

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

GRITSTONE BIO, INC.,¹

Debtor.

Chapter 11

Case No. 24-12305 (KBO)

Related Docket No. 423

**DECLARATION OF STEVEN J. FLEMING IN SUPPORT OF
CONFIRMATION OF GRITSTONE BIO, INC.'S FIRST MODIFIED CHAPTER 11
PLAN OF REORGANIZATION**

I, Steven J. Fleming, pursuant to section 1726 of title 28 of the United States Code, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I am a Principal of PwC US Business Advisory LLP (“PwC”), a professional services firm with offices across the United States with experience in providing financial advisory services to businesses in bankruptcy, which serves as the Debtor’s financial advisor pursuant to an order entered on November 12, 2024 [Docket No. 157].

2. I am the leader of PwC’s US Business Recovery Services Practice, a position that I have held since 2016, after being a senior member in the group for seven years. Prior to these positions, I held a senior position in PwC’s Transaction Services practice in Dubai, UAE, where I was responsible for expanding the firm’s Corporate Finance and Valuation practices across the Middle East and North Africa. I have been employed by PwC (and its predecessor entities) since August 1998, and have held other senior positions, both domestically and abroad.

3. I received a Bachelor of Science in Finance from Lehigh University in 1998 and a Master of Business Administration from Columbia Business School in 2004. I am a Certified Insolvency and Restructuring Advisor (CIRA) and hold a Certification in Distressed Business

¹ The Debtor’s mailing address is 4698 Willow Road, Pleasanton, CA 94588, and the last four digits of the Debtor’s federal tax identification number is 9534.



Valuation (CDBV), both of which are designations issued by the Association of Insolvency and Restructuring Advisors. I am also a Certified Turnaround Professional (CTP), a designation issued by the Turnaround Management Association. During the course of my career, I have served as a chief restructuring officer and have testified in numerous chapter 11 cases on matters relating to financing, valuation, cash forecasting, liquidation analyses, and sale processes. I have been qualified as an expert witness with respect to valuation, cash forecasting, and section 363 sale processes.

4. The Debtor retained PwC as its financial advisor effective as of October 10, 2024. Since PwC was retained, I have worked hand-in-hand with the Company's management, directors and other professionals to develop a restructuring strategy, consulted on the preparation and filing of this Chapter 11 Case and assisted the Company's management with the development of post-petition budgets. In connection with the foregoing, I have also worked extensively with the Debtor and its advisors in connection with its negotiations with the DIP Lenders, Prepetition Lenders, the Committee and its advisors.

5. My services were performed, and this Declaration was developed, in accordance with the PwC engagement letter dated September 3, 2024, and are subject to the terms and conditions included therein. My services were performed in accordance with Standards for Consulting Services established by the AICPA. Accordingly, I am providing no attestation or other form of assurance on financial statements presented by any party in this case.

6. In my capacity at PwC, I am familiar with the Debtor's businesses, financial affairs, and operations. I submit this Declaration in support of confirmation of *Gritstone bio, Inc.'s First*

Modified Chapter 11 Plan of Reorganization (as modified, amended, or supplemented from time to time, the “Plan”).²

7. Except as otherwise noted, I have personal knowledge of the matters set forth herein. All facts set forth in the Declaration are based on my personal knowledge; my discussions with the Debtor’s senior management, employees, counsel and other advisors, and with other PwC personnel; my review of relevant documents and information; and my experience and knowledge of the Debtor’s operations and financial condition. In making the Declaration, I have relied in part on information and materials that the Debtor’s personnel and advisors have gathered, prepared, verified, and provided to me for my benefit in preparing the Declaration. If I were called to testify as a witness in this matter, I could and would testify competently to the facts set forth herein.

Financial Projections/Feasibility of the Plan

8. The DIP Agent, on behalf of the Reorganized Debtor and in consultation with the Debtor, prepared the Financial Projections [Docket No. 427] based on, among other things, the anticipated future financial condition and results of operations of the Reorganized Debtor. The Financial Projections cover the anticipated post-emergence period from April 1, 2025, through December 31, 2027 (the “Projection Period”). The Financial Projections assume that the Plan will be consummated in accordance with its terms and that all transactions contemplated by the Plan will be consummated by March 31, 2025.

9. The Financial Projections prepared by the DIP Agent provide a foundation for the Plan (subject to the assumptions contained therein and subject to uncertainties and risk given the nature of the Debtor’s business).

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Plan.

10. The Plan effectuates a reorganization of the Debtor's business operations focusing on the Debtor's Retained IP. The Reorganized Debtor expects to operate their business and service their ordinary course operational obligations with operating cash flow and capital contributions from FSI, the holder of the Debtor's New Equity. The Financial Projections anticipate up to \$3.75 million of Net Cash Flow over the Projection Period (including \$3.5m of contemplated capital contributions), subject to the assumptions and limitations set forth in the Financial Projections.

11. Pursuant to the Plan, Administrative Expense Claims be paid either (a) in Cash, in full, on, or as soon as practicable following, the later of (i) the Effective Date, (ii) the date such Claim becomes due and payable in the ordinary course of business, or (iii) the date of entry of a Final Order allowing such Other Administrative Expense Claim, or (b) on such other terms and conditions as may be agreed between the Holder of such Claim, on the one hand, and the Debtor, Reorganized Debtor or the Liquidating Trustee (as the case may be). The Liquidating Trust will be funded with the Liquidating Trust Assets on the Effective Date.

12. At emergence, the total estimated Allowed Administrative Expense Claims are approximately \$100.000. Other payments due on the Effective Date total approximately \$19.8 million which will be paid from the escrowed proceeds of the Debtor's asset sales and cash on hand. \$19.8m of sale proceeds are currently held in escrow and the Debtor's estimated cash balance as of the Effective Date pursuant to the latest approved budget is \$460,000, which in total provides \$20.2m of cash available on the Effective Date to fund the approximately \$19.9m of payments required to be made on the Effective Date. Thus, the Debtor's budgeted level of cash on hand, the sale proceeds held and escrow and the \$2.0m of availability under the DIP financing demonstrate that the Debtor has sufficient funds to fund all payments required to be made on the Effective Date.

Successful Reorganization/Best Interest of Creditors Test

13. I understand that the best interests of creditors test can be satisfied through a comparison of the estimated recoveries for a debtor's stakeholders in a hypothetical chapter 7 liquidation of that debtor's estate against the estimated recoveries under that debtor's plan.

14. The Debtor prepared a liquidation analysis to the Disclosure Statement and estimates of the potential recoveries of the Classes under the Plan in Section 1.D of the Plan (the "Plan Recovery/Liquidation Analysis"). As discussed in the Disclosure Statement and herein, the Plan is expected to provide a substantially greater recovery than would a chapter 7 liquidation for unsecured creditors.

15. Based on the Plan Recovery/Liquidation Analysis, the Debtor believes that the value of its assets (which is primarily comprised of cash) is insufficient to satisfy the DIP Lenders' Claims and Administrative Expense Claims. As set forth in the Plan Recovery/Liquidation Analysis (after deducting the costs of liquidation), the estate could not satisfy the DIP Lenders' Claims. Accordingly, Holders of General Unsecured Claims would not receive any distributions or recovery absent the transactions and settlements contemplated in the Plan.

16. Accordingly, based on the Debtor's liquidation analysis, the best interests of creditors test is satisfied in this case.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: March 21, 2025

/s/ Steven J. Fleming

Steven J. Fleming

Principal

PwC US Business Advisory LLP