—	—	338,367
Vesting of restricted stock	—	—	—	—	—	—	1,619,592	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	27,500	—	3,089	—	—	3,089
Net loss	—	—	—	—	—	—	—	—	—	(32,611)	—	(32,611)
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	140	140
Balance as of March 31, 2019	—	$ —	—	$ —	—	$ —	60,029,470	$ 7	$ 666,648	$ (186,474)	$ 79	$ 480,260
Vesting of restricted stock	—	—	—	—	—	—	404,637	—	—	—	—	—
Exercise of stock options	—	—	—	—	—	—	33,273	—	86	—	—	86
Stock-based compensation	—	—	—	—	—	—	—	—	5,140	—	—	5,140
Other additional paid-in capital	—	—	—	—	—	—	—	—	39	—	—	39
Net loss	—	—	—	—	—	—	—	—	—	(44,498)	—	(44,498)
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	417	417
Balance as of June 30, 2019	—	$ —	—	$ —	—	$ —	60,467,380	$ 7	$ 671,913	$ (230,972)	$ 496	$ 441,444

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

	Series Seed convertible preferred stock		Series A convertible preferred stock		Series B convertible preferred stock		Common stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Total stockholders' deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of December 31, 2017	—	$ —	—	$ —	—	$ —	9,160,888	$ —	$ 32	$ (6,894)	$ —	$ (6,862)
Issuance of Series A preferred stock for cash, net of $0.4 million in offering costs	—	—	41,328,286	71,944	—	—	—	—	—	—	—	—
Issuance of stock for acquisition	20,000,000	29,200	—	—	—	—	1,101,278	—	2,874	—	—	2,874
Issuance of Series A preferred stock to convert debt and accrued interest	—	—	3,499,209	6,124	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	605	—	—	605
Incremental vesting conditions place on previously issued common shares	—	—	—	—	—	—	(4,580,444)	—	—	—	—	—
Net loss	—	—	—	—	—	—	—	—	—	(26,037)	—	(26,037)
Balance as of March 31, 2018	20,000,000	$ 29,200	44,827,495	$ 78,068	—	$ —	5,681,722	$ —	$ 3,511	$ (32,931)	$ —	$ (29,420)
Issuance of Series A preferred stock to convert debt and accrued interest	—	—	886,791	1,547	—	—	—	—	—	—	—	1
Stock-based compensation	—	—	—	—	—	—	251,542	—	1,374	—	—	1,374
Net loss	—	—	—	—	—	—	—	—	—	(32,736)	—	(32,736)
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	3	3
Balance as of June 30, 2018	20,000,000	$ 29,200	45,714,286	$ 79,615	—	$ —	5,933,264	$ —	$ 4,885	$ (65,667)	$ 3	$ (60,778)

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

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

	Six months ended June 30,	
	2019	**2018**
Cash flows from operating activities		
Net loss	$ (77,109)	$ (58,773)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	374	38
Stock-based compensation expense	8,229	1,979
In process research and development expenses	2,000	41,398
Amortization of long-term debt discount and issuance costs	59	—
Amortization of premium on investments, net of accretion of discounts	(1,464)	—
Net realized gain on investments	(1)	—
Changes in operating assets and liabilities:		
Operating lease right of use assets and liabilities, net	48	—
Prepaid expenses and other current assets	(4,243)	(291)
Other assets	2,906	(425)
Accounts payable	823	783
Accrued expenses	(1,018)	2,330
Accrued research and development expenses	4,624	2,572
Accrued compensation and benefits	188	—
Accrued interest expense	—	(117)
Net cash used in operating activities	(64,584)	(10,506)
Cash flows from investing activities		
Research and development asset acquisitions, net of cash acquired	(2,000)	(9,460)
Purchase of investments	(287,038)	(20,002)
Maturities of investments	74,897	—
Sales of investments	3,842	—
Purchase of property and equipment	(1,727)	(1,452)
Net cash used in investing activities	(212,026)	(30,914)
Cash flows from financing activities		
Proceeds from issuance of common stock in a public offering, net	291,311	—
Proceeds from the issuance of long-term debt, net of issuance costs of $1,778	28,222	—
Proceeds from the exercise of stock options	158	—
Proceeds from issuance of Series A convertible preferred stock, net	—	73,491
Repayment of notes payable to related parties	—	(40)
Net cash provided by financing activities	319,691	73,451
Net increase in cash, cash equivalents and restricted cash	43,081	32,031
Cash, cash equivalents and restricted cash, at the beginning of the period	105,419	315
Cash, cash equivalents and restricted cash, at the end of the period	**$ 148,500**	**$ 32,346**
Supplemental disclosure of noncash investing and financing activities:		
Acquisition of in-process research and development through issuance of stock	$ —	$ 19,284
Issuance of Series A convertible preferred stock to convert debt and accrued interest	$ —	$ 6,124
Recognition of operating lease right of use asset	$ 12,458	$ —
Recognition of operating lease liabilities	$ 13,182	$ —
Conversion of convertible preferred stock to common stock	$ 338,367	$ —
Change in unrealized gain on marketable securities, net of tax	$ 565	$ —
Change in unrealized loss on foreign currency translations, net of tax	$ 8	$ —
Unpaid property and equipment	$ 268	$ —

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

1. Description of the Business

Gossamer Bio, Inc. (including its subsidiaries, referred to as "we," "us," "our,", or the "Company") is a clinical-stage biopharmaceutical company focused on discovering, acquiring, developing and commercializing therapeutics in the disease areas of immunology, inflammation and oncology. 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 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.

Initial Public Offering in February 2019

On February 12, 2019, the Company completed its initial public offering ("IPO") with the sale of 19,837,500 shares of common stock, including shares of common stock issued upon the exercise in full of the underwriters' option to purchase additional shares, at a public offering price of $16.00 per share, resulting in net proceeds of $291.3 million, after deducting underwriting discounts, commissions, and offering expenses.

In addition, in connection with the completion of the IPO, all of the Company's outstanding shares of convertible preferred stock were automatically converted into 30,493,460 shares of common stock.

Liquidity and Capital Resources

The Company has incurred significant operating losses since its inception. As of June 30, 2019, the Company had an accumulated deficit of $231.0 million. From the Company's inception through June 30, 2019, the Company has funded its operations primarily through equity financings, including the Company's IPO which closed on February 12, 2019. The Company raised $601.3 million from October 2017 through March 2019 through Series A and Series B Convertible Preferred Stock financings, a convertible note financing, and the IPO, after deducting underwriting discounts, commissions, and offering expenses. In addition, the Company received $12.8 million in cash in connection with the January 2018 acquisition of AA Biopharma Inc. On May 2, 2019 the Company, as guarantor, and its wholly-owned subsidiary GB001, Inc., as borrower, entered into a credit, guaranty and security agreement (the "Credit Facility") with MidCap Financial Trust ("MidCap"), an agent and as a lender, and the additional lenders party thereto from time to time (together with MidCap, the "Lenders"), pursuant to which the Lenders, including affiliates of MidCap and Silicon Valley Bank 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. Under the Credit Facility, the Company has the ability to access the remaining $120.0 million in three additional tranches (of $40.0 million, $30.0 million and $50.0 million, respectively), subject to specified availability periods, the achievement of certain clinical development milestones, minimum cash requirements and other customary conditions. As of June 30, 2019, no other tranches under the Credit Facility have been drawn. See Note 5 for additional information regarding the Credit Facility.

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 capital through equity offerings, debt financings 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 twelve months from the date these 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.

Subsequent Events

The Company has evaluated subsequent events through August 8, 2019, the issuance date of the condensed consolidated financial statements, and has determined that there were no material subsequent events to recognize or disclose.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and with the instructions of the Securities and Exchange Commission ("SEC") on Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and disclosures required by GAAP for complete financial statements. In the opinion of management, the 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 financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2018 included in the Company's Annual Report on Form 10-K filed with the SEC on March 22, 2019. 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, 2018, has been derived from the audited financial statements at that date.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of expenses during the reporting period. The most significant estimates in the Company's condensed consolidated financial statements relate to accrued research and development expenses, the valuation of preferred and common stock, the valuation of stock options and the valuation allowance of deferred tax assets resulting from net operating losses. 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.

Recently Adopted Accounting Pronouncements

The Company adopted Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842) (commonly referred to as Accounting Standards Codification ("ASC") 842), as of January 1, 2019, using the optional transition method. The optional transition method provides a method for recording existing leases at adoption and a cumulative catch up adjustment on January 1, 2019 for any differences between ASC 842 and the legacy guidance provided in ASC 840, *Leases* that would have impacted our income statement. No retrospective restatements are required under the optional transition method. In addition, the Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed us to carry forward the historical lease classification. The Company also applied the short-term lease recognition exemption for leases with terms at inception not greater than 12 months.

Adoption of the new standard resulted in the recording of additional operating lease right-of-use assets and operating lease liabilities of approximately $12.5 million and $13.2 million, respectively, as of January 1, 2019. The difference between the operating lease right-of-use assets and lease liabilities are due to accrued deferred rent and unamortized lease incentives.

Recently Issued Accounting Pronouncements – Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments, which changes the impairment model for most financial assets and certain other instruments. For trade receivables and other instruments, entities will be required to use a new forward-looking expected loss model that generally will result in the earlier recognition of allowances for losses. For available-for-sale debt securities with unrealized losses, the losses will be recognized as allowances rather than as reductions in the amortized cost of the securities. This guidance is effective for annual reporting periods beginning after December 15, 2019, including interim periods within those years, with early adoption permitted only as of annual reporting periods beginning after December 15, 2018. We are currently evaluating the timing and impact of the adoption of ASU 2016-13 on our unaudited condensed financial statements or related financial statement disclosures.

Net Loss Per Share

Basic net loss per share of common stock is computed by dividing net loss attributable to common stockholders by the weighted average number of shares of common stock outstanding for the period. Diluted net loss per share excludes the potential impact of the Company's Series Seed Convertible Preferred Stock, Series A Convertible Preferred Stock, and Series B Convertible Preferred Stock, common stock options and unvested shares of restricted stock because their effect would be anti-dilutive due to the Company's net loss. Since the Company had a net loss in each of the periods presented, basic and diluted net loss per common share are the same.

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

	As of June 30,	
	2019	2018
Shares issuable upon conversion of Series Seed Convertible Preferred Stock	—	4,444,444
Shares issuable upon conversion of Series A Convertible Preferred Stock	—	10,158,710
Shares issuable upon exercise of stock options	7,919,890	—
Non-vested shares under restricted stock grants	5,457,806	6,137,411

3. Balance Sheet Accounts and Supplemental Disclosures

Property and Equipment

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

	Estimated Useful Life (in years)	June 30, 2019	December 31, 2018
Office equipment	3-7	$ 1,010	$ 918
Computer equipment	5	107	15
Software	3	50	50
Lab equipment	2-5	2,142	1,070
Leasehold improvements	6-7	1,839	1,243
Construction in process	N/A	337	194
Total property and equipment		5,485	3,490
Less: accumulated depreciation		671	297
Property and equipment, net		$ 4,814	$ 3,193

Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	As of	
	June 30, 2019	December 31, 2018
Accrued compensation	$ 4,290	$ 4,102
Operating lease liabilities	2,229	—
Accrued professional service fees	1,908	2,697
Accrued other	777	769
Total accrued expenses	$ 9,204	$ 7,568

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.

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents the hierarchy for assets measured at fair value on a recurring basis as of June 30, 2019 and December 31, 2018 (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, 2019				
Money market funds	$ 25,014	$ 25,014	$ —	$ —
U.S. Treasury securities	197,040	197,040	—	—
Commercial paper	38,280	—	38,280	—
Corporate debt securities	87,856	—	87,856	—
As of December 31, 2018				
Money market funds	$ 17,295	$ 17,295	$ —	$ —
U.S. Treasury securities	123,439	123,439	—	—

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, 2019 and December 31, 2018, the carrying amounts of the Company's financial instruments, which include cash, interest and securities receivable, accounts payable and accrued expenses, approximate fair values because of their short maturities.

Interest and securities receivable as of June 30, 2019 and December 31, 2018, was $19.5 million and $0.6 million, respectively, and is recorded as a component of prepaid expenses and other current assets on the condensed consolidated balance sheets. Securities receivable reflect the timing differences of maturities or settlements of investments and the ultimate reinvestment of such amounts.

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

Available for Sale Investments

We invest our excess cash in U.S. Treasury securities and debt instruments of corporations and commercial obligations, which are classified as available-for-sale investments. These investments are carried at fair value and are included in the tables above. The Company evaluates securities with unrealized losses to determine whether such losses, if any, are other than temporary. Realized gains and losses are calculated using the specific identification method and recorded as interest income or expense. We do not generally intend to sell the investments and it is not more likely than not that we will be required to sell the investments before recovery of their amortized cost bases, which may be at maturity.

The aggregate market value, cost basis, and gross unrealized gains and losses of available-for-sale investments by security type, classified in marketable securities and long-term investments as of June 30, 2019 are as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Total Fair Value
Marketable securities				
U.S. Treasury securities	$ 196,621	$ 219	$ —	$ 196,840
Commercial paper	30,799	1	(1)	30,799
Corporate debt securities	87,565	291	—	87,856
Total marketable securities	$ 314,985	$ 511	$ (1)	$ 315,495

As of June 30, 2019, the Company classified $7.7 million of assets with original maturities of 90 days or less as cash equivalents. None of the investments have been in a gross unrealized loss for a period greater than 12 months. At each reporting date, we perform an evaluation of impairment to determine if any unrealized losses are other-than-temporary. Factors considered in determining whether a loss is other-than-temporary include the length of time and extent to which fair value has been less than the cost basis, the financial condition of the issuer, and our intent and ability to hold the investment until recovery of the amortized cost basis. We intend and have the ability to hold our investments in unrealized loss positions until their amortized cost basis has been recovered. Further, based on our evaluation, we determined that unrealized losses were not other-than-temporary as of June 30, 2019.

Contractual maturities of available-for-sale debt securities, as of June 30, 2019, were as follows (in thousands):

	Estimated Fair Value
Due within one year	$ 287,765
One to two years	27,730
Total	$ 315,495

We have the ability, if necessary, to liquidate any of our cash equivalents and short-term investments to meet our liquidity needs in the next 12 months. Accordingly, those investments with contractual maturities greater than one year from the date of purchase are classified as current assets on the accompanying condensed consolidated balance sheets.

5. Long-term Debt

On May 2, 2019, the Company, as guarantor, and its wholly-owned subsidiary GB001, Inc., as borrower, entered into the Credit Facility described in Note 1, pursuant to which the Lenders, including affiliates of MidCap and Silicon Valley Bank, 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 three additional tranches (of $40.0 million, $30.0 million and $50.0 million, respectively), subject to specified availability periods, the achievement of certain clinical development milestones, minimum cash requirements and other customary conditions. The second tranche is available no earlier than February 1, 2020 and no later than July 31, 2020. The third tranche is available no earlier than May 1, 2020 and no later than October 31, 2020. The fourth tranche is available no earlier than February 1, 2021 and no later than July 31, 2021. The Credit Facility is secured by substantially all of the Company's and its domestic subsidiaries' personal property, including intellectual property, and includes affirmative and negative covenants applicable to the Company.

Each term loan under the Credit Facility bears interest at an annual rate equal to the sum of (i) one-month LIBOR (customarily defined, with a change to prime rate if LIBOR funding becomes unlawful or impractical) plus (ii) 6.15%, subject to a LIBOR floor of 2.00%. The borrower is required to make interest-only payments on the term loan for all payment dates prior to June 1, 2021. The term loans under the Credit Facility will begin amortizing on June 1, 2021, with equal monthly payments of principal plus interest being made by the Company to the Lenders in consecutive monthly installments following such interest-only period for 36 months or, for any funding of the fourth tranche occurring after June 1, 2021, the number of months until the Credit Facility matures on May 1, 2024. Upon final repayment of the term loans, the borrower must pay an exit fee of 1.75% of the amount borrowed under the Credit Facility, less any partial exit fees previously paid. Upon partial prepayment of a portion of the term loans, the borrower must pay a partial exit fee of 1.75% of the principal being prepaid. At the borrower's option, the borrower may prepay the outstanding principal balance of the term loan in whole or in part, subject to a prepayment fee of 3.0% of any amount prepaid if the prepayment occurs through and including the first anniversary of the closing date, 2.0% of the amount prepaid if the prepayment occurs after the first anniversary of the closing date through and including the second anniversary of the closing date, and 1.0% of any amount prepaid after the second anniversary of the closing date and prior to May 1, 2024.

The Credit Facility includes affirmative and negative covenants applicable to the Company and certain of its subsidiaries. The affirmative covenants include, among others, covenants requiring such entities to maintain their legal existence and governmental approvals, deliver certain financial reports, maintain insurance coverage, maintain property, pay taxes, satisfy certain requirements regarding accounts and comply with laws and regulations. The negative covenants include, among others, restrictions on such entities from transferring collateral, incurring additional indebtedness, engaging in mergers or acquisitions, paying dividends or making other distributions, making investments, creating liens, amending material agreements and organizational documents, selling assets and suffering a change in control, in each case subject to certain exceptions. The Company and certain of its subsidiaries are also subject to an ongoing minimum cash financial covenant in which they must maintain unrestricted cash in an amount not less than 25% of the outstanding principal amount of the term loans. As of June 30, 2019, the Company was in compliance with these covenants.

The Credit Facility also includes events of default, the occurrence and continuation of which could cause interest to be charged at the rate that is otherwise applicable plus 3.0% and would provide MidCap, as agent, with the right to exercise remedies against the Company and/or certain of its subsidiaries, and the collateral securing the Credit Facility, including foreclosure against the properties securing the credit facilities, including cash. These events of default include, among other things, failure to pay any amounts due under the Credit Facility, a breach of covenants under the Credit Facility, insolvency or the occurrence of insolvency events, the occurrence of a change in control, the occurrence of certain U.S. Food and Drug Administration and regulatory events, failure to remain registered with the SEC and listed for trading on NASDAQ, the occurrence of a material adverse change, the occurrence of a default under a material agreement reasonably expected to result in a material adverse change, the occurrence of certain defaults under certain other indebtedness in an amount greater than $2,500,000 and the occurrence of certain defaults under subordinated indebtedness and convertible indebtedness.

Our long-term debt as of June 30, 2019 consisted of the following (in thousands):

	June 30, 2019
Term loan	$ 30,000
Debt discount and issuance costs	(1,719)
Long-term debt	$ 28,281

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

	June 30, 2019
2019 (six-months)	$ —
2020	—
2021	5,833
2022	10,000
2023	10,000
2024	4,167
Total	$ 30,000

6. Convertible Note Financing

On October 2, 2017, the Company issued a convertible promissory note (the “Note”) in an amount of $6.0 million to an investor. The Note accrued interest at 8% per year and had a maturity date of October 2, 2018. The Note was subject to an automatic conversion upon a qualified equity financing defined as a raise of $40.0 million, excluding the conversion of the Note and other indebtedness. The conversion was equal to the outstanding principal amount of the Note plus all accrued and previously unpaid interest thereon, divided by the lowest price per share paid by investor for qualified equity financing. On January 4, 2018, the Note converted into 3,499,209 shares of Series A Convertible Preferred Stock.

7. Asset Acquisitions and Contingent Consideration

The following purchased assets were accounted for as asset acquisitions as substantially all of the fair value of the assets acquired were concentrated in a group of similar assets and/or the acquired assets were not capable of producing outputs due to the lack of employees and early stage of development. Because the assets had not yet received regulatory approval, the fair value attributable to these assets was recorded as in process research and development (“IPR&D”) expenses in the Company’s condensed consolidated statement of operations for the three and six months ended June 30, 2019.

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.

Acquisition of License from Pulmokine, Inc. (GB002)

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 GB002 and certain backup compounds for the treatment, prevention and diagnosis of any and all disease or conditions. The Company also has the right to sublicense its rights under the license agreement, subject to certain conditions. The assets acquired are in the early stages of the U.S. 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 $63.0 million, 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. The Company made an upfront payment of $5.5 million in October 2017. As of June 30, 2019, no milestones had been accrued as the underlying contingencies had not yet been met.

AA Biopharma Inc. Acquisition (GB001)

On January 4, 2018, the Company acquired AA Biopharma Inc. pursuant to a merger agreement, and with the acquisition acquired the rights to GB001 and certain backup compounds. In connection with the merger agreement, the Company issued an aggregate of 20,000,000 shares of Series Seed Convertible Preferred Stock and 1,101,278 shares of Common Stock to the AA Biopharma shareholders. The Company recorded IPR&D of $19.3 million in January 2018 in connection with the acquisition of AA Biopharma.

Acquisition of License from Aerpio Pharmaceuticals, Inc. (GB004)

On June 24, 2018, the Company entered into a license agreement with Aerpio Pharmaceuticals, Inc. ("Aerpio") under which the Company was granted an exclusive worldwide license and sublicense to certain intellectual property rights owned or controlled by Aerpio to develop and commercialize GB004, and certain other related compounds for all applications. The Company also has the right to sublicense its rights under the license agreement, subject to certain conditions. The Company is obligated to make future development and regulatory milestone payments of up to $55.0 million, commercial milestone payments of up to $85.0 million and sales milestone payments of up to $260.0 million. The Company is also obligated to pay tiered royalties on sales for each licensed product, at percentages ranging from a high single-digit to mid-teens, subject to certain customary reductions. The Company made an upfront payment of $20.0 million in June 2018, which represented the purchase consideration for an asset acquisition. As of June 30, 2019, no milestones had been accrued as the underlying contingencies had not yet been met.

Adhaere Pharmaceuticals, Inc. Acquisition (GB1275)

On September 21, 2018, the Company acquired Adhaere Pharmaceuticals, Inc. ("Adhaere") pursuant to a merger agreement for an upfront payment of $7.5 million in cash, and with the acquisition acquired the rights to GB1275 and certain backup compounds. The Company is obligated to make regulatory, development and sales milestone payments of up to $62.0 million and pay tiered royalties on worldwide net sales, at percentages ranging from low to mid-single digits, subject to customary reductions. In September 2018, the Company recorded IPR&D of $7.5 million in connection with the acquisition of Adhaere. In May 2019, the Company made a milestone payment of $1.0 million in connection with the filing of the Investigational New Drug (IND) application for the GB1275 program. As of June 30, 2019, no other milestones had been accrued as the underlying contingencies had not yet been met.

The Company recorded the following IPR&D expense on the condensed consolidated statements of operations (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
GB001	$ —	$ —	$ —	$ 19,148
GB004	—	20,000	—	20,000
GB1275	1,000	—	1,000	—
Other Programs	—	500	1,000	2,250
Total in process research and development	$ 1,000	$ 20,500	$ 2,000	$ 41,398

8. Stockholders' Equity (Deficit)

In connection with the Company's IPO, the outstanding shares of the Company's Series Seed, Series A, and Series B Convertible Preferred Stock automatically converted into 30,493,460 shares of common stock.

Common Stock

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

Pursuant to the employment agreements with the Company's founders executed January 4, 2018, the Company provided for certain potential additional issuances of common stock (the "anti-dilution shares") to each of the founders to ensure the total number of shares of common stock held by them and their affiliates (inclusive of any shares subject to equity awards granted by the Company) would represent 15% of the Company's fully-diluted capitalization until such time as the Company raised $300 million in equity capital, including the capital raised in the Series A financing.

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

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 Board.

Shares of Common Stock Subject to Repurchase

In November 2017, in connection with the issuance of the Series A Convertible Preferred Stock, certain employees entered into stock restriction agreements, whereby 1,305,427 shares are subject to forfeiture by the Company upon the stockholder's termination of employment or service to the Company. In January 2018, the Company's founders entered into stock restriction agreements, whereby 4,580,444 of previously unrestricted shares of common stock were subject to service vesting conditions. These shares are also subject to forfeiture by the Company upon the stockholders' termination of employment or service to the Company. Any shares subject to repurchase by the Company are not deemed, for accounting purposes, to be outstanding until those shares vest. As such, the Company recognizes the measurement date fair value of the restricted stock over the vesting period as compensation expense. As of June 30, 2019 and December 31, 2018, 5,457,806 and 7,482,032 shares of common stock were subject to repurchase by the Company, respectively. The unvested stock liability related to these awards is immaterial to all periods presented.

9. Equity Incentive Plans

Approval of the 2019 Equity Incentive Plan

In January 2019, the Company's board of directors and stockholders approved and adopted the 2019 Incentive Award Plan (the "2019 Plan"). The 2019 Plan became effective on February 6, 2019, the day prior to the effectiveness of the registration statement filed in connection with the IPO. Under the 2019 Plan, the Company may grant stock options, stock appreciation rights, restricted stock, restricted stock units, and other stock or cash-based awards to individuals who are then employees, officers, directors or consultants of the Company, and employees and consultants of the Company's subsidiaries. A total of 5,750,000 shares of common stock were approved to be initially reserved for issuance under the 2019 Plan. The number of shares that remained available for issuance under the 2017 Plan (as defined below) as of the effective date of the 2019 Plan were, and shares subject to outstanding awards under the 2017 Plan as of the effective date of the 2019 Plan that are subsequently canceled, forfeited or repurchased by the Company will be added to the shares reserved under the 2019 Plan. In addition, the number of shares of common stock available for issuance under the 2019 Plan will be automatically increased on the first day of each calendar year during the ten-year term of the 2019 Plan, beginning with January 1, 2020 and ending with January 1, 2029, by an amount equal to 5% of the outstanding number of shares of the Company's common stock on December 31 of the preceding calendar year or such lesser amount as determined by the Company's board of directors. As of June 30, 2019, an aggregate of 2,867,556 shares of common stock were available for issuance under the 2019 Plan and 2,882,444 shares of common stock were subject to outstanding awards under the 2019 Plan.

Approval of the 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. As of June 30, 2019, an aggregate of 700,000 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, 2019, 5,037,446 shares of common stock were subject to outstanding options under the 2017 Plan, and 708,445 shares of restricted stock awards granted under the 2017 plan were unvested.

Stock Options

The fair value of each employee and non-employee stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The Company, prior to its IPO on February 12, 2019, was a private company and lacks company-specific historical and implied volatility information. Therefore, it estimates its expected volatility based on the historical volatility of a publicly traded set of peer companies. 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, 2019:

	Shares Subject to Options Outstanding		Weighted-Average Remaining Contractual Life	
	Shares	Weighted-Average Exercise Price	(Years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2018	5,107,329	$ 7.51	9.7	$ 16,343
Options granted	2,885,644	$ 21.13		
Option exercised	(60,773)	$ 2.61		
Options forfeited/cancelled	(12,310)	$ 10.75		
Outstanding as of June 30, 2019	7,919,890	$ 12.51	9.4	$ 76,723
Options vested and exercisable as of June 30, 2019	497,225	$ 3.03	8.8	$ 9,522

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, 2019 and the exercise price of the stock options. The weighted-average grant date fair value per share for the stock option grants during the six months ended June 30, 2019 was $21.13. At June 30, 2019, the total unrecognized compensation related to unvested stock option awards granted was $57.4 million, which the Company expects to recognize over a weighted-average period of approximately 3.3 years.

Restricted Stock

The summary of the Company's restricted stock activity is as follows:

	Number of Restricted Stock Units Outstanding	Weighted-Average Grant Date Fair Value
Nonvested at December 31, 2018	7,482,032	$ 4.01
Granted	—	—
Vested	(2,024,226)	$ 4.19
Forfeited	—	—
Nonvested at June 30, 2019	5,457,806	$ 3.94

At June 30, 2019, the total unrecognized compensation related to unvested restricted stock awards granted was $15.8 million, which the Company expects to recognize over a weighted-average period of approximately 3.4 years.

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

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Research and development	$ 2,463	$ 52	$ 3,756	$ 56
General and administrative	2,677	1,322	4,473	1,923
Total stock-based compensation	$ 5,140	$ 1,374	$ 8,229	$ 1,979

For the three months ended June 30, 2019 and 2018, $5.1 million and $1.4 million, respectively, of the stock-based compensation expense related to the issuance of anti-dilutive shares. For the six months ended June 30, 2019 and 2018, $8.2 million and $2.0 million, respectively, of the stock-based compensation expense related to the vesting of anti-dilution shares.

10. Commitments and Contingencies

Leases

The Company subleases certain office and laboratory space under a non-cancelable operating lease expiring in December 2024 for the initial leased space and December 2022 for expansion space leased pursuant to an amendment to the lease agreement entered into in August 2018. The sublease agreement included options to extend for the entire premises through October 2028. The options to extend must be exercised prior to the termination of the original lease agreement. The period covered by the options was not included in the non-cancellable lease term as it not was not determined to be reasonably certain to be executed. The lease agreement also includes a one-time termination option for the expansion space only whereby the Company can terminate the lease with advance written notice. The termination option was not determined to be reasonably certain to be executed. The lease is subject to charges for common area maintenance and other costs, and base rent is subject to an annual 3% increase each subsequent year. Costs determined to be variable and not based on an index or rate were not included in the measurement of the operating lease liabilities.

Monthly rent expense is recognized on a straight-line basis over the term of the lease. The operating lease is included in the balance sheet at the present value of the lease payments at a 7% discount rate 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. The weighted average remaining lease term was 4.7 years.

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

	Three months ended June 30, 2019	Six months ended June 30, 2019
Operating lease cost	$ 752	$ 1,505
Variable lease cost	357	752
Short-term lease cost	15	29
Total lease cost	$ 1,124	$ 2,286

Cash paid for amounts included in the measurement of operating lease liabilities for the three and six months ended June 30, 2019 was $0.7 million and $1.4 million, respectively.

Gross future minimum annual rental commitments as of June 30, 2019, were as follows (in thousands):

	Undiscounted Rent Payments
Year ending December 31,	
2019 (remaining 6 months)	$ 1,478
2020	3,038
2021	3,127
2022	3,220
2023	1,694
2024	1,745
Total undiscounted rent payments	$ 14,302
Present value discount	(2,135)
Present value	$ 12,167
Current portion of operating lease liability (included as a component of accrued expenses)	$ 2,229
Noncurrent operating lease liabilities	9,938
Total operating lease liability	$ 12,167

Future minimum lease payments under non-cancelable operating leases at December 31, 2018 were as follows (in thousands):

Years ending December 31,	
2019	$ 2,944
2020	3,035
2021	3,123
2022	3,216
2023	1,690
Thereafter	1,741
	$ 15,749

For the three and six months ended June 30, 2018 the Company recorded approximately $0.5 million and $1.0 million, respectively, in rent expense.

Litigation

The Company is not a party to any material legal proceedings and is not aware of any pending or threatened claims. From time to time, the Company may be subject to various legal proceedings and claims that arise in the ordinary course of its business activities.

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, 2018 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 22, 2019.

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. All statements other than statements of historical facts contained in this quarterly report, including statements regarding our future results of operations and financial position, business strategy, prospective products, product approvals, research and development costs, timing and likelihood of success, plans and objectives of management for future operations and future results of anticipated products, 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 and Part I, Item 1A, "Risk Factors" in our most recent Annual Report on Form 10-K filed with the SEC on March 22, 2019. 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.

Overview

We are a clinical-stage biopharmaceutical company focused on discovering, acquiring, developing and commercializing therapeutics in the disease areas of immunology, inflammation and oncology. Our goal is to be an industry leader in each of these therapeutic areas and enhance and extend the lives of patients suffering from such diseases. To accomplish this goal, 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 collective immunology and translational discovery and development expertise serves as the foundation of our company.

We are pursuing product candidates with strong scientific rationale to address indications where there is both a high unmet need and an opportunity to develop best-in-class or first-in-class programs. We currently have four clinical-stage product candidates, in addition to multiple preclinical programs. We commenced a Phase 2b clinical trial for our most advanced product candidate, GB001, in moderate-to-severe eosinophilic asthma in October 2018 and expect to conduct an interim analysis in the first half of 2020. If the interim analysis is positive, we plan on initiating a Phase 3 clinical trial thereafter. In the second quarter of 2019, we initiated a proof-of-concept Phase 2 clinical trial of GB001 in patients with chronic rhinosinusitis, both with and without nasal polyps. Additionally, we expect to initiate a proof-of-concept Phase 2 clinical trial of GB001 in patients with chronic spontaneous urticaria in the second half of 2019. We are developing GB002 for the treatment of pulmonary arterial hypertension, or PAH. We plan to commence enrolling patients for a Phase 1b clinical trial in PAH in the third quarter of 2019, and we plan to initiate a Phase 2/3 clinical trial in PAH in the second half of 2019. We are developing GB004 for the treatment of inflammatory bowel disease, including ulcerative colitis, or UC, and Crohn's disease. In the second quarter of 2019, we initiated a Phase 1b clinical trial in mild-to-moderate UC patients with active disease symptoms and histology. We also plan to initiate a Phase 2 clinical trial in UC in the first half of 2020. We are developing GB1275 for the treatment of oncology indications We recently began screening patients in a Phase 1/2 clinical trial for GB1275 in solid tumor indications as a monotherapy and in combination with either an anti-PD-1 therapy or chemotherapy.

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 early clinical trials. We have funded our operations primarily through equity financings. We raised $601.3 million from October 2017 through April 2019 through Series A and B convertible preferred stock financings, a convertible note financing, and our initial public offering, or IPO, completed in February 2019. In addition, we received $12.8 million in cash in connection with the January 2018 acquisition of AA Biopharma Inc., of which Pulmagen Therapeutics (Asthma) Limited is a wholly-owned subsidiary. As of June 30, 2019, we had $464.0 million in cash, cash equivalents and marketable securities.

On February 12, 2019, we closed our IPO and the underwriters in the IPO purchased 19,837,500 shares, including the full exercise of their option to purchase additional shares of common stock. The net proceeds were $291.3 million, after deducting underwriting discounts and commissions and estimated offering costs.

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 and six months ended June 30, 2019, our net loss was $44.5 million and $77.1 million, respectively. For the three and six months ended June 30, 2018, our net loss was $32.7 million and $58.8 million, respectively. As of June 30, 2019, we had an accumulated deficit of $231.0 million. We expect our expenses and operating losses will increase substantially as we conduct our ongoing and planned clinical trials, continue our research and development activities and conduct preclinical studies, and seek regulatory approvals for our product candidates, as well as hire additional personnel, protect our intellectual property and incur additional costs associated with being a public company. In addition, as our product candidates progress through development and toward commercialization, we will need to make milestone payments to the licensors and other third parties from whom we have in-licensed or acquired our product candidates, including GB002, GB004 and GB1275. Our net losses may fluctuate significantly from quarter-to-quarter and year-to-year, depending in particular on the timing of our clinical trials and preclinical studies and our expenditures on other research and development activities.

We do not expect to generate any revenue from product sales unless and until we successfully complete development and obtain regulatory approval for one or more of our product candidates, which we expect will take a number of years. If we obtain regulatory approval for any of our product candidates, 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 our product candidate development or future commercialization efforts or grant rights to develop and market our product candidates even if we would otherwise prefer to develop and market such product candidates ourselves.

Components of Results of Operations

Revenue

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

Operating expenses

Research and development

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

Research and development expenses include or could include:

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

Our direct research and development expenses consist principally of external costs, such as fees paid to CROs, investigative sites and consultants in connection with our clinical trials, preclinical and non-clinical studies, and costs related to manufacturing clinical trial materials. We deploy our personnel and facility related resources across all of our research and development activities. We track external costs and personnel expense on a program-by-program basis and allocate common expenses, such as facility related resources, to each program based on the personnel resources allocated to such program. Stock-based compensation and personnel and common expenses not attributable to a specific program are considered unallocated research and development expenses.

We plan to substantially increase our research and development expenses for the foreseeable future as we continue the development of our product candidates and conduct discovery and research activities for our preclinical programs. 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 our product candidates 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 which product candidates to pursue and how much funding to direct to each product candidate 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 each product candidate’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 our product candidates;
- the phase of development of our product candidates; and
- the efficacy and safety profile of our product candidates.

In process research and development

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

IPR&D expenses consist of our upfront payments made to Pulmokine, Inc., in connection with the in-license of GB002, the value of our stock issued to former AA Biopharma Inc. shareholders, in connection with the acquisition of GB001, and our upfront and milestone payments made to Aerpio Pharmaceuticals, Inc., or Aerpio, in connection with the in-license of GB004, our upfront and milestone payments made to Adhaere Pharmaceuticals, Inc., or Adhaere, in connection with the acquisition of GB1275, and upfront and milestone payments made in connection with the acquisition and development of our other preclinical programs.

General and administrative

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

We expect our general and administrative expenses will increase for the foreseeable future to support our expanded infrastructure and increased costs of operating as a public company. These increases will likely include increased expenses related to 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, net

Other income, net consists of (1) interest income on our cash, cash equivalents and marketable securities, (2) interest expense related to the convertible promissory note issued in October 2017, and (3) other miscellaneous income (expense). The note converted into shares of our Series A convertible preferred stock in January 2018.

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 U.S. generally accepted accounting principles, or GAAP. The preparation of these financial statements requires us to make judgments and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and liabilities in our condensed consolidated financial statements. We base our estimates on historical experience, known trends and events, and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. On an ongoing basis, we evaluate our judgments and estimates in light of changes in circumstances, facts and experience. During the three and six months ended June 30, 2019, there have been no significant changes in our critical accounting policies 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 22, 2019.

Results of Operations – Comparison of the Three and Six Months Ended June 30, 2019 and 2018

The following table sets forth our selected statements of operations data for the three months ended June 30, 2019 and 2018:

	Three months ended June 30,		2019 vs 2018 Change
	2019	2018	
	(in thousands)		
Operating expenses:			
Research and development	$ 35,676	$ 7,930	$ 27,746
In process research and development	1,000	$ 20,500	(19,500)
General and administrative	9,673	4,606	5,067
Total operating expenses	46,349	33,036	13,313
Loss from operations	(46,349)	(33,036)	(13,313)
Other income, net	1,851	300	1,551
Net loss	$ (44,498)	$ (32,736)	$ (11,762)

The following table sets forth our selected statements of operations data for the six months ended June 30, 2019 and 2018:

	Six months ended June 30,		2019 vs 2018 Change
	2019	2018	
	(in thousands)		
Operating expenses:			
Research and development	$ 60,659	$ 10,554	$ 50,105
In process research and development	2,000	$ 41,398	(39,398)
General and administrative	17,707	7,210	10,497
Total operating expenses	80,366	59,162	21,204
Loss from operations	(80,366)	(59,162)	(21,204)
Other income, net	3,257	389	2,868
Net loss	$ (77,109)	$ (58,773)	$ (18,336)

Operating Expenses

Research and development

Research and development expenses were $35.7 million for the three months ended June 30, 2019, compared to $7.9 million for the three months ended June 30, 2018, for an increase of $27.7 million, which was primarily attributable to an increase of $7.0 million of costs associated with preclinical studies and clinical trials for GB001, an increase of $6.5 million of costs associated with preclinical studies and clinical trials for GB002, an increase of $4.7 million of costs associated with preclinical studies and clinical trials for GB004, an increase of $3.1 million of costs associated with preclinical and clinical trials for GB1275, an increase of $2.7 million of costs associated with other preclinical studies and clinical trials, and an increase of $3.8 million of costs related to personnel and other associated costs.

Research and development expenses were $60.7 million for the six months ended June 30, 2019, compared to $10.6 million for the six months ended June 30, 2018, for an increase of $50.1 million, which was primarily attributable to an increase of $14.1 million of costs associated with preclinical studies and clinical trials for GB001, an increase of $10.7 million of costs associated with preclinical studies and clinical trials for GB002, an increase of $9.1 million of costs associated with preclinical studies and clinical trials for GB004, an increase of $5.4 million of costs associated with preclinical studies and clinical trials for GB1275, an increase of $4.1 million of costs associated with other preclinical studies and clinical trials, and an increase of $6.7 million of costs related to personnel and other associated costs.

The following table shows our research and development expenses by program for the three and six months ended June 30, 2019 and 2018:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	(in thousands)		(in thousands)	
GB001	$ 10,084	$ 3,071	$ 18,198	$ 4,123
GB002	9,697	3,220	15,146	4,399
GB004	4,771	94	9,209	94
GB1275	3,065	—	5,377	—
Other Programs	3,180	455	4,653	596
Unallocated expenses	4,879	1,090	8,076	1,342
Total research and development	$ 35,676	$ 7,930	$ 60,659	$ 10,554

In process research and development

IPR&D expenses were $1.0 million for the three months ended June 30, 2019, compared to $20.5 million for the three months ended June 30, 2018, for a decrease of $19.5 million, which was primarily attributable to our $20.0 million of costs associated with the in-license of GB004 in the second quarter of 2018.

IPR&D expenses were $2.0 million for the six months ended June 30, 2019, compared to $41.4 million for the six months ended June 30, 2018, for a decrease of $39.4 million, which was primarily attributable to our $19.3 million of costs associated with the issuance of our stock in connection with our acquisition of GB001 and AA Biopharma in the first quarter of 2018 and $20.0 million of costs associated with the in-license of GB004 in the second quarter of 2018, respectively, partially offset by an $1.0 million milestone payment for GB1275 in the second quarter of 2019.

General and administrative

General and administrative expenses were $9.7 million for the three months ended June 30, 2019, compared to $4.6 million for the three months ended June 30, 2018, for an increase of $5.1 million, which was primarily attributable to an $1.6 million increase in professional and legal fees, an $1.5 million increase in personnel-related costs, and an $1.4 million increase in stock-based compensation costs.

General and administrative expenses were $17.7 million for the six months ended June 30, 2019, compared to $7.2 million for the six months ended June 30, 2018, for an increase of $10.5 million, which was primarily attributable to a $3.3 million increase in personnel-related costs, a $3.1 million increase in professional and legal fees, a $2.6 million increase in stock-based compensation costs, and an $1.2 million increase in costs associated with insurance.

Other income, net

Other income, net was $1.9 million for the three months ended June 30, 2019, compared to $0.3 million for the three months ended June 30, 2018, related to an $1.6 million increase in investment income earned on our cash, cash equivalents and marketable securities during the period.

Other income, net was $3.3 million for the six months ended June 30, 2019, compared to $0.4 million for the six months ended June 30, 2018, related to a $2.9 million increase in investment income earned on our cash, cash equivalents and marketable securities during the period.

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, 2019 we had an accumulated deficit of $231.0 million.

Our primary use of cash is to fund operating expenses, which consist primarily of research and development expenditures, and to a lesser extent, general and administrative expenditures. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in our outstanding accounts payable and accrued expenses.

From our inception through the six months ended June 30, 2019, our operations have been financed primarily by gross proceeds of $631.3 million from the sale of our convertible preferred stock, convertible promissory note, proceeds from our IPO and proceeds from our term loan. As of June 30, 2019, we had cash, cash equivalents and marketable securities of $464.0 million.

On February 12, 2019, we closed our IPO and the underwriters in the IPO purchased 19,837,500 shares, including the full exercise of their option to purchase additional shares of common stock. The net proceeds from the IPO were $291.3 million, after deducting underwriting discounts and commissions and estimated offering costs. In connection with the closing of the IPO, the outstanding shares of our convertible preferred stock were converted into shares of common stock at a ratio of 4.5-to-one. Cash in excess of immediate requirements is invested in accordance with our investment policy, primarily with a view to capital preservation and liquidity.

On May 2, 2019, we entered into a credit, guaranty and security agreement pursuant to which the lenders party thereto agreed to make term loans available to us for working capital and general business purposes, in a principal amount of up to $150.0 million in term loan commitments, including a $30.0 million term loan which was funded at the closing date, with the ability to access the remaining $120.0 million in three additional tranches (of $40.0 million, $30.0 million and $50.0 million, respectively), subject to specified availability periods, the achievement of certain clinical development milestones, minimum cash requirements and other customary conditions. Additional information about this credit facility and our long-term borrowings is presented in Note 5 “Long-term Debt” to the Notes to Unaudited Condensed Consolidated Financial Statements included in Part I, Item 1, of this Form 10-Q, which is incorporated herein by this reference.

The following table shows a summary of our cash flows for each of the six months ended June 30, 2019 and 2018, respectively:

	Six months ended June 30,	
	2019	2018
	(in thousands)	
Net cash used in operating activities	$ (64,584)	$ (10,506)
Net cash used in investing activities	(212,026)	(30,914)
Net cash provided by financing activities	319,691	73,451
Net increase in cash, cash equivalents and restricted cash	$ 43,081	$ 32,031

Operating activities

During the six months ended June 30, 2019, operating activities used approximately $64.6 million of cash, primarily resulting from a net loss of $77.1 million, partially reduced by stock-based compensation expense of $8.2 million, changes in operating assets and liabilities of $3.3 million, and costs associated with milestone payments for IPR&D assets of $2.0 million. Net cash used by changes in operating assets and liabilities consisted primarily of changes in prepaid expenses and other current assets, and accrued expenses of $5.3 million, offset by cash provided by changes in operating lease right of use assets and liabilities, accounts payable, accrued research and development expenses, and accrued compensation and benefits of $8.6 million.

During the six months ended June 30, 2018, operating activities used approximately $10.5 million of cash, primarily resulting from a net loss of $58.8 million, partially reduced by IPR&D license expenses of $41.4 million, changes in operating assets and liabilities of $4.9 million, and stock-based compensation expense of $2.0 million. Net cash provided by changes in operating assets and liabilities consisted primarily of increases in accounts payable and accrued expenses of $5.7 million, partially offset by cash used in prepaid expenses and other current assets, and other current and non-current assets and liabilities of $0.8 million.

Investing activities

During the six months ended June 30, 2019, investing activities used approximately $212.0 million of cash, primarily resulting from the purchase of marketable securities of $287.0 million, milestone payments of $2.0 million, and purchases of property and equipment of $1.7 million, offset by sales and maturities of investments of $78.7 million.

During the six months ended June 30, 2018, investing activities used approximately $30.9 million of cash, primarily resulting from the upfront payment made to Aerpio of $20.0 million in connection with the in-license of GB004, the purchase of marketable securities of $20.0 million, and the purchase of property and equipment of $1.5 million, partially offset by $12.8 million of cash proceeds received in connection with the acquisition of AA Biopharma.

Financing activities

During the six months ended June 30, 2019, financing activities provided $319.7 million of cash, primarily resulting from the net proceeds from our IPO of $291.3 million, and proceeds from a long-term debt facility of $30 million offset by $1.8 million of debt issuance costs.

During the six months ended June 30, 2018, financing activities provided $73.5 million of cash, primarily resulting from the net proceeds from the issuance of our Series A convertible preferred stock.

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. 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 product candidates 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, expansions, results, costs and timing of, our preclinical studies and clinical trials of our product candidates which we are pursuing or may choose to pursue in the future;
- the costs and timing of manufacturing for our product candidates;
- the costs, timing and outcome of regulatory review of our product candidates;
- the costs of obtaining, maintaining and enforcing our patents and other intellectual property rights;
- our efforts to enhance operational systems and hire additional personnel to satisfy our obligations as a public company, including enhanced internal controls over financial reporting;
- the costs associated with hiring additional personnel and consultants as our preclinical and clinical activities increase;
- the timing and amount of the milestone or other payments we must make to the licensors and other third parties from whom we have in-licensed our acquired our product candidates;
- the costs and timing of establishing or securing sales and marketing capabilities if any product candidate 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; and
- costs associated with any products or technologies that we may in-license or acquire.

Until such time as we can generate substantial product revenues to support our cost structure, if ever, we expect to finance our cash needs through equity offerings, our credit agreement, 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 our product candidate development or future commercialization efforts or grant rights to develop and market our product candidates even if we would otherwise prefer to develop and market such product candidates ourselves.

Contractual Obligations and Commitments

Under our license agreements with Pulmokine and Aerpio and our merger agreement with Adhaere, as well as our other license and acquisition agreements, we have payment obligations that are contingent upon future events such as our achievement of specified development, regulatory and commercial milestones and are required to make royalty payments in connection with the sale of products developed under those agreements. As of June 30, 2019, we were unable to estimate the timing or likelihood of achieving the milestones or making future product sales and, therefore, any related payments are not included in the table above.

We enter into contracts in the normal course of business with clinical trial sites and clinical supply manufacturers and with vendors for preclinical studies, research supplies and other services and products for operating purposes. These contracts generally provide for termination after a notice period, and, therefore, are cancelable contracts. During the three and six months ended June 30, 2019, there have been no material changes outside of the ordinary course of business in the composition of these contractual obligations or commitments as discussed in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Contractual Obligations and Commitments” in our Annual Report on Form 10-K filed with the SEC on March 22, 2019.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined under the rules and regulations of the SEC.

JOBS Act

As an emerging growth company under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, we can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this exemption and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. We intend to rely on other exemptions provided by the JOBS Act, including without limitation, not being required to comply with the auditor attestation requirements of Section 404(b) of Sarbanes-Oxley.

We will remain an emerging growth company until the earliest of (i) the last day of the fiscal year following the fifth anniversary of the consummation of our IPO, (ii) the last day of the fiscal year in which we have total annual gross revenue of at least $1.07 billion, (iii) the last day of the fiscal year in which we are deemed to be a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock held by non-affiliates exceeded $700.0 million as of the last business day of the second fiscal quarter of such year, or (iv) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of June 30, 2019, 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, 2018 filed with the SEC on March 22, 2019.

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 and six months ended June 30, 2019 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, 2018 filed with the SEC on March 22, 2019, and in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 filed with the SEC on May 14, 2019.

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

Unregistered Sales of Equity Securities

None.

Use of Proceeds

On February 7, 2019, our registration statement on Form S-1 (File No. 333-228984) was declared effective by the SEC for our initial public offering. At the closing of the offering on February 12, 2019, we sold 19,837,500 shares of common stock, which included the exercise in full by the underwriters of their option to purchase 2,587,500 additional shares, at an initial public offering price of $16.00 per share and received gross proceeds of $317.4 million, which resulted in net proceeds to us of approximately $291.3 million, after deducting underwriting discounts and commissions of approximately $22.2 million and offering-related transaction costs of approximately $3.9 million. None of the expenses associated with the initial public offering were paid to directors, officers, persons owning ten percent or more of any class of equity securities, or to their associates, or to our affiliates. Merrill Lynch, Pierce, Fenner & Smith Incorporated, SVB Leerink LLC, Barclays Capital Inc. and Evercore Group L.L.C. acted as joint book-running managers for the offering.

As of June 30, 2019, we have not used any of the proceeds from our initial public offering. There has been no material change in the planned use of proceeds from our initial public offering from that described in the final prospectus filed by us with the SEC on February 8, 2019.

Issuer Repurchases of Equity Securities

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

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.	8-K	2-12-2019	3.1	
3.2	Amended and Restated Bylaws.	8-K	2-12-2019	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	1-21-2018	4.2	
10.1	Credit, Guaranty and Security Agreement, dated May 2, 2019, by and among GB001, Inc., as borrower, the Registrant, as guarantor, the other guarantors from time to time party thereto and MidCap Financial Trust, as Agent and as a Lender, and the additional lenders from time to time party thereto.	8-K	5-3-2019	10.1	
10.2#	Letter Agreement, dated June 3, 2019, by and between Feheem Hasnain and the Registrant				X
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

# Indicates management contract or compensatory plan.

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

SIGNATURES

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

GOSSAMER BIO, INC.

Date: August 8, 2019

By: /s/ Sheila Gujrathi

Sheila Gujrathi
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 8, 2019

By: /s/ Bryan Giraudo

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

Gossamer Bio, Inc.
Gossamer Bio Services, Inc.

June 3, 2019

Faheem Hasnain
c/o Gossamer Bio, Inc.
3013 Science Park Road
San Diego, CA 92121

Dear Mr. Hasnain:

The purpose of this letter agreement (this "Agreement") is to memorialize the terms and conditions of your continued service as Chairman of the Board of Directors (the "Board") of Gossamer Bio, Inc. ("Parent"). Effective as of June 3, 2019 (the "Effective Date"), your employment with Gossamer Bio Services, Inc. ("Gossamer Services", a wholly-owned subsidiary of Parent, and together with Parent, collectively the "Company"), will cease and you will transition from the position of Executive Chairman to non-executive Chairman of the Board. This Agreement supersedes and replaces that certain offer letter dated January 4, 2018 between you and the Company (the "Offer Letter").

1. Transition. As of the Effective Date, your employment with the Company in the position of Executive Chairman will terminate, and you shall continue to serve as non-executive Chairman of the Board until the earlier of your resignation, removal from the Board or death, or your successor as Chairman of the Board is duly appointed by the Board; *provided*, *however*, nothing contained herein shall adversely affect your rights to be elected to the Board by the stockholders of Parent pursuant to Parent's bylaws and applicable law. For the avoidance of doubt, all references in this Agreement to your "service with the company" or "employment with the Company", shall include your employment or service with the Company and any of its affiliates and subsidiaries, as applicable. During the term of your services as Chairman of the Board, the Company will provide you with work space at the Company's offices as needed and such technical and administrative support (by Lisa Evans). You will also retain your Company email address for so long as you continue to serve as Chairman of the Board. As of the Effective Date, you currently serve on a number of boards of directors of for-profit and non-profit companies or organizations, other than the Board. You agree that, during your term of service on the Board, you will not increase the total number of for-profit or non-profit boards of directors on which you serve without the consent of the Board.

2. Compensation.

(a)Following the Effective Date.

(i)Following the Effective Date, you will be compensated for your service as Chairman of the Board in accordance with the Company's policy for non-employee members of the Board (the "Director Compensation Policy"), provided, that the equity awards previously granted to you in connection with your service as an employee will continue to vest based on your service on the Board, as further described below. Notwithstanding the foregoing or anything to the contrary in the Director Compensation Policy, you will not receive the annual equity award to be granted to non-employee members of the Board pursuant to the Director Compensation Policy on the date of the 2019 annual meeting of the Company's shareholders. However, commencing in 2020 and annually thereafter during the term of your service as Chairman of the Board, you will receive an equity award equal to two times the standard annual equity award outlined in the Company's Director Compensation Policy. These annual

equity awards will be granted to you at the same time as the other non-employee members of the Board receive their annual equity awards under the Director Compensation Policy.

(ii)In addition, for the period beginning on the Effective Date and ending on June 30, 2022 (or, if earlier, (i) the date on which your service with the Company terminates or (ii) the date you become eligible to receive the equivalent or increased healthcare coverage by means of subsequent employment or self-employment) (the "Coverage Period"), the Company shall arrange to provide you and/or your eligible dependents who were covered under the Company's health insurance plans as of the Effective Date with comparable health (including medical and dental) insurance benefits to those provided to you and your dependents immediately prior to the Effective Date, which continuation coverage shall be provided, to the extent possible, under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") or Cal-COBRA, if applicable). During the Coverage Period, the Company shall pay (A) the premiums for such coverage (calculated by reference the premium as of the Effective Date) less (B) the amount you would have had to pay to receive group health coverage for yourself and your dependents based on the cost sharing levels in effect on the Effective Date. If the Company is not reasonably able to continue health insurance benefits coverage under the Company's insurance plans or if such coverage would violate applicable law or result in adverse tax consequences for you or the Company, the Company shall instead pay to you the foregoing monthly amount as a taxable monthly payment for the Coverage Period (or any remaining portion thereof). You shall notify the Company immediately if you become eligible to receive the equivalent or increased healthcare coverage by means of subsequent employment or self-employment.

(b)On the Effective Date. On your last day of employment, you will receive your accrued but unpaid base salary and all accrued but unused paid time off through the last day of your employment, in accordance with the Company's then-current payroll policies and practices. The Company shall promptly reimburse you for all reasonable and properly out-of-pocket business expenses that are submitted by you in accordance with the Company's policies. Except as provided in this Agreement, your entitlement to benefits from the Company, and eligibility to participate in the Company's benefit plans, shall cease on the Effective Date, except to the extent provided in this Agreement or you elect to and are eligible to receive continued healthcare coverage pursuant to COBRA, for yourself and any covered dependents, in accordance with the provisions of COBRA. In addition, the Company shall pay your 2019 target annual bonus, prorated for the portion of 2019 elapsed through the Effective Date, in an amount equal to $99,750.00, within ten days following the Effective Date.

3. Equity.

(a)Existing Equity. As of the Effective Date, you and/or your family trust hold, in the aggregate, 3,372,109 shares of Parent's common stock ("Common Stock"), originally issued pursuant to certain stock issuance agreements, stock purchase agreements or restricted stock purchase agreements (the "Existing Equity"), and, in the case of a portion of the Existing Equity, subjected to vesting as set forth in the Offer Letter (collectively, the "Restricted Stock Agreements"), as set forth and more fully described on Exhibit A attached hereto. As of the Effective Date, 2,429,912 shares of the Existing Equity remain unvested and subject to repurchase or forfeiture restrictions under the Restricted Stock Agreements (the "Restricted Shares"), as set forth and more fully described on Exhibit A attached hereto.

You have also been granted stock options to purchase an aggregate of 43,500 shares of Parent Common Stock pursuant to the stock option agreement identified on Exhibit A attached hereto (the "Stock Option Agreement").

The Restricted Stock Agreements and the Stock Option Agreement are referred to collectively herein as the "Equity Agreements."

(b)Continued Vesting; No Break in Service. There will be no break in service under the Equity Agreements as a result of the transition occurring on the Effective Date, and you will retain all right, title and interest you have in any Restricted Shares and the Stock Options granted to you by the Company prior to the Effective Date. You and the Company hereby agree that, notwithstanding any

provisions in the Equity Agreements or any other agreement between you and the Company to the contrary, (i) all of your Restricted Shares and Stock Options shall continue to vest, and the exercisability of such Stock Options shall continue, in accordance with the vesting schedules provided in the Equity Agreements, subject to and based on your continued service as a member of the Board, and (ii) the accelerated vesting provisions applicable to such Restricted Shares and Stock Options shall be as provided in this Agreement, including without limitation, any defined terms related thereto. The Equity Agreements are hereby amended to be consistent with the foregoing, including all references therein to your "termination of employment" therein which are hereby amended to be references to your termination of service as a member of the Board.

(c)Acceleration Provisions.

(i)In the event your service on the Board is terminated at any time without Cause (as defined below) (excluding by reason of your death and Disability (as defined below)) or by you for Good Reason (as defined below) in each case prior to a Change in Control, then the vesting of any Restricted Shares and Stock Options issued to you shall be accelerated for twelve (12) months of additional vesting from the date of such termination.

(ii)In the event your service on the Board is terminated at any time without Cause (excluding by reason of your death and Disability) or by you for Good Reason, in each case on or within twelve (12) months after a Change in Control, then you shall be entitled to full vesting of any unvested portion of the Restricted Shares and Stock Options then held by you, which shall no longer be subject to any restrictions or forfeiture on the date of such termination.

(iii)In the event your service on the Board is terminated at any time by reason of your death or Disability, then the Company shall provide that the greater of (i) fifty percent (50%) of the unvested portion of the Restricted Shares and Stock Options then held by you immediately prior to such termination and (ii) the portion of such Restricted Shares and Stock Options then held by you that would have otherwise vested in the (12) month period following the date of such termination, shall vest and shall no longer be subject to any restrictions or forfeiture on the date of such termination

(iv)Notwithstanding anything to the contrary in the foregoing, you will not be entitled to receive any of the foregoing accelerated vesting upon a termination of your service on the Board unless, within sixty (60) days following the date of termination, you, or in the event of your death or Disability, your legal representatives, have executed a general release of all known and unknown claims and covenant not to sue in the form attached hereto as Exhibit B (with such changes to such form to help ensure enforceability under applicable law) (the "Release") and any revocation period thereunder has lapsed without exercise by you (or your legal representatives) of such revocation right.

(d)Defined Terms.

(i)For purposes of this Agreement, "Change in Control" shall have the meaning set forth in the Gossamer Bio, Inc. 2019 Incentive Award Plan, as in effect on the Effective Date (the "Equity Plan").

(ii)As used herein, "Cause" means: (A) a willful and material act of dishonesty by you in connection with the performance of your duties as member of the Board; (B) your conviction of, or plea of guilty or nolo contendere to, a felony (other than a traffic offense that does not result in a fatality), or any crime involving fraud or embezzlement that the Board reasonably determines has had or is reasonably likely to have a materially detrimental effect on the Company's reputation or business; (C) your gross misconduct in the performance of your duties as a member of the Board; (D) your willful and material unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom you owe an obligation of nondisclosure as a result of your relationship with the Company; (E) your willful and material breach of any obligations under any written agreement or written covenant with the Company; or (F) your continued willful and substantial failure to perform your duties as a member of the Board (other than as a result of your death or Disability) after written notice. Cause shall

not exist unless, in any case, you have first received a written notice from the Board that sets forth the factual basis for the Board's determination as to any behavior or occurrence claimed as Cause and you fail to cure such claimed behavior or occurrence, if curable, to the reasonable satisfaction of a majority of the Board within ten (10) business days after receiving such written notice, in which case your termination date will be the expiration date of the cure period, if any. For purposes of this definition of Cause, (i) no act or failure to act on your part shall be considered "willful" unless it is done or omitted to be done by you in bad faith and without reasonable belief that the act or failure to act was in the best interest of the Company, and (ii) while you are serving on the Board, you shall take no part in any determination as to whether "Cause" exists hereunder.

(iii)As used herein, "Good Reason" means the occurrence of one or more of the following, without your written consent: (A) your involuntary removal from the Board or the failure of the stockholders to reelect you to the Board, other than for Cause; or (B) a material breach by the Company of this Agreement; *provided*, *however*, that Good Reason shall not exist solely if you cease to serve as Chairman of the Board but continue to serve as a member of the Board. Any such event shall not constitute Good Reason unless and until you have provided the Company with written notice thereof no later than sixty (60) days following the initial occurrence of such event and the Company shall have failed to remedy such event (if capable of being remedied) within thirty (30) days of receipt of such notice, and you must terminate your service on the Board within sixty (60) days after the expiration of such thirty (30)-day remedial period. You acknowledge and agree that the transition occurring on the Effective Date pursuant to this Agreement does not constitute "Good Reason" for purposes of the Offer Letter or this Agreement.

(iv)As used herein, "Disability" shall have the meaning set forth in the Equity Plan.

(e)Section 409A. The intent of the parties is that payments and benefits under this Agreement comply with, or be exempt from Section 409A of the Internal Revenue Code and the regulations and guidance promulgated thereunder (collectively, "Section 409A")and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. For purposes of Section 409A, your right to receive any installment payments pursuant to this Agreement will be treated as a right to receive a series of separate and distinct payments. Neither the Company nor you shall have the right to accelerate or defer the delivery of any such payments except to the extent specifically permitted or required by Section 409A. All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A to the extent that such reimbursements or in-kind benefits are subject to Section 409A, including, where applicable, the requirements that (A) any reimbursement is for expenses incurred during your lifetime (or during a shorter period of time specified in this Agreement), (B) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (C) the reimbursement of any eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred, and (D) the right to reimbursement is not subject to set off or liquidation or exchange for any other benefit.

4. Section 280G of the Code.

(a)Best Pay Provision. Notwithstanding anything to the contrary contained in this Agreement, to the extent that any of the payments and benefits provided for under this Agreement or any other agreement or arrangement between the Company and you (collectively, the "Payments") (i) constitute a "parachute payment" within the meaning of Section 280G of the Code and (ii) but for this Section 4, would be subject to the excise tax imposed by Section 4999 of the Code, then the Payments shall be reduced to the extent necessary so that no portion of such Payments retained by you shall be subject to excise tax under Section 4999 of the Code; *provided*, *however*, such reduction shall only occur if after taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999 of the Code, such reduction results in your receipt on an after-tax basis, of the greatest amount of benefits under this Agreement, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code; *provided*, *further*, that this sentence shall not apply if, immediately

before the change in ownership or control on which such Payment is contingent or otherwise relates, no stock in the Company is readily tradeable on an established securities market or otherwise (as determined in accordance with Treasury Reg. Section 1.280G-1 Q&A 6). In the event of a determination that such reduction is to take place, reduction shall occur in the following order: first, reduction of cash payments, which shall occur in reverse chronological order such that the cash payment owed on the latest date following the occurrence of the event triggering such excise tax will be the first cash payment to be reduced; second, cancellation of accelerated vesting of equity awards, which shall occur in the reverse order of the date of grant for such stock awards (i.e., the vesting of the most recently granted stock awards will be reduced first); and third, reduction of employee benefits, which shall occur in reverse chronological order such that the benefit owed on the latest date following the occurrence of the event triggering such excise tax will be the first benefit to be reduced. If two or more equity awards are granted on the same date, each award will be reduced on a pro-rata basis.

(b)Calculations. Unless you and the Company otherwise agree in writing, any determination required under this Section 4 shall be made in writing by the Company's independent public accountants immediately preceding the change in ownership or control on which such Payments are contingent or otherwise relate (the "Accountants"), whose determination shall be conclusive and binding upon you and the Company for all purposes. For purposes of making the calculations required by this Section 4, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely in reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and you shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section 4. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 4(a). If the limitation set forth in this Section 4 is applied to reduce an amount payable to you, and the Internal Revenue Service successfully asserts that, despite the reduction, you have nonetheless received payments which are in excess of the maximum amount that could have been paid to you without being subjected to any excise tax, then, unless it would be unlawful for the Company to make such a loan or similar extension of credit to you, you may repay such excess amount to the Company as though such amount constitutes a loan to you made at the date of payment of such excess amount, bearing interest at 120% of the applicable federal rate (as determined under Section 1274(d) of the Code in respect of such loan).

5. Restrictive Covenants.

(a)No Other Agreements. You represent that you are not bound by any employment contract, restrictive covenant or other restriction preventing you from carrying out your responsibilities for the Company or which is in any way inconsistent with the terms of this Agreement.

(b)PIIA. You have previously executed the Company's Proprietary Information and Inventions Assignment Agreement, which is attached hereto as Exhibit C ("PIIA"), and agree that you shall continue to be bound by the terms and conditions of the PIIA. Notwithstanding any other provision in the PIIA or any other agreement between you and the Company, Company Confidential Information shall not include any information that (i) is or becomes generally used in the industry or publicly available through lawful means and absent any wrongful conduct by you or others; (ii) any information that was known by you or lawfully in your possession prior to your employment with the Company; and (iii) is independently developed or lawfully disclosed to you by a third party that is unrelated to the Company and is not bound by obligations of confidentiality to the Company with respect to such information.

(c) Defend Trade Secrets Act Notice of Immunity Rights. You acknowledge that the Company has provided you with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) you shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Confidential Information (as defined in the PIIA) that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law; (ii) you shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Confidential Information that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under

seal; and (iii) if you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose the Confidential Information to your attorney and use the Confidential Information in the court proceeding, if you file any document containing the Confidential Information under seal, and do not disclose the Confidential Information, except pursuant to court order.

6. Governing Law. This Agreement will be governed by the laws of the State of California, without reference to conflicts of laws principles which would result in the application of the law of any other jurisdiction.

7. Notices. All notices or other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or one (1) business day after being sent by a nationally recognized overnight delivery service, charges prepaid. Notices also may be given electronically via PDF and shall be effective on the date transmitted if confirmed within 48 hours thereafter by a signed original sent in the manner provided in the preceding sentence. Notice to you shall be sent to your most recent residence and personal email address on file with the Company. Notice to the Company shall be sent to its physical address set forth on the first page hereto and addressed to the Chief Executive Officer of Parent, with a copy to the Chairman of the Compensation Committee of the Board, at the email address provided by the Company for such person.

8. Entire Agreement; Miscellaneous. This Agreement, together with any documents relating to the Company equity held by you, any stock grant notices or stock agreements referenced herein and the PIIA, including the Equity Agreements, constitutes the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral, including, without limitation, the Offer Letter. The terms of this Agreement only be modified in a specific writing signed by you and an authorized representative of the Company. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect. The terms in this Agreement may only be modified in writing and signed by you and a member of the Board. In the event of any conflict between any of the terms in this Agreement and the terms of any other agreement between you and the Company, the terms of this Agreement will control. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Execution and delivery of this Agreement by facsimile or other electronic signature is legal, valid and binding for all purposes.

9. Arbitration. To aid in the rapid and economical resolution of any disputes that may arise in the course of the employment relationship, you and the Company agree that any and all disputes, claims, or demands in any way arising out of or relating to the terms of this Agreement, Company equity held by you (including, but not limited to, the Existing Equity), your employment or service relationship with the Company, or the termination of your relationship with the Company, shall be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration in San Diego, California, conducted before a single neutral arbitrator selected and administered in accordance with the employment arbitration rules & procedures or then applicable equivalent rules of JAMS (the "JAMS Rules") and the Federal Arbitration Act, 9 U.S.C. Sec. 1, et seq. A copy of the JAMS rules may be found on the JAMS website at www.jamsadr.com and will be provided to you by the Company upon request. BY AGREEING TO THIS ARBITRATION PROCEDURE, YOU AND THE COMPANY WAIVE THE RIGHT TO RESOLVE ANY SUCH DISPUTE, CLAIM OR DEMAND THROUGH A TRIAL BY JURY OR JUDGE OR BY ADMINISTRATIVE PROCEEDING IN ANY JURISDICTION. You will have the right to be represented by legal counsel at any arbitration proceeding, at your expense. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be available under applicable law in a court proceeding and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The arbitrator shall administer and conduct any arbitration in accordance with California law and shall apply substantive and procedural California law to any such dispute, claim or demand, without reference to any conflict-of-law provisions of any jurisdiction. To the extent that the JAMS Rules conflict with California law, California law shall take precedence. The parties agree that the prevailing party in any arbitration shall be entitled to injunctive relief in any court of competent jurisdiction to enforce the

arbitration award. Nothing in this Agreement is intended to prevent either you or the Company from obtaining injunctive relief (or any other provisional remedy) in any court of competent jurisdiction pursuant to California Code of Civil Procedure Section 1281.8 to prevent irreparable harm (including, without limitation, pending the conclusion of any arbitration). The Company shall pay the arbitrator's fees, arbitration expenses and any other costs unique to the arbitration proceeding (recognizing that each side shall bear its own deposition, witness, expert and attorney's fees and other expenses to the same extent as if the matter were being heard in court).

10. Withholding and Other Deductions. All compensation payable to you hereunder shall be subject to such deductions as the Company is from time to time required to make pursuant to law, governmental regulation or order.

[Signature Page Follows]

Please acknowledge your acceptance of the foregoing terms and conditions by returning a signed copy of this Agreement.

Very truly yours,

Gossamer Bio Services, Inc.

By: /s/ Sheila Gujrathi

Gossamer Bio, Inc.

By: /s/ Sheila Gujrathi

Accepted and agreed:

/s/ Faheem Hasnain
Faheem Hasnain

Exhibit A

Outstanding Equity and Restricted Shares

3,313,510 shares issued pursuant to certain stock issuance and restricted stock purchase agreements, which includes 2,429,912 shares subject to forfeiture. The shares subject to forfeiture vest in equal monthly installments so that all of the shares will be released from the forfeiture restriction on January 4, 2023, subject to Mr. Hasnain's continuous services to the Parent on each such vesting date.

Exhibit B

Form of Release

In consideration of the accelerated vesting provided and to be provided to me by Gossamer Bio, Inc., Gossamer Bio Services, Inc., or any affiliate or successor thereof (the "Company") pursuant to that certain letter agreement with Company dated June 3, 2019 (the "Agreement"), and in connection with the termination of my service with the Company, the Company and I agree to the following, including a general release as specified below (the "Release").

1. On behalf of myself, my heirs, executors, administrators, successors and assigns, I hereby fully and forever generally release and discharge Company, its current, former and future parents, subsidiaries, affiliated companies, related entities, employee benefit plans and their fiduciaries, predecessors, successors, officers, directors, shareholders, agents, employees and assigns (collectively, the "Company") from any and all claims, causes of action, and liabilities up through the date of my execution of the Release (except with respect to accelerated vesting under the Agreement and any other rights that I have accrued under the benefit plans and equity award plans of the Company). The claims subject to this release include, but are not limited to, those relating to my employment or service with Company and/or any predecessor to the Company and the termination of such employment or service. All such claims (including related attorneys' fees and costs) are barred without regard to whether those claims are based on any alleged breach of a duty arising in statute, contract or tort. This expressly includes waiver and release of any rights and claims arising under any and all laws, rules, regulations and ordinances, including, but not limited to: Title VII of the Civil Rights Act of 1964; the Older Workers Benefit Protection Act; the Americans With Disabilities Act; the Age Discrimination in Employment Act; the Fair Labor Standards Act; the National Labor Relations Act; the Family and Medical Leave Act; the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); the Workers Adjustment and Retraining Notification Act; the California Fair Employment and Housing Act (if applicable); the provisions of the California Labor Code (if applicable); the Equal Pay Act of 1963; and any similar law of any other state or governmental entity.

2. The parties agree to apply California law in interpreting the Release. Accordingly, I further waive any rights under Section 1542 of the Civil Code of the State of California or any similar state statute. Section 1542 states:

> **"A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."**

This Release does not extend to, and has no effect upon, (a) any benefits that have previously accrued, and to which I have become vested or otherwise entitled to, under any agreement, benefit plan, program or policy sponsored or maintained by the Company; (b) my right to indemnification and/or contribution, advancement or payment of related expenses by the Company under any written indemnification or other agreement between the parties; (c) my right to continued coverage by the Company's director's and officer's insurance, other insurance policies of the Company, COBRA or any similar state law; (d) any claims for breach of this Release or the Agreement; (d) any claims that may not be released by private agreement; and (f) any claims arising after the date I sign the Release.

3. In understanding the terms of the Release and my rights, I have been advised to consult with an attorney of my choice prior to executing the Release. I understand that nothing in the Release will prohibit me from exercising legal rights that are, as a matter of law, not subject to waiver, such as: (a) my rights under applicable workers' compensation laws; (b) my right, if any, to seek state disability or unemployment benefits; (c) my right to indemnity under California Labor Code section 2802 or other applicable state-law right to indemnity; (d) my right to file a charge or complaint with a government agency such as but not limited to the Equal Employment Opportunity Commission, the National Labor Relations

Board, the Department of Labor, the California Department of Fair Employment and Housing, or other applicable state agency; and (e) my right to communicate or cooperate with any governmental agency and to receive awards from or by a government agency for providing information. Moreover, I will continue to be indemnified for my actions taken while employed by or providing services to the Company to the same extent as other then-current or former directors and officers of the Company under the Company's Certificate of Incorporation and Bylaws and the Indemnification Agreement between me and the Company, if any, and I will continue to be covered by the Company's directors and officers liability insurance policy as in effect from time to time to the same extent as are other then-current or former directors and officers of the Company, each subject to the requirements of the laws of the State of Delaware.

4. I understand and agree that Company will not provide me with the Termination Benefits unless I execute the Release. I also understand that I have received or will receive, regardless of the execution of the Release, all wages owed to me together with any accrued but unused paid time off, less applicable withholdings and deductions, earned through my termination date.

5. In my existing and continuing obligations to Company, I have returned to Company all Company documents (and all copies thereof) and other Company property that I have had in my possession at any time, including but not limited to Company files, notes, drawings, records, business plans and forecasts, financial information, specification, computer-recorded information, tangible property (including, but not limited to, computers, laptops, pagers, etc.), credit cards, entry cards, identification badges and keys and any materials of any kind which contain or embody any proprietary or confidential information of Company (and all reproductions thereof). I understand that, even if I did not sign the Release, I am still bound by any and all confidential/proprietary/trade secret information, non-disclosure and inventions assignment agreement(s) signed by me in connection with my employment with Company, or with a predecessor or successor of Company pursuant to the terms of such agreement(s).

6. I represent and warrant that I am the sole owner of all claims relating to my employment or service with Company and/or with any predecessor of Company and that I have not assigned or transferred any claims relating to my employment or service to any other person or entity.

7. I agree to keep the Termination Benefits and the provisions of the Release confidential and not to reveal its contents to anyone except my lawyer, my accountant, my spouse or other immediate family member and/or my financial consultant, or as required by legal process or applicable law or otherwise responding accurately and fully to any question, inquiry or request for information or documents, including, without limitation, in any criminal, civil, or regulatory proceeding or investigation, or as necessary in any action for enforcement or claimed breach of this Release or any other legal dispute with the Company. Nothing in this Agreement shall prohibit me from reporting or disclosing information under the terms of the Company's Reporting Suspected Violations of Law Policy or such similar policy as the Company may have in effect from time to time.

8. I understand and agree that the Release will not be construed at any time as an admission of liability or wrongdoing by either the Company Releasees or me.

9. I agree that I will not make any negative or disparaging statements or comments, either as fact or as opinion, about the Company, its employees, officers, directors, shareholders, vendors, products or services, business, technologies, market position or performance. The Company agrees that it shall not, and shall cause its directors, executive officers, employees and representatives not to, make any negative or disparaging statements or comments, either as fact or as opinion, about you. Nothing in this paragraph will prohibit me or the Company from providing truthful information in response to a subpoena or other legal process.

10. Any controversy or claim arising out of or relating this Release, its enforcement or interpretation, or because of an alleged breach, default or misrepresentation in connection with any of its provisions, will be submitted to arbitration consistent with the terms of the Agreement.

11. As a condition of my receipt of the Termination Benefits, I agree that, upon reasonable notice (after taking into account, to the extent reasonably practicable, my other personal and business commitments) and without the necessity of Company obtaining a subpoena or court order, I will provide reasonable cooperation to Company in connection with any suit, action or proceeding (or any appeal from any suit, action or proceeding), or the decision to commence on behalf of the Company any suit, action or proceeding, any investigation and/or any defense of any claims asserted against the Company or any of the Company's current or former directors, officers, employees, partners, stockholders, agents or representatives of any of the foregoing, and any ongoing or future investigation or dispute or claim of any kind involving the Company that relates to events occurring during my employment or service as to which I may have relevant information and any other matter for which I was responsible or had knowledge of through date of my termination of employment or service. Such cooperation may include, but will not be limited to, providing background information within my knowledge; aiding in the drafting of declarations; executing declarations or similar documents; testifying or otherwise appearing at investigation interviews, depositions, arbitrations or court hearings; and preparing for the above-described or similar activities. Upon the reasonable request of Company, I agree to cooperate with the transition of my job responsibilities on any termination of service and cooperate in providing information on matters on which I was involved while an employee or member of the Board.

12. As provided in the Older Workers Benefit Protection Act, I am hereby advised and agree that:

(a) I have had at least twenty-one (21) calendar days in which to consider whether to execute the Release, no one hurried me into executing the Release during that period and no one coerced me into executing the Release. If I signed this Release prior to the expiration of the twenty-one (21) day period, I did so voluntarily and waive the balance of the twenty-one (21) day period. I understand that the offer of the Termination Benefits and the Release will expire on the twenty-second (22nd) calendar day after my termination date if I have not accepted it by that time.

(b) I am hereby advised to consult with a lawyer before signing this Agreement.

(c) This Release provides for consideration in addition to any amount I am otherwise entitled to receive without signing this Release.

(d) This Release does not release any claims arising out of events occurring after I sign this Release

(e)I may revoke this Agreement within the seven (7) day period following the date on which I signed this Release. I understand that if I revoke this release, the Company will not be obligated to provide the Termination Benefits. I further understand that Company's obligations under the Release will not become effective or enforceable until the eighth (8th) calendar day after the date I sign the Release provided that I have timely delivered it to Company (the "Release Effective Date") and have not timely revoked it. I understand that the acceleration benefits will become available to me at such time after the Release Effective Date.

13. In executing the Release, I acknowledge that I have not relied upon any statement made by Company, or any of its representatives or employees, with regard to the Release unless the representation is specifically included herein. Furthermore, the Release contains our entire understanding regarding eligibility for Termination Benefits and supersedes any or all prior representations and agreements regarding the subject matter of the Release. However, the Release does not modify, amend or supersede written Company agreements that are consistent with enforceable provisions of the Release such as the Agreement, my confidential information and invention assignment agreement, and any stock, stock option and/or stock purchase agreements between Company and me. Once effective and enforceable, this Release can be changed only by another written agreement signed by me and an authorized representative of Company.

14. Should any provision of the Release be determined by an arbitrator, court of competent jurisdiction or government agency to be wholly or partially invalid or unenforceable, the legality, validity and enforceability of the remaining parts, terms or provisions are intended to remain in full force and effect. Specifically, should a court, arbitrator or agency conclude that a particular claim may not be released as a matter of law, it is the intention of the parties that the general release and the waiver of unknown claims above will otherwise remain effective to release any and all other claims. I acknowledge that I have obtained sufficient information to intelligently exercise my own judgment regarding the terms of the Release before executing the Release.

15. The Termination Benefits provided and to be provided to me by the Company consist of the applicable benefits and payments in accordance with the Agreement.

16. The Release may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Execution and delivery of the Release by facsimile or other electronic signature is legal, valid and binding for all purposes.

17. The Release will be governed by and enforced under California law, without regard to its conflict of law rules that would result in the application of the laws of any other jurisdiction.

[Signature page follows]

ACCEPTANCE OF RELEASE

BEFORE SIGNING MY NAME TO THE RELEASE, I STATE THE FOLLOWING: I HAVE READ THE RELEASE, I UNDERSTAND IT AND I KNOW THAT I AM GIVING UP IMPORTANT RIGHTS. I HAVE OBTAINED SUFFICIENT INFORMATION TO INTELLIGENTLY EXERCISE MY OWN JUDGMENT. I HAVE BEEN ADVISED THAT I SHOULD CONSULT WITH AN ATTORNEY BEFORE SIGNING IT, AND I HAVE SIGNED THE RELEASE KNOWINGLY AND VOLUNTARILY.

EFFECTIVE UPON EXECUTION BY THE UNDERSIGNED AND THE COMPANY.

Executed this ____ day of _____, 20__

_____

Agreed and Accepted:

Gossamer Bio Services, Inc.

_____
By:
Title:
Date:

Gossamer Bio, Inc.

_____
By:
Title:
Date:

Exhibit C

GOSSAMER BIO SERVICES, INC.

PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

The following confirms an agreement ("***Agreement***") between you and **Gossamer Bio Services, Inc.**, a Delaware corporation (the "***Company***," which term includes the Company's parent, Gossamer Bio, Inc. ("***Parent***"), Parent's subsidiaries, and any other entity in which I am asked to provide services for, and each of their respective successors and assigns), which is a material part of the consideration for my employment and continued employment by the Company:

PROPRIETARY INFORMATION. I understand that my employment creates a relationship of confidence and trust between me and the Company with respect to Proprietary Information of the Company, its business partners or its customers or suppliers which may be learned by me during the period of my employment or any period prior thereto wherein I was performing services for the Company or any predecessor thereof. For purposes of this Agreement, "***Proprietary Information***" is any information, data, trade secret or know-how (whether in tangible or electronic form or maintained in mind or memory or in another intangible form of expression) that was or is developed by, or became or becomes known by the Company or me in relation to my employment with the Company or otherwise concerns the business, operations, products, or technology of the Company, or was or is assigned or otherwise conveyed to the Company. "Proprietary Information" also includes, without limitation, all financial, business, scientific, technical, economic and/or engineering information, including without limitation, business strategies, business plans, forecasts, strategies, development plans, promotional and marketing objectives, results of research, trials or operations, pricing, customer lists, supplier lists, patent disclosures, patent applications, know-how, trade secrets, compilations, ideas, inventions, improvements, research, discoveries, techniques, methods, processes, manufacturing techniques, procedures, formulations, designs, patterns, drawings, flow charts, schematics, tooling, plans, configurations, specifications, documents, data sheets, mock-ups, models, compounds, compositions, structures, prototypes, programs, computer code, algorithms, mechanisms, materials, equipment, samples, test results, opinions, data, analysis, the salaries, duties, qualifications, performance levels, and terms of compensation of other employees and other proprietary information. Proprietary Information does not include any of the foregoing items that is or has become publicly and widely known and made generally available through no wrongful act of mine or of others who were under confidentiality obligations as to the item or items involved.

COVENANTS AND AGREEMENTS. In consideration of my employment by the Company and the compensation received by me from the Company from time to time, I hereby agree as follows:

Confidentiality. At all times, both during my employment by the Company and after its termination, I will keep in confidence and trust and will not use or disclose any Proprietary Information or anything relating to it without the written consent of the Company, except as may be necessary in the ordinary course of performing my duties to the Company.

Defend Trade Secrets Act Notice of Immunity Rights. I acknowledge that the Company has provided me with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) I shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law; (ii) I shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information that is made in a complaint or other document filed in a

lawsuit or other proceeding, if such filing is made under seal; and (iii) if I file a lawsuit for retaliation by the Company for reporting a suspected violation of law, I may disclose the Proprietary Information to my attorney and use the Proprietary Information in the court proceeding, if I file any document containing the Proprietary Information under seal, and do not disclose the Proprietary Information, except pursuant to court order.

Return of Company Documents. In the event of the termination of my employment by me or by the Company for any reason, I shall return all physical and electronic documents and records and all apparatus, equipment and other property, or any reproduction of such property, whether or not pertaining to Proprietary Information, furnished to me by the Company or produced by myself or others in connection with my employment, to the Company immediately as and when requested by the Company.

Disclosure of Inventions. I will promptly disclose to the Company, or any persons designated by it, all Inventions made or conceived or reduced to practice or developed by me, either alone or jointly with others, during the term of my employment or any period prior thereto wherein I was performing services for the Company or any predecessor thereof, in sufficient detail to enable the Company to practice such inventions. "***Inventions***" includes all improvements, inventions, discoveries, formulas, ideas, circuits, mask works, works of authorship, processes, computer programs, algorithms, techniques, schematics, industrial designs, know-how and data, whether or not patentable. I will also disclose to the Company all Inventions conceived, reduced to practice, or developed by me within six (6) months of the termination of my employment with the Company. Such disclosure shall be received by the Company in confidence and does not extend the assignment made in Section 2(e) below.

Ownership; Assignment of Inventions. I agree that all Proprietary Information, and all Inventions which I make, conceive, reduce to practice or develop (in whole or in part, either alone or jointly with others) during my employment or any period prior thereto wherein I was performing services for the Company or any predecessor thereof, are and shall be the sole property of the Company to the maximum extent permitted by law. I hereby assign to the Company any and all rights I may have or acquire in such Inventions and/or in any other Proprietary Information of the Company and any and all worldwide patents, patent applications, copyrights, mask work rights, industrial design rights, trade secret rights and other intellectual property rights related thereto or resulting therefrom. The Company's ownership and my assignment hereunder shall not extend to Inventions that (a) qualify fully under the provisions of Section 2870 of the California Labor Code, a copy of which is attached hereto as Exhibit A, if I am employed in California or (b) I developed entirely on my own time without using the Company's equipment, supplies, facilities, or trade secret information except for those inventions that either: (1) relate at the time of conception or reduction to practice of the invention to the Company's business, or actual or demonstrably anticipated research or development of the Company; or (2) result from any work performed by me for the Company.

Assignment of Moral Rights. In addition to the foregoing assignment of Inventions to the Company, I hereby irrevocably transfer and assign to the Company any and all "Moral Rights" (as defined below) that I may have in or with respect to any Invention. I also hereby forever waive and agree never to assert any and all Moral Rights I may have in or with respect to any Invention, even after termination of my work on behalf of the Company. "Moral Rights" mean any rights to claim authorship of an invention to object to or prevent the modification of any Invention, or to withdraw from circulation or control the publication or distribution of any Invention, and any similar right, existing under judicial or statutory law of any country in the world, or under any treaty, regardless of whether or not such right is denominated or generally referred to as a "moral right."

Work for Hire. I acknowledge and agree that any copyrightable works prepared by me within the scope of my employment are "works for hire" under the Copyright Act and that the Company will be considered the author and owner of such copyrightable works.

Prior Inventions. I have attached as Exhibit B a complete list of all Inventions or improvements that relate to the business of the Company or actual or demonstrably anticipated research or development of the Company, that have been made or conceived or first reduced to practice by me alone or jointly with others prior to my employment by the Company or any period prior thereto wherein I was performing services for the Company or any predecessor thereof that I desire to clarify for the record are not Inventions which are to be assigned to Company under this Agreement, and I covenant that such list is complete. If no such list is attached to this Agreement, I represent that I have no such Inventions and improvements at the time of signing this Agreement. I will not use any prior Inventions in the performance of my duties without the prior express written consent of my supervisor, and if I do (but only if I do), I hereby grant to Company a perpetual, irrevocable, royalty-free, worldwide, full paid-up, transferable, sub-licensable, right and license to use and exploit the same.

Enforcement of Inventions; Further Actions. I agree to perform, during and after my employment, all acts deemed necessary or desirable by the Company to permit and assist it, at the Company's expense, in obtaining, maintaining and enforcing patents, copyrights, trade secret rights, rights with respect to mask works or other rights on such Inventions and/or any other Inventions I have or may at any time assign to the Company and any designee of the Company in any and all countries. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents, as my agents and attorneys-in-fact to act for and in my behalf and instead of me, to execute and file any applications or related filings and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, trade secret rights, rights with respect to mask works or other rights thereon with the same legal force and effect as if executed by me.

Records. I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that may be required by the Company) of all Proprietary Information developed by me and all Inventions made by me during the period of my employment at the Company, which records shall be available to and remain the sole property of the Company at all times.

Non-Competition. During the period of my employment with the Company, without the prior written approval of an executive officer of the Company (or if I am an executive officer of the Company, without the prior approval of the Company's Board of Directors), I will not, either as an employee, employer, consultant, agent, principal, partner or officer, engage or participate in any employment, business or activity that is directly competitive with the business or proposed business of the Company, and will not assist any other person or organization in directly competing with the Company, or in preparing to engage in direct competition with the business or proposed business of the Company. The provisions of this section shall apply both during normal working hours and at all other times, including, without limitation, nights, weekends and vacation time, while I am employed by the Company.

No Solicitation. During the term of my employment and for one (1) year thereafter, I will not, either directly or through others, solicit or attempt to solicit any employee, independent contractor or consultant of the Company to terminate his or her relationship with the Company in order to become an employee, consultant or independent contractor to or for any other person or entity, or otherwise encourage or solicit any employee of the Company to leave the Company for any reason or to devote less than all of any such employee's efforts to the affairs of the Company; provided that the foregoing shall not affect any

responsibility I may have as an employee of the Company with respect to the bona fide hiring and firing of Company personnel.

No Conflicting Obligations. I represent that my performance of all the terms of this Agreement will not breach any agreement or obligation to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment with the Company. I have not entered into, and I agree I will not enter into, any agreement either written or oral in conflict with this Agreement or in conflict with my employment with the Company.

No Improper Use of Information of Prior Employers and Others. During my employment by the Company, I will not improperly use or disclose any confidential information or trade secrets, if any, of any former employer or any other person to whom I have an obligation of confidentiality, and I will not bring onto the premises of the Company any unpublished documents or any property belonging to any former employer or any other person to whom I have an obligation of confidentiality unless expressly authorized in writing by that former employer or person. Unless disclosed on Exhibit B hereto, I will use in the performance of my duties only information which is generally known and used by persons with training and experience comparable to my own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company.

Notification of New Employer. In the event that I leave the employ of the Company, I hereby consent to the notification of my new employer of my rights and obligations under this Agreement.

GENERAL PROVISIONS.

Employment. I agree and understand that my employment with the Company constitutes "AT-WILL" employment and that nothing in this Agreement shall confer any right with respect to continuation of employment by the Company, nor shall it interfere in any way with my right or the Company's right to terminate my employment at any time, with or without cause.

Successors and Assigns. This Agreement shall be effective as of the first day of my employment by the Company, and shall be binding upon me, my heirs, executors, assigns, and administrators and shall inure to the benefit of the Company, its subsidiaries, successors and assigns. I will not assign this Agreement or my obligations hereunder without the prior written consent of the Company, which consent may be withheld in the Company's sole discretion, and any such purported assignment without consent shall be null and void.

Survival. The provisions of this Agreement shall survive the termination of my employment and the assignment of this Agreement by the Company to any successor in interest or other assignee.

Legal and Equitable Remedies. Because my services are personal and unique and because I may have access to and become acquainted with the Proprietary Information of the Company, the Company shall have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for a breach of this Agreement.

Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provisions shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provisions were so excluded and shall be enforceable in accordance with its terms.

Titles. The titles and headings appearing at the beginning of the numbered sections and at the beginning of paragraphs have been inserted for convenience only and do not constitute any part of this Agreement.

Governing Law; Consent to Personal Jurisdiction. I understand and agree that this Agreement shall be interpreted and enforced in accordance with the laws of the State of California without regard to the conflict of laws provisions thereof. I hereby expressly consent to the personal jurisdiction of the state and federal courts located in San Diego County, California for any lawsuit filed there against me by Company arising from or related to this Agreement.

Entire Agreement; Amendment. This Agreement and the Exhibits hereto contain the entire understanding between the parties relating to the subject matter hereof and supersede any and all prior agreements, understandings and arrangements, whether written or oral, between the parties relating to such subject matter hereof. This Agreement may only be amended in writing by the Company and me and our respective permitted successors and assigns.

Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall be deemed one instrument.

[*Signature Page Follows*]

Dated: January 4, 2018

/s/ Faheem Hasnain
Faheem Hasnain

Accepted and agreed:

GOSSAMER BIO SERVICES, INC.

By: /s/ Sheila Gujrathi
Name: Sheila Gujrathi
Title: President & Chief Operating Officer

[SIGNATURE PAGE TO PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT]

EXHIBIT A

§2870. Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

(a) Any provisions in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either: (1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or (2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

EXHIBIT B

GOSSAMER BIO SERVICES, INC.

Ladies and Gentlemen:

1. The following is a complete list of all inventions or improvements that relate to the business of **GOSSAMER BIO SERVICES, INC.** (the "***Company***") or actual or demonstrably anticipated research or development of the Company, that have been made or conceived or first reduced to practice by me alone or jointly with others prior to my employment by the Company or any period prior thereto wherein I was performing services for the Company or any predecessor thereof that I desire to clarify for the record are not Inventions which are to be assigned to Company under the Company's Proprietary Information and Inventions Agreement.

☒ No inventions or improvements.

☐ See below:

Invention Description	**Patent No.**	**Date of Issue**

☐ Additional sheets attached.

2. I propose to bring to my employment the following materials and documents of a former employer (provide copies of express written authorizations by former employer, if applicable):

☒ No materials or documents.

/s/ Faheem Hasnain
Faheem Hasnain

EXHIBIT 31.1

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

I, Sheila Gujrathi, 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) [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)];

   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 8, 2019

/s/ Sheila Gujrathi

Sheila Gujrathi

President and Chief Executive Officer

(Principal Executive Officer*)*

EXHIBIT 31.2

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

I, Bryan Giraudo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gossamer Bio, Inc.;

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

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

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

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

   b) [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)];

   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 8, 2019

/s/ Bryan Giraudo

Bryan Giraudo

Chief Financial Officer

(Principal Financial and Accounting Officer*)*

EXHIBIT 32.1

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

I, Sheila Gujrathi, 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, 2019 (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 8, 2019

/s/ Sheila Gujrathi
Sheila Gujrathi
President and Chief Executive Officer
(Principal Executive Officer*)*

EXHIBIT 32.2

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

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

- the accompanying Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2019 (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 8, 2019

/s/ Bryan Giraudo

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