UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 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 001-35023

iBio, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**26-2797813**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
600 Madison Avenue, Suite 1601, New York, NY	**10022**
(Address of principal executive offices)	(Zip Code)

(302) 355-0650
(Registrant's telephone number, including area code)

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

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

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

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 ☒

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

Title of each class	Ticker symbol(s)	Name of each exchange on which registered
Common Stock	IBIO	NYSE American

Shares of Common Stock outstanding as of November 12, 2019: 31,927,455

iBio, Inc.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

iBio, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In Thousands, except share and per share amounts)

	September 30, 2019 (Unaudited)	June 30, 2019 (See Note 2)
Assets		
Current assets:		
Cash	**$ 2,103**	$ 4,421
Accounts receivable - trade	**75**	97
Prepaid expenses and other current assets	**183**	290
Total Current Assets	**2,361**	4,808
Finance lease right-of-use assets, net of accumulated amortization	**28,862**	-
Fixed assets, net of accumulated depreciation	**2,594**	24,380
Intangible assets, net of accumulated amortization	**1,323**	1,374
Security deposit	**24**	24
Total Assets	**$ 35,164**	$ 30,586
Liabilities and Equity (Deficiency)		
Current liabilities:		
Accounts payable (related party of $109 and $125 as of September 30, 2019 and June 30, 2019, respectively)	**$ 661**	$ 1,001
Accrued expenses (related party of $846 and $699 as of September 30, 2019 and June 30, 2019, respectively)	**1,175**	965
Finance lease obligation – current portion	**139**	-
Capital lease obligation – current portion	**-**	213
Contract liabilities	**2,894**	1,279
Total Current Liabilities	**4,869**	3,458
Finance lease obligation – net of current portion	**32,235**	-
Capital lease obligation - net of current portion	**-**	24,671
Total Liabilities	**37,104**	28,129
Commitments and Contingencies		
Equity (Deficiency)		
iBio, Inc. Stockholders' Equity (Deficiency):		
Preferred stock – no par value; 1,000,000 shares authorized; iBio CMO Preferred Tracking Stock; 1 share authorized, issued and outstanding as of both September 30, 2019 and June 30, 2019	**-**	-
Series A Convertible Preferred Stock - $1,000 stated value; 6,300 shares authorized; 387 and 3,987 shares issued and outstanding as of September 30, 2019 and June 30, 2019, respectively	-	-
Series B Convertible Preferred Stock - $1,000 stated value; 5,785 shares authorized; 5,785 shares issued and outstanding as of both September 30, 2019 and June 30, 2019	**-**	-
Common stock - $0.001 par value; 275,000,000 shares authorized; 24,152,455 and 20,152,458 shares issued and outstanding as of September 30, 2019 and June 30, 2019, respectively	**24**	20
Additional paid-in capital	**108,359**	108,295
Accumulated other comprehensive loss	**(32)**	(31)
Accumulated deficit	**(110,284)**	(105,821)
Total iBio, Inc. Stockholders' Equity (Deficiency)	**(1,933)**	2,463
Noncontrolling interest	**(7)**	(6)
Total Equity (Deficiency)	**(1,940)**	2,457
Total Liabilities and Equity (Deficiency)	**$ 35,164**	$ 30,586

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

iBio, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited; in Thousands, except per share amounts)

	Three Months Ended September 30,	
	2019	**2018**
Revenues	**$ 108**	$ 45
Operating expenses:		
Research and development (related parties of $97 and $259)	**977**	1,124
General and administrative (related parties of $321 and $238)	**2,986**	2,871
Total operating expenses	**3,963**	3,995
Operating loss	**(3,855)**	(3,950)
Other income (expense):		
Interest expense -related party	**(620)**	(476)
Interest income	**4**	21
Royalty income	**7**	6
Total other income (expense)	**(609)**	(449)
Consolidated net loss	**(4,464)**	(4,399)
Net loss attributable to noncontrolling interest	**1**	1
Net loss attributable to iBio, Inc.	**(4,463)**	(4,398)
Preferred stock dividends	**(66)**	(66)
Net loss available to iBio, Inc.	**$ (4,529)**	$ (4,464)
Comprehensive loss:		
Consolidated net loss	**$ (4,464)**	$ (4,399)
Other comprehensive loss - foreign currency translation adjustments	**(1)**	(1)
Comprehensive loss	**$ (4,465)**	$ (4,400)
Loss per common share attributable to iBio, Inc. stockholders – basic and diluted	**$ (0.21)**	$ (0.25)
Weighted-average common shares outstanding – basic and diluted	**21,923**	17,894

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

iBio, Inc. and Subsidiaries
Condensed Consolidated Statements of Equity (Deficiency)
Three Months Ended September 30, 2019 and 2018
(Unaudited; In thousands)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Noncontrolling Interest	Total
	Shares	Amount	Shares	Amount					
Balance as of July 1, 2019	**10**	**$ -**	**20,152**	**$ 20**	**$ 108,295**	**$ (31)**	**$ (105,821)**	**$ (6)**	**$ 2,457**
Conversion of preferred stock to common stock	**(4)**	**-**	**4,000**	**4**	**(4)**	**-**	**-**	**-**	**-**
Share-based compensation	**-**	**-**	**-**	**-**	**68**	**-**	**-**	**-**	**68**
Foreign currency translation adjustment	**-**	**-**	**-**	**-**	**-**	**(1)**	**-**	**-**	**(1)**
Net loss	**-**	**-**	**-**	**-**	**-**	**-**	**(4,463)**	**(1)**	**(4,464)**
Balance as of September 30, 2019	**6**	**$ -**	**24,152**	**$ 24**	**$ 108,359**	**$ (32)**	**$ (110,284)**	**$ (7)**	**$ (1,940)**

	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Noncontrolling Interest	Total
	Shares	Amount	Shares	Amount					
Balance as of July 1, 2018	12	$ -	16,040	$ 16	$ 104,408	$ (30)	$ (88,228)	$ (2)	$ 16,164
Sale of common stock	-	-	1,500	1	1,349	-	-	-	1,350
Costs to raise capital	-	-	-	-	(159)	-	-	-	(159)
Conversion of preferred stock to common stock	(1)	-	797	1	(1)	-	-	-	-
Share-based compensation	-	-	-	-	73	-	-	-	73
Foreign currency translation adjustment	-	-	-	-	-	(1)	-	-	(1)
Net loss	-	-	-	-	-	-	(4,398)	(1)	(4,399)
Balance as of September 30, 2018	11	$ -	18,337	$ 18	$ 105,670	$ (31)	$ (92,626)	$ (3)	$ 13,028

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

iBio, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited; In Thousands)

	Three Months Ended September 30,	
	2019	**2018**
Cash flows from operating activities:		
Consolidated net loss	**$ (4,464)**	$ (4,399)
Adjustments to reconcile consolidated net loss to net cash used in operating activities:		
Share-based compensation	**68**	73
Amortization of intangible assets	**77**	83
Amortization of finance lease right-of-use assets	**415**	-
Depreciation of fixed assets	**66**	360
Changes in operating assets and liabilities:		
Accounts receivable - trade	**22**	(44)
Prepaid expenses and other current assets	**107**	70
Accounts payable	**(403)**	(16)
Accrued expenses	**210**	77
Contract liabilities	**1,615**	3,018
Net cash used in operating activities	**(2,287)**	(778)
Cash flows from investing activities:		
Additions to intangible assets	**(30)**	(15)
Purchases of fixed assets	**-**	(274)
Net cash used in investing activities	**(30)**	(289)
Cash flows from financing activities:		
Payment of finance/capital lease obligation	**-**	(48)
Proceeds from sales of preferred and common stock	**-**	1,350
Costs to raise capital	**-**	(159)
Net cash provided by financing activities	**-**	1,143
Effect of exchange rate changes	**(1)**	-
Net increase (decrease) in cash	**(2,318)**	76
Cash - beginning of period	**4,421**	8,088
Cash - end of period	**$ 2,103**	$ 8,164
Schedule of non-cash activities:		
Increase in ROU assets under ASC 842	**$ 7,489**	$ -
Unpaid intangible assets included in accounts payable	**$ 4**	$ 3
Intangible assets included in accounts payable in prior period, paid in current period	**$ 8**	$ 2
Unpaid fixed assets included in accounts payable	**$ 67**	$ -
Fixed assets included in accounts payable in prior period, paid in current period	**$ -**	$ 85
Conversion of preferred stock into common stock	**$ 4**	$ 1
Supplemental cash flow information:		
Cash paid during the period for interest	**$ 525**	$ 477

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

iBio, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Nature of Business

iBio is a full-service plant-based expression biologics contract development and manufacturing organization ("CDMO") equipped to deliver pre-clinical development through regulatory approval, commercial product launch and on-going commercial phase requirements. iBio's FastPharming™ expression system, iBio's proprietary approach to plant-made pharmaceutical ("PMP") production, can produce a range of recombinant products including monoclonal antibodies, antigens for subunit vaccine design, lysosomal enzymes, virus-like particles ("VLP"), blood factors and cytokines, scaffolds, maturogens and materials for 3D bio-printing and bio-fabrication, biopharmaceutical intermediates and others, as well as create and produce proprietary derivatives of pre-existing products with improved properties. iBio utilizes its proprietary technologies and production facilities to provide product development and manufacturing services to clients, collaborators and third-party customers as well as developing its own product candidates.

iBio's FastPharming™ platform includes transient transfection of plants and the use of transgenic plants for biologics development and manufacturing, as well as glycan engineering tools, and offers many benefits over the limitations of other expression systems, including:

- **Fast** FastPharming™ may shorten timelines to the clinic and move a program from gene sequence to protein production in weeks versus months
- **Economical** No expensive, labor-intensive, and costly mammalian cell line development
- **Quality** Production of consistent therapeutics to standards that are well accepted by global regulatory bodies
- **Scalable** Fewer time-consuming scale-up challenges
- **Safe** Inherently enhanced product safety profile
  - No animal products or animal-derived components are used at any point in FastPharming™
  - No inherent adventitious agents and no competency for agent replication
- **Customized** N-glycosylation FastPharming™ allows for N-glycosylation customization of products. Glycan engineering in plants affords greater control and may deliver increased product potency and quality

iBio CDMO services consist of the following *core* offerings:

Process Development	FastPharming™ optimizes gene-expression, glycosylation, and purification parameters to deliver a robust process for an active pharmaceutical ingredient (API). iBio's process development team is integrated with its manufacturing team to optimize processes and technology transfer.
cGMP Manufacturing	The FastPharming™ system works at large-scale to easily and reliably deliver biologics in clinical trial or commercial quantities. iBio's cGMP manufacturing facility was designed to provide highly flexible production schemes.
Aseptic Fill / Finish	iBio offers sterile aseptic fill/finish as part of its core process development and cGMP manufacturing services, as well as a stand-alone service for biopharmaceutical/CDMO bulk API manufacturers. In-line labelling allows serialization of vials and bottles for greater quality assurance of monoclonal antibodies, viral vectors, and other biologics.
Bio-Analytics	iBio's analytical team provides method development and validation as part of its core process development and cGMP manufacturing services, while also performing these services on an ad hoc basis. An experienced analytical staff provides method development and validation support with expertise in protein characterization using mass spectrometry.
Quality & Regulatory	iBio and its selected contractors provide support through the entire drug development cycle, including e-publishing of FDA filings. Quality systems have been carefully constructed to meet cGMP requirements, and iBio can provide regulatory guidance (FDA, EMA and other regulatory bodies) given the team's experience with therapeutic development.
Factory Solutions	iBio facilitates insourcing by designing and consulting on the building of a client's own environmentally sustainable FastPharming™ facility. iBio offers extensive training and complete transfer of process design and quality management systems under appropriate licensing agreements, allowing clients to quickly move into production upon the completion of their facility.

iBio was established as a public company in August 2008 as the result of a spinoff from Integrated BioPharma, Inc. and operates in one business segment under the direction of its Executive Chairman. iBio's wholly-owned and majority-owned subsidiaries (the "Company") are as follows:

iBio CDMO LLC ("iBio CDMO") (originally named iBio CMO LLC) – iBio CDMO is a Delaware limited liability company formed on December 16, 2015 as iBio CMO, LLC to develop and manufacture plant-made pharmaceuticals and provide related services to clients. Effective July 1, 2017, iBio CMO changed its name to iBio CDMO. As of December 31, 2015, the Company owned 100% of iBio CDMO. On January 13, 2016, the Company entered into a contract manufacturing joint venture with an affiliate of Eastern Capital Limited ("Eastern"), a stockholder of the Company (the "Eastern Affiliate"). The Eastern Affiliate contributed $15 million in cash for a 30% interest in iBio CDMO. The Company retained a 70% interest in iBio CDMO and contributed a royalty-bearing license which grants iBio CDMO a non-exclusive license to use the Company's proprietary technologies for research purposes and an exclusive U.S. license for manufacturing purposes. The Company retained the exclusive right to grant product licenses to those who wish to sell or distribute products made using the Company's technologies.

On February 23, 2017, the Company entered into an exchange agreement with the Eastern Affiliate, pursuant to which the Company acquired substantially all of the interest in iBio CDMO held by the Eastern Affiliate in exchange for one share of the Company's iBio CMO Preferred Tracking Stock, par value $0.001 per share (the "Preferred Tracking Stock"). After giving effect to the transaction, the Company owns 99.99% of iBio CDMO. See Note 10 for a further discussion.

iBio CDMO's operations take place in Bryan, Texas in a facility controlled by another affiliate of Eastern (the "Second Eastern Affiliate") as sublandlord. The facility is a 139,000-square foot Class A life sciences building located on land owned by the Texas A&M system, designed and equipped for plant-made manufacture of

biopharmaceuticals. The Second Eastern Affiliate granted iBio CDMO a 34-year lease (the "Sublease") for the facility as well as certain equipment (see Note 9). iBio CDMO commenced commercial operations in January 2016. iBio CDMO expects to operate on the basis of three parallel lines of business: (1) Development and manufacturing of third-party products; (2) Development and production of iBio's proprietary product(s) for treatment of fibrotic diseases and/or other proprietary iBio products; and (3) Commercial technology transfer services including facility design, as needed.

iBIO DO BRASIL BIOFARMACÊUTICA LTDA ("iBio Brazil") – iBio Brazil is a subsidiary organized in Brazil in which the Company has a 99% interest. iBio Brazil was formed to manage and expand the Company's business activities in Brazil. The activities of iBio Brazil are intended to include coordination and expansion of the Company's existing relationship with Fundacao Oswaldo Cruz/Fiocruz ("Fiocruz") beyond the Yellow Fever Vaccine program (see Note 7) and development of additional products with private sector participants for the Brazilian market. iBio Brazil commenced operations during the first quarter of the fiscal year ended June 30, 2015.

iBio Manufacturing LLC ("iBio Manufacturing") – iBio Manufacturing, a wholly-owned subsidiary, is a Delaware limited liability company formed in November 2015. iBio Manufacturing has not commenced any activities to date.

2. Basis of Presentation

Interim Financial Statements

The accompanying unaudited condensed consolidated financial statements have been prepared from the books and records of the Company and include all normal and recurring adjustments which, in the opinion of management, are necessary for a fair presentation in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and Rule 8-03 of Regulation S-X promulgated by the U.S. Securities and Exchange Commission. Accordingly, these interim financial statements do not include all of the information and footnotes required for complete annual financial statements. Interim results are not necessarily indicative of the results that may be expected for the full year. Interim unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended June 30, 2019, from which the accompanying condensed consolidated balance sheet dated June 30, 2019 was derived.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned subsidiaries. All intercompany balances and transactions have been eliminated as part of the consolidation.

Going Concern

Since our spin-off from Integrated BioPharma, Inc. in August 2008, we have incurred significant losses and negative cash flows from operations. As of September 30, 2019, the Company's accumulated deficit was $110.3 million. For the three months ended September 30, 2019, the Company's net loss was approximately $4.5 million and it had cash used in operating activities of $2.3 million. As of September 30, 2019, cash on hand totaled approximately $2.1 million. On October 29, 2019, the Company closed on an underwritten public offering with total net proceeds of $4,515,000 after deducting underwriting discounts, commissions and other offering expenses payable by the Company. The total net proceeds combined with the September 30, 2019 cash balance of approximately $2.1 million is expected to support the Company's activities at least through January 31, 2020.

The Company has historically financed its activities through the sale of common stock and warrants. Through September 30, 2019, the Company has dedicated most of its financial resources to research and development, including the development and validation of its own technologies and the development of a proprietary therapeutic product against fibrosis based upon those technologies, advancing its intellectual property, the build-out and recommissioning of its CDMO facility, and general and administrative activities.

As of September 30, 2019, the Company has not completed development of or commercialized any vaccine or therapeutic product candidates. As such, the Company expects to continue to incur significant expenses and operating losses for at least the next year. The Company anticipates that its expenses and losses will increase substantially if the Company:

- initiates clinical trials of its product candidates;
- continues the research and development of its product candidates;
- seeks to discover additional product candidates; and
- adds operational, financial and management information systems and personnel, including personnel to support its product development and manufacturing efforts.

To become and remain profitable, the Company must succeed in commercializing its technologies, alone or with its licensees, the service offerings provided by its CDMO facility, and in developing and eventually commercializing products that generate significant revenue. In addition, profitability will depend on continuing to attract and retain customers for the development, manufacturing and technology transfer services offered by the Company.

On June 26, 2018, the Company closed on an underwritten public offering with total gross proceeds of approximately $16,000,000, before deducting underwriting discounts, commissions and other offering expenses payable by the Company. The securities offered by the Company consisted of (i) 4,350,000 shares of Common Stock at $0.90 per share, (ii) 6,300 shares of Series A Convertible Preferred Stock, with a stated value of $1,000 per preferred share, and originally convertible into an aggregate of 7,000,000 shares of Common Stock at $0.90 per share, (iii) 5,785 shares of Series B Convertible Preferred Stock, with a stated value of $1,000 per preferred share, and originally convertible into an aggregate of 6,427,778 shares of Common Stock at $0.90 per share. The Company granted the underwriters, A.G.P./Alliance Global Partners, a 45-day option to purchase up to an additional 2,666,666 shares of common stock to cover over-allotments, if any. On July 12, 2018, the Company received approximately $1,350,000, before deducting underwriting discounts, commissions and other offering expenses payable by the Company, from the proceeds of the sale of 1,500,000 over-allotment shares of Common Stock purchased at $0.90 by the underwriter during the 45-day provision. See Note 10 for additional information.

In July 2019, iBio entered into a Master Manufacturing Services and Supply Agreement (“MSA”) with Lung Biotechnology PBC (“Lung Bio”), a subsidiary of United Therapeutics Corporation, to produce recombinant human collagen-based bioink for 3D bioprinted organ transplants. iBio will collaborate with Lung Bio to scale-up production of rhCollagen in tobacco plants using iBio’s ***FastPharming***™ System. Under the MSA, the initial work to be performed by iBio involves the development of a scalable purification process for rhCollagen, as well as cGMP supply of the material for clinical trials. During the quarter ended September 30, 2019, iBio received a prepayment of approximately $1.6 million from LungBio, $1.0 million of which was allocated to the purchase of capital expenditures per the MSA and $620,000 related to the performance of related contracted services. The $1.6 million was recorded as a contract liability on its balance sheet. In Fiscal 2020, the Company recognized approximately $46,000 of the contract liability amount related to LungBio as revenue.

In addition, in June 2018, iBio established a strategic commercial relationship with CC-Pharming Ltd. of Beijing, China (“CC-Pharming”) for the joint development of products and manufacturing facilities for the Chinese biopharmaceutical market, utilizing iBio’s technology. The first product focus selected pursuant to the Master Joint Development Agreement executed between iBio and CC-Pharming is a therapeutic antibody. During the quarter ended September 30, 2018, iBio received prepayments of approximately $2.9 million from CC-Pharming which it recorded as a contract liability on its balance sheet. In Fiscal 2019, the Company recognized approximately $1.8 million of the contract liability amounts related to CC-Pharming as revenue. In Fiscal 2020, the Company recognized approximately $47,000 as revenue.

In November 2018, the Company received a capital contribution from the Eastern Affiliate of approximately $2,459,000 for working capital purposes.

On October 29, 2019, the Company closed on an underwritten public offering with total net proceeds of approximately $4,515,000 after deducting underwriting discounts, commissions and other offering expenses payable by the Company. The securities offered by the Company consisted of (i) shares of Common Stock, (ii) shares of Series C Convertible Preferred Stock ("Series C Preferred") convertible into shares of Common Stock at $0.20 per share, (iii) Series A Common Stock Purchase Warrants ("Series A Warrants") and (iv) Series B Common Stock Purchase Warrants ("Series B Warrants"). The Company also granted the underwriters an option to purchase shares of common stock to cover over-allotments, if any. See Note 10 for additional information.

The history of significant losses, the negative cash flow from operations, the limited cash resources on hand and the dependence by the Company on its ability – about which there can be no certainty – to obtain additional financing to fund its operations after the current cash resources are exhausted raises substantial doubt about the Company's ability to continue as a going concern. These financial statements were prepared under the assumption that the Company will continue as a going concern and do not include any adjustments that might result from the outcome of this uncertainty.

The Company plans to fund its future business operations using cash on hand, through proceeds from the sale of additional equity or other securities, and through proceeds realized in connection with the commercialization of its technologies and proprietary products, license and collaboration arrangements and the operation of our subsidiary, iBio CDMO.

3. Summary of Significant Accounting Policies

The Company’s significant accounting policies are described in Note 3 of the Notes to Financial Statements in the Annual Report on Form 10-K for the year ended June 30, 2019.

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates include the valuation of intellectual property, legal and contractual contingencies and share-based compensation. Although management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, actual results could differ from these estimates.

Accounts Receivable
Accounts receivable are reported at their outstanding unpaid principal balances net of allowances for uncollectible accounts. The Company provides for allowances for uncollectible receivables based on management's estimate of uncollectible amounts considering age, collection history, and any other factors considered appropriate. The Company writes off accounts receivable against the allowance for doubtful accounts when a balance is determined to be uncollectible. At September 30, 2019 and June 30, 2019, the Company determined that an allowance for doubtful accounts was not needed.

Revenue Recognition
The Company accounts for its revenue recognition under Accounting Standards Update (“ASU”) No. 2014-09, "*Revenue from Contracts with Customers*" ("ASU 2014-09") and other associated standards. Under this new standard, the Company recognizes revenue when a customer obtains control of promised services or goods in an amount that reflects the consideration to which the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts. Contract liabilities represent billings to a customer for whom the services have not yet been provided.

The Company's contract revenue consists primarily of amounts earned under contracts with third-party customers and reimbursed expenses under such contracts. The Company analyzes its agreements to determine whether the elements can be separated and accounted for individually or as a single unit of accounting. Allocation of revenue to individual elements that qualify for separate accounting is based on the separate selling prices determined for each component, and total contract consideration is then allocated pro rata across the components of the arrangement. If separate selling prices are not available, the Company will use its best estimate of such selling prices, consistent with the overall pricing strategy and after consideration of relevant market factors.

In general, the Company applies the following steps when recognizing revenue from contracts with customers: (i) identify the contract, (ii) identify the performance obligations, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations and (v) recognize revenue when a performance obligation is satisfied. The nature of the Company's contracts with customers generally fall within the three key elements of the Company's business plan: CDMO Facility Activities; Product Candidate Pipeline, and Facility Design and Build-out / Technology Transfer services.

Recognition of revenue is driven by satisfaction of the performance obligations using one of two methods: revenue is either recognized over time or at a point in time. Contracts containing multiple performance obligations classify those performance obligations into separate units of accounting either as standalone or combined units of accounting. For those performance obligations treated as a standalone unit of accounting, revenue is generally recognized based on the method appropriate for each standalone unit. For those performance obligations treated as a combined unit of accounting, revenue is generally recognized as the performance obligations are satisfied, which generally occurs when control of the goods or services have been transferred to the customer or client or once the client or customer is able to direct the use of those goods and / or services as well as obtaining substantially all of its benefits. As such, revenue for a combined unit of accounting is generally recognized based on the method appropriate for the last delivered item but due to the specific nature of certain project and contract items, management may determine an alternative revenue recognition method as appropriate, such as a contract whereby one deliverable in the arrangement clearly comprises the overwhelming majority of the value of the overall combined unit of accounting. Under this circumstance, management may determine revenue recognition for the combined unit of accounting based on the revenue recognition guidance otherwise applicable to the predominant deliverable.

The Company generates (or may generate in the future) contract revenue under the following types of contracts:

Fixed-Fee

Under a fixed-fee contract, the Company charges a fixed agreed upon amount for a deliverable. Fixed-fee contracts have fixed deliverables upon completion of the project. Typically, the Company recognizes revenue for fixed-fee contracts after projects are completed, delivery is made and title transfers to the customer, and collection is reasonably assured.

Time and Materials

Under a time and materials contract, the Company charges customers an hourly rate plus reimbursement for other project specific costs. The Company recognizes revenue for time and material contracts based on the number of hours devoted to the project multiplied by the customer's billing rate plus other project specific costs incurred.

Grant Income

Grants are recognized as income when all conditions of such grants are fulfilled or there is a reasonable assurance that they will be fulfilled. Grant income is classified as a reduction of research and development expenses. Grant income amounted to approximately $0 for each of the three months ended September 30, 2019 and 2018.

Contract Assets
A contract asset is an entity's right to payment for goods and services already transferred to a customer if that right to payment is conditional on something other than the passage of time. Generally, an entity will recognize a contract asset when it has fulfilled a contract obligation but must perform other obligations before being entitled to payment.

Contract assets consist primarily of the cost of project contract work performed by third parties whereby the Company expects to recognize any related revenue at a later date, upon satisfaction of the contract obligations. At both September 30, 2019 and June 30, 2019, contract assets were $0.

Contract Liabilities
A contract liability is an entity's obligation to transfer goods or services to a customer at the earlier of (1) when the customer prepays consideration or (2) the time that the customer's consideration is due for goods and services the entity will yet provide. Generally, an entity will recognize a contract liability when it receives a prepayment.

Contract liabilities consist primarily of consideration received, usually in the form of payment, on project work to be performed whereby the Company expects to recognize any related revenue at a later date, upon satisfaction of the contract obligations. Contract liabilities may also be described as deferred revenue. At September 30, 2019 and June 30, 2019, contract liabilities (or deferred revenue) were $2,894,000 and $1.279,000, respectively. The Company recognized revenue of $47,205 during the three months ended September 30, 2019 that was included in the contract liabilities balance as of June 30, 2019.

Leases
Effective July 1, 2019, the Company adopted ASU 2016-02, "*Leases (Topic 842)*" ("ASU 2016-02") ("ASC 842") and other associated standards using the modified retrospective approach for all leases entered into before the effective date. The new standard establishes a right-of-use ("ROU") model requiring a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months and classified as either an operating or finance lease. The adoption of ASC 842 had a significant effect on our balance sheet resulting in an increase in non-current assets and both current and non-current liabilities. The adoption of ASC 842 had no impact on retained earnings as the assets recognized under the Sublease and the associated lease obligation were accounted for as a capital lease under Topic 840. We did not have any operating leases, therefore there was no change in accounting treatment required. For comparability purposes, the Company will continue to comply with prior disclosure requirements in accordance with the then existing lease guidance under Topic 840 as prior periods have not been restated.

As the Company elected to adopt ASC 842 at the beginning of the period of adoption, the Company recorded the ROU and finance lease obligation as follows:

1. ROU measured at the carrying amount of the leased assets under Topic 840.
2. Finance lease liability measured at the carrying amount of the capital lease obligation under Topic 840 at the beginning of the period of adoption.

The Company elected the package of practical expedients as permitted under the transition guidance, which allowed us: (1) to carry forward the historical lease classification; (2) not to reassess whether expired or existing contracts are or contain leases; and, (3) not to reassess the treatment of initial direct costs for existing leases.

In accordance with ASC 842, at the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on the unique facts and circumstances present and the classification of the lease including whether the contract involves the use of a distinct identified asset, whether we obtain the right to substantially all the economic benefit from the use of the asset, and whether we have the right to direct the use of the asset. Leases with a term greater than one year are recognized on the balance sheet as ROU assets, lease liabilities and, if applicable, long-term lease liabilities. The Company has elected not to recognize on the balance sheet leases with terms of one year or less under practical expedient in paragraph ASC 842-20-25-2. For contracts with lease and non-lease components, the Company has elected not to allocate the contract consideration and to account for the lease and non-lease components as a single lease component.

The lease liability and the corresponding ROU assets were recorded based on the present value of lease payments over the expected remaining lease term. The implicit rate within our capital lease was determinable and, therefore, used at the adoption date of ASC 824 to determine the present value of lease payments under the finance lease.

An option to extend the lease is considered in connection with determining the ROU asset and lease liability when it is reasonably certain we will exercise that option. An option to terminate is considered unless it is reasonably certain we will not exercise the option.

For periods prior to the adoption of ASC 842, the Company recorded interest expense based on the amortization of the capital lease obligation. The expense recognition for finance leases under Topic 842 is substantially consistent with prior guidance for capital leases. As a result, there are no significant differences in our results of operations presented.

The impact of the adoption of ASC 842 on the balance sheet was (in thousands):

	As reported June 30, 2019	Adoption of ASC 842	Balance July 1, 2019
Finance lease right-of-use assets	$ -	$ 7,489	$ 7,489
Total assets	$ 30,586	$ 7,489	$ 38,075
Finance lease obligation - current portion	$ 213	$ (141)	$ 72
Finance lease obligation - net of current portion	$ 24,671	$ 7,630	$ 32,301
Total liabilities	$ 28,129	$ 7,489	$ 35,618
Total liabilities and stockholders' equity	$ 30,586	$ 7,489	$ 38,075

The impact of the adoption of ASC 842 on the Statement of Operations for the three months ended September 30, 2019 was (in thousands):

	Prior to Adoption	Adoption of ASC 842	Balance
Total revenues	$ 108	$ -	$ 108
Operating expenses	$ 3,843	$ 117(1)	$ 3,963
Operating loss	$ (3,738)	$ (117)	$ (3,855)
Other income (expense)	$ (462)	$ (147)(2)	$ (609)
Consolidated net loss	$ (4,200)	$ (264)	$ (4,464)

(1) Excess of the amortization of finance lease ROU's over the depreciation of capital lease assets that would have occurred under ASC 840.
(2) Excess of the interest expense related to the finance lease obligation over the interest expense of the capital lease obligation that would have been incurred under ASC 840.

Research and Development
The Company accounts for research and development costs in accordance with the Financial Accounting Standards Board ("FASB") ASC 730-10, "*Research and Development*" ("ASC 730-10"). Under ASC 730-10, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and development costs are expensed when the contracted work has been performed or as milestone results have been achieved.

Right-of-Use Assets
Assets held under the terms of finance (capital) leases are amortized on a straight-line basis over the terms of the leases or the economic lives of the assets. Obligations for future lease payments under finance (capital) leases are shown within liabilities and are analyzed between amounts falling due within and after one year. See Note 9 - Finance Lease Obligation for additional information.

Fixed Assets
Fixed assets are stated at cost net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from three to fifteen years.

Intangible Assets
The Company accounts for intangible assets at their historical cost and records amortization utilizing the straight-line method based upon their estimated useful lives. Patents are amortized over a period of ten years and other intellectual property is amortized over a period from 16 to 23 years. The Company reviews the carrying value of its intangible assets for impairment whenever events or changes in business circumstances indicate the carrying amount of such assets may not be fully recoverable. Evaluating for impairment requires judgment, and recoverability is assessed by comparing the projected undiscounted net cash flows of the assets over the remaining useful life to the carrying amount. Impairments, if any, are based on the excess of the carrying amount over the fair value of the assets. There were no impairment charges for the three months ended September 30, 2019 and 2018.

Foreign Currency
The Company accounts for foreign currency translation pursuant to FASB ASC 830, "*Foreign Currency Matters.*" The functional currency of iBio Brazil is the Brazilian Real. Under FASB ASC 830, all assets and liabilities are translated into United States dollars using the current exchange rate at the end of each fiscal period. Revenues and expenses are translated using the average exchange rates prevailing throughout the respective periods. All transaction gains and losses from the measurement of monetary balance sheet items denominated in Reals are reflected in the statement of operations as appropriate. Translation adjustments are included in accumulated other comprehensive loss. For the three months ended September 30, 2019 and 2018, any translation adjustments were considered immaterial and did not have a significant impact on the Company's consolidated financial statements.

Share-based Compensation

The Company recognizes the cost of all share-based payment transactions at fair value. Compensation cost, measured by the fair value of the equity instruments issued, adjusted for estimated forfeitures, is recognized in the financial statements as the respective awards are earned over the performance period. The Company uses historical data to estimate forfeiture rates.

The impact that share-based payment awards will have on the Company's results of operations is a function of the number of shares awarded, the trading price of the Company's stock at the date of grant or modification, the vesting schedule and forfeitures. Furthermore, the application of the Black-Scholes option pricing model employs weighted-average assumptions for expected volatility of the Company's stock, expected term until exercise of the options, the risk-free interest rate, and dividends, if any, to determine fair value.

Expected volatility is based on historical volatility of the Company's common stock; the expected term until exercise represents the weighted-average period of time that options granted are expected to be outstanding giving consideration to vesting schedules and the Company's historical exercise patterns; and the risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the option. The Company has not paid any dividends since its inception and does not anticipate paying any dividends for the foreseeable future, so the dividend yield is assumed to be zero. In addition, the Company estimates forfeitures at each reporting period, rather than electing to record the impact of such forfeitures as they occur. See Note 12-Shared-Based Compensation for additional information.

Recently Issued Accounting Pronouncements

Effective July 1, 2018, the Company adopted ASU 2017-09, "*Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting" ("ASU 2017-09")*which provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. The adoption of ASU 2017-09 did not have a significant impact on the Company's consolidated financial statements.

Effective April 1, 2018, the Company adopted ASU No. 2017-11, "*Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480), Derivatives and Hedging (Topic 815)*" ("ASU 2017-11"). The amendments in Part I of ASU 2017-11 change the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. When determining whether certain financial instruments should be classified as liabilities or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity's own stock. The amendments also clarify existing disclosure requirements for equity-classified instruments. As a result, a freestanding equity-linked financial instrument (or embedded conversion option) no longer would be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. For freestanding equity classified financial instruments, the amendments require entities that present earnings per share ("EPS") in accordance with ASC 260 to recognize the effect of the down round feature when it is triggered. That effect is treated as a dividend and as a reduction of income available to common shareholders in basic EPS. Convertible instruments with embedded conversion options that have down round features are now subject to the specialized guidance for contingent beneficial conversion features (in ASC 470-20, "*Debt—Debt with Conversion and Other Options*"), including related EPS guidance (in ASC 260). The amendments in Part II of ASU 2017-11 recharacterize the indefinite deferral of certain provisions of ASC 480 that now are presented as pending content in the codification, to a scope exception. Those amendments do not have an accounting effect. As a result of the adoption of ASU 2017-11, the Company classified the proceeds received from the sale of its preferred stock as equity (see Note 9).

Effective July 1, 2019, the Company adopted ASU No. 2018-07, "*Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*" ("ASU 2018-07"). ASU No 2018-07 expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. The guidance also specifies that Topic 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor's own operations by issuing share-based payment awards. The adoption of ASU 2018-07 did not have a significant impact on the Company's consolidated financial statements.

Management does not believe that any other recently issued, but not yet effective, accounting standard if currently adopted would have a material effect on the accompanying condensed consolidated financial statements. Most of the newer standards issued represent technical corrections to the accounting literature or application to specific industries which have no effect on the Company's condensed consolidated financial statements.

4. Financial Instruments and Fair Value Measurement

The carrying values of cash, accounts receivable and accounts payable in the Company's condensed consolidated balance sheets approximated their fair values as of September 30, 2019 and June 30, 2019 due to their short-term nature. The carrying value of the finance (capital) lease obligation approximated its fair value as of September 30, 2019 and June 30, 2019 as the interest rate used to discount the lease payments approximated market.

5. Finance Lease ROU's

As discussed above, the Company adopted ASC 842 effective July 1, 2019 using the modified retrospective approach for all leases entered into before the effective date.

iBio CDMO is leasing its facility in Bryan, Texas as well as certain equipment from the Second Eastern Affiliate under the Sublease. See Note 9 for more details of the terms of the Sublease.

The economic substance of the Sublease is that the Company is financing the acquisition of the facility and equipment. As the Sublease involves real estate and equipment, the Company separated the equipment component and accounted for the facility and equipment as if each was leased separately.

The following table summarizes by category the gross carrying value and accumulated amortization of finance lease ROU (in thousands):

	September 30, 2019	June 30, 2019
ROU - Facility	**$ 25,761**	$ -
ROU - Equipment	**7,728**	-
	33,489	-
Accumulated amortization	**(4,627)**	-
Net finance lease ROU	**$ 28,862**	$ -

Amortization expense was approximately $415,000 for the three months ended September 30, 2019.

6. Fixed Assets

As discussed above, the Company adopted ASC 842. As such, assets formerly classified as "under capital lease" are now classified as finance lease ROU assets. See Note 5 above.

The following table summarizes by category the gross carrying value and accumulated depreciation of fixed assets (in thousands):

	September 30, 2019	June 30, 2019
Facility improvements	**$ 1,449**	$ 1,449
Medical equipment	**1,297**	1,260
Office equipment and software	**297**	231
Construction in progress	**102**	138
Facility under capital lease	**-**	20,000
Equipment under capital lease	**-**	6,000
	3,145	29,078
Accumulated depreciation – assets under capital lease	**-**	(4,212)
Accumulated depreciation	**(551)**	(486)
Net fixed assets	**$ 2,594**	$ 24,380

Depreciation expense was approximately $66,000 and $360,000 for the three months ended September 30, 2019 and 2018, respectively.

7. Intangible Assets

The Company has two categories of intangible assets – intellectual property and patents. Intellectual property consists of all technology, know-how, data, and protocols for producing targeted proteins in plants and related to any products and product formulations for pharmaceutical uses and for other applications. Intellectual property includes, but is not limited to, certain technology for the development and manufacture of novel vaccines and therapeutics for humans and certain veterinary applications acquired in December 2003 from Fraunhofer USA Inc., acting through its Center for Molecular Biotechnology (“Fraunhofer”), pursuant to a Technology Transfer Agreement, as amended (the “TTA”). The Company designates such technology further developed by and acquired from Fraunhofer as iBioLaunch™ technology or as iBioModulator™ technology. The value on the Company’s books attributed to patents owned or controlled by the Company is based only on payments for services and fees related to the protection of the Company’s patent portfolio. The intellectual property also includes certain trademarks.

In January 2014, the Company entered into a license agreement with a U.S. university whereby iBio acquired exclusive worldwide rights to certain issued and pending patents covering specific candidate products for the treatment of fibrosis (the "Licensed Technology"). The license agreement provides for payment by the Company of a license issue fee, annual license maintenance fees, reimbursement of prior patent costs incurred by the university, payment of a milestone payment upon regulatory approval for sale of a first product, and annual royalties on product sales. In addition, the Company has agreed to meet certain diligence milestones related to product development benchmarks. As part of its commitment to the diligence milestones, the Company successfully commenced production of a plant-made peptide comprising the Licensed Technology before March 31, 2014. The next milestone – filing a New Drug Application with the FDA or foreign equivalent covering the Licensed Technology ("IND") – initially became due on December 1, 2015, and on August 11, 2016, the agreement was amended and subsequent six-month extensions have been automatically granted extending the due date until December 31, 2017, at which time, the Company and the university agreed to set a new milestone schedule and are currently undergoing an analysis based on new data and revised forecasted timelines.

The Company accounts for intangible assets at their historical cost and records amortization utilizing the straight-line method based upon their estimated useful lives. Patents are amortized over a period of 10 years and other intellectual property is amortized over a period from 16 to 23 years. The Company reviews the carrying value of its intangible assets for impairment whenever events or changes in business circumstances indicate the carrying amount of such assets may not be fully recoverable. Evaluating for impairment requires judgment, and recoverability is assessed by comparing the projected undiscounted net cash flows of the assets over the remaining useful life to the carrying amount. Impairments, if any, are based on the excess of the carrying amount over the fair value of the assets. There were no impairment charges during the three months ended September 30, 2019 and 2018.

The following table summarizes by category the gross carrying value and accumulated amortization of intangible assets (in thousands):

	September 30, 2019	June 30, 2019
Intellectual property – gross carrying value	**$ 3,100**	$ 3,100
Patents – gross carrying value	**2,586**	2,560
	5,686	5,660
Intellectual property – accumulated amortization	**(2,438)**	(2,399)
Patents – accumulated amortization	**(1,925)**	(1,887)
	(4,363)	(4,286)
Net intangible assets	**$ 1,323**	$ 1,374

Amortization expense was approximately $77,000 and $83,000 for the three months ended September 30, 2019 and 2018, respectively.

8. Significant Vendors

Novici Biotech, LLC
In January 2012, the Company entered into an agreement with Novici Biotech, LLC (“Novici”) in which iBio’s President is a minority stockholder. Novici performs laboratory feasibility analyses of gene expression, protein purification and preparation of research samples. In addition, the Company and Novici collaborate on the development of new technologies and product candidates for exclusive worldwide commercial use by the Company. The accounts payable balance includes amounts due to Novici of approximately $97,000 and $65,000 at September 30, 2019 and June 30, 2019, respectively. Research and development expenses related to Novici were approximately $97,000 and $259,000 for the three months ended September 30, 2019 and 2018, respectively.

Fraunhofer
Previously, Fraunhofer had been the Company’s most significant vendor solely on the basis of the three-party Yellow Fever vaccine development program among Fiocruz/Bio-Manguinhos, the Company, and Fraunhofer (described in greater detail below) but expenses have decreased due to changes and a decrease in technology services performed pursuant to the agreement with Fiocruz. The accounts payable balance under this three-party agreement includes amounts due Fraunhofer of approximately $75,000 as of both September 30, 2019 and June 30, 2019. See Note 15 – Commitments and Contingencies.

On January 4, 2011, the Company entered into the Collaboration and License Agreement (the "CLA") which is a three-party agreement involving the Company, Fraunhofer and Fiocruz, a public entity, member of the Indirect Federal Public Administration and linked to the Health Ministry of Brazil, acting through its unit Bio-Manguinhos. The CLA provides for the development of a yellow fever vaccine to be manufactured and distributed within Latin America and Africa by Fiocruz. The CLA was supplemented by a bilateral agreement between iBio and Fraunhofer dated December 27, 2010 in which the Company engaged Fraunhofer as a contractor to provide the research and development services (both, together, the "Agreement"). The services are billed to Fiocruz at Fraunhofer's cost, so the Company's revenue is equivalent to expense and there is no profit.

On June 12, 2014, Fiocruz, Fraunhofer and iBio executed an amendment to the CLA (the "Amended Agreement") which provides for revised research and development, work plans, reporting, objectives, estimated budget, and project billing process. iBio and Fiocruz are currently evaluating plans for further collaboration without prospective reliance on older Fraunhofer-derived technology and data.

In September 2013, the Company and Fraunhofer completed the Terms of Settlement for the TTA Seventh Amendment (the "Settlement Agreement"). Under the terms of the Settlement Agreement, various contractual obligations existing at June 30, 2013 were released, terminated or modified. See Note 15 - Commitments and Contingencies for significant modifications.

On March 17, 2015, the Company filed a Verified Complaint in the Court of Chancery of the State of Delaware against Fraunhofer and Vidadi Yusibov, Fraunhofer's Executive Director. On November 3, 2017, the Company filed a Verified Complaint (the "Second Complaint") in the Court of Chancery of the State of Delaware against Fraunhofer-Gesellschaft, the European unit of Fraunhofer, which was dismissed by the Delaware Chancery Court on December 14, 2018, as untimely filed. The Second Complaint followed iBio's pending litigation filed in March 2015 against Fraunhofer USA, Inc., the U.S. unit of Fraunhofer, and the dismissal of the Second Complaint has no effect on the action against the U.S. unit of Fraunhofer. See Note 15 - Lawsuits for additional information.

9. Finance Lease Obligation

As discussed above, iBio CDMO is leasing its facility in Bryan, Texas as well as certain equipment from the Second Eastern Affiliate under the 34-year Sublease. iBio CDMO began operations at the facility on December 22, 2015 pursuant to agreements between iBio CDMO and the Second Eastern Affiliate granting iBio CDMO temporary rights to access the facility. These temporary agreements were superseded by the Sublease Agreement, dated January 13, 2016, between iBio CDMO and the Second Eastern Affiliate. The 34-year term of the Sublease may be extended by iBio CDMO for a ten-year period, so long as iBio CDMO is not in default under the Sublease. Under the Sublease, iBio CDMO is required to pay base rent at an annual rate of $2,100,000, paid in equal quarterly installments on the first day of each February, May, August and November. The base rent is subject to increase annually in accordance with increases in the Consumer Price Index ("CPI"). The base rent under the Second Eastern Affiliate's ground lease for the property is subject to adjustment, based on an appraisal of the property, in 2030 and upon any extension of the ground lease. The base rent under the Sublease will be increased by any increase in the base rent under the ground lease as a result of such adjustments. iBio CDMO is also responsible for all costs and expenses in connection with the ownership, management, operation, replacement, maintenance and repair of the property under the Sublease. The Company incurred rent expense of $32,000 and $12,000 for the three months ended September 30, 2019 and 2018, respectively, related to the increases in the CPI.

In addition to the base rent, iBio CDMO is required to pay, for each calendar year during the term, a portion of the total gross sales for products manufactured or processed at the facility, equal to 7% of the first $5,000,000 of gross sales, 6% of gross sales between $5,000,001 and $25,000,000, 5% of gross sales between $25,000,001 and $50,000,000, 4% of gross sales between $50,000,001 and $100,000,000, and 3% of gross sales between $100,000,001 and $500,000,000. However, if for any calendar year period from January 1, 2018 through December 31, 2019, iBio CDMO's applicable gross sales are less than $5,000,000, or for any calendar year period from and after January 1, 2020, its applicable gross sales are less than $10,000,000, then iBio CDMO is required to pay the amount that would have been payable if it had achieved such minimum gross sales and shall pay no less than the applicable percentage for the minimum gross sales for each subsequent calendar year. As the Company adopted ASC 842 effective July 1, 2019, the minimum percentage rent is included in the finance lease obligation. Percentage rent amounted to approximately $87,000 for the three months ended September 30, 2018.

Accrued expenses at September 30, 2019 and June 30, 2019 due to the Second Eastern Affiliate amounted to $846,000 and $699,000, respectively. General and administrative expenses related to Second Eastern Affiliate, including rent related to the increases in CPI, percentage rent discussed above and real estate taxes, were approximately $171,000 and $238,000 for the three months ended September 30, 2019 and 2018, respectively. Interest expense related to the Second Eastern Affiliate was approximately $620,000 and $476,000 for the three months ended September 30, 2019 and 2018, respectively.

The following tables present the components of lease expense and supplemental balance sheet information related to the finance lease obligation (in thousands).

	Three Months Ended September 30, 2019
Finance Lease Cost:	
Amortization of right-of-use assets	$ 415
Interest on lease liabilities	620
Operating Lease Cost	32
Total Lease Cost	$ 1,067

Other Information	
Cash paid for amounts included in the measurement lease liabilities:	
Operating cash flows from operating lease	$ 32
Financing cash flows from finance lease obligation	$ -

	September 30, 2019
Finance lease right-of-use assets	$ 28,862
Finance lease obligation – current portion	$ 139
Finance lease obligation - non-current portion	$ 32,235
Weighted average remaining lease term - finance lease	30.44 years
Weighted average discount rate - Finance lease obligation	7.608%

Future minimum payments under the finance lease obligation are due as follows:

Fiscal period ending on September 30:	Principal	Interest	Total
2020	$ 138,270	$ 2,461,730	$ 2,600,000
2021	306,334	2,443,666	2,750,000
2022	330,312	2,419,688	2,750,000
2023	356,167	2,393,833	2,750,000
2024	384,046	2,365,954	2,750,000
Thereafter	30,857,671	39,267,329	70,125,000
Total minimum lease payments	32,372,800	$ 51,352,200	$ 83,725,000
Less: current portion	(138,270)		
Long-term portion of minimum lease obligations	$ 32,234,530		

10. Stockholders' Equity

Preferred Stock
The Company's Board of Directors is authorized to issue, at any time, without further stockholder approval, up to 1 million shares of preferred stock. The Board of Directors has the authority to fix and determine the voting rights, rights of redemption and other rights and preferences of preferred stock.

iBio CMO Preferred Tracking Stock
On February 23, 2017, the Company entered into an exchange agreement with the Eastern Affiliate pursuant to which the Company acquired substantially all of the interest in iBio CDMO held by the Eastern Affiliate and issued one share of a newly created Preferred Tracking Stock, in exchange for 29,990,000 units of limited liability company interests of iBio CDMO held by the Eastern Affiliate at an original issue price of $13 million. After giving effect to the transaction, the Company owns 99.99% and the Eastern Affiliate owns 0.01% of iBio CDMO.

On February 23, 2017, the Board of Directors of the Company created the Preferred Tracking Stock out of the Company's 1 million authorized shares of preferred stock. Terms of the Preferred Tracking Stock include the following:

1. The Preferred Tracking Stock accrues dividends at the rate of 2% per annum on the original issue price. Accrued dividends are cumulative and are payable if and when declared by the Board of Directors, upon an exchange of the shares of Preferred Tracking Stock and upon a liquidation, winding up or deemed liquidation (such as a merger) of the Company. As of September 30, 2019, no dividends have been declared. Accrued dividends total approximately $676,000 and $610,000 at September 30, 2019 and June 30, 2019, respectively.

2. The holders of Preferred Tracking Stock, voting separately as a class, are entitled to approve by the affirmative vote of a majority of the shares of Preferred Tracking Stock outstanding any amendment, alteration or repeal of any of the provisions of, or any other change to, the Certificate of Incorporation of the Company or the Certificate of Designation that adversely affects the rights, powers or privileges of the Preferred Tracking Stock, any increase in the number of authorized shares of Preferred Tracking Stock, the issuance or sale of any additional shares of Preferred Tracking Stock or any securities convertible into or exercisable or exchangeable for Preferred Tracking Stock, the creation or issuance of any shares of any additional class or series of capital stock unless the same ranks junior to the Preferred Tracking Stock, or the reclassification or alteration of any existing security of the Company that is junior to or pari passu with the Preferred Tracking Stock, if such reclassification or alteration would render such other security senior to the Preferred Tracking Stock.

3. Except as required by applicable law, the holders of Preferred Tracking Stock have no other voting rights.

4. No dividend may be declared or paid or set aside for payment or other distribution declared or made upon the Company's common stock and no common stock may be redeemed, purchased or otherwise acquired for any consideration by the Company unless all accrued dividends on all outstanding shares of Preferred Tracking Stock are paid in full.

At the election of the Company or holders of a majority outstanding shares of Preferred Tracking Stock, each outstanding share of Preferred Tracking Stock may be exchanged for 29,990,000 units of limited liability company interests of iBio CDMO. Such exchange may be effected only after March 31, 2018, or in connection with a winding up, liquidation or deemed liquidation (such as a merger) of the Company or iBio CDMO. In addition, such exchange will take effect upon a change in control of iBio CDMO.

Series A Convertible Preferred Stock ("Series A Preferred")
On June 20, 2018, the Board of Directors of the Company created the Series A Preferred, par value $0.001 per share, out of the Company's 1 million authorized shares of preferred stock. Terms of the Series A Preferred include the following:

1. Each share of Series A Preferred is convertible into an amount of shares of common stock determined by dividing the stated value of $1,000 by the conversion price in effect at such time. The original conversion price of $0.90 was adjusted to $0.20 upon the closing of the Company's public offering on October 29, 2019. See Note 19 - Subsequent Events for additional information. The number of shares of common stock to be received is limited by the beneficial ownership limitation as defined in the certificate of designation. Subject to limited exceptions, a holder of Series A Preferred will not have the right to exercise any portion of its Series A Preferred if such holder, together with its affiliates, would beneficially own over 4.99% of the number of shares of our common stock outstanding immediately after giving effect to such exercise; provided, however, that upon 61 days' prior notice to us, such holder may increase such limitation, provided that in no event will the limitation exceed 9.99%.

2. Holders are entitled to dividends on shares of Series A Preferred equal (on an as-if-converted-to-common stock basis, without regards to conversion limitations) to and in the same form as dividends actually paid on shares of the common stock, when, as and if such dividends are paid on shares of common stock. No other dividends shall be paid or accrued on the shares of Series A Preferred.

3. Holders have no voting rights except as defined in the certificate of designation.

4. If at any time the Company grants, issues or sells any common stock equivalents or rights to purchase stock, warrants, securities or other property pro rata to the holders of any class of common stock, then the holder(s) of Series A Preferred will be entitled to acquire, upon the terms applicable to such purchase rights, the aggregate purchase rights which the holder could have acquired if the holder had held the number of shares of common stock acquirable upon the complete conversion of such holder's Series A Preferred (as defined).

5. Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders shall be entitled to receive the same amount that a holder of common stock would receive if the Series A Preferred were fully converted (disregarding for such purposes any conversion limitations hereunder) into common stock at the conversion price in effect as of such time. Such amounts shall be paid pari passu with all holders of common stock and the Series B Convertible Preferred Stock.

6. The Company is required that it will at all times, reserve and keep available out of its authorized and unissued shares of common stock, for the sole purpose of issuance upon the conversion of the Series A Preferred, not less than such aggregate number of shares of the common stock as shall be issuable upon the conversion of the then outstanding shares of the Series A Preferred.

On June 26, 2018, the Company issued 6,300 shares of Series A Preferred as part of a public offering. For the three months ended September 30, 2019, 4,227 shares of Series A Preferred had been converted into 4,696,667 shares of common stock. For the period from October 1, 2019 through the date of the filing of this report, 75 shares of Series A Preferred had been converted into 375,000 shares of common stock. See the section below entitled *"Public Offering – A.G.P./Alliance Global Partners"* for further information.

Series B Preferred
On June 20, 2018, the Board of Directors of the Company created the Series B Preferred, par value $0.001 per share, out of the Company's 1 million authorized shares of preferred stock. Terms of the Series B Preferred include the following:

1. Each share of Series B Preferred is convertible into an amount of shares of common stock determined by dividing the stated value of $1,000 by the conversion price in effect at such time. The original conversion price of $0.90 was adjusted to $0.20 upon the closing of the Company's public offering on October 29, 2019. See Note 19 - Subsequent Events for additional information. The number of shares of common stock to be received is limited by the beneficial ownership limitation as defined in the certificate of designation. Subject to limited exceptions, a holder of Series B Preferred will not have the right to exercise any portion of its Series B Preferred if such holder, together with its affiliates, would beneficially own over 48% of the number of shares of our common stock outstanding immediately after giving effect to such exercise.

2. Holders are entitled to dividends on shares of Series B Preferred equal (on an as-if-converted-to-common stock basis, without regards to conversion limitations) to and in the same form as dividends actually paid on shares of the common stock, when, as and if such dividends are paid on shares of common stock. No other dividends shall be paid or accrued on the shares of Series B Preferred.

3. Holders have no voting rights except as defined in the certificate of designation.

4. If at any time the Company grants, issues or sells any common stock equivalents or rights to purchase stock, warrants, securities or other property pro rata to the holders of any class of common stock, then the holder(s) of Series B Preferred will be entitled to acquire, upon the terms applicable to such purchase rights, the aggregate purchase rights which the holder could have acquired if the holder had held the number of shares of common stock acquirable upon the complete conversion of such holder's Series B Preferred (as defined).

5. Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders shall be entitled to receive the same amount that a holder of common stock would receive if the Series B Preferred were fully converted (disregarding for such purposes any conversion limitations hereunder) into common stock at the conversion price in effect as of such time. Such amounts shall be paid pari passu with all holders of common stock and the Series A Preferred.

6. The Company is required that it will at all times, reserve and keep available out of its authorized and unissued shares of common stock, for the sole purpose of issuance upon the conversion of the Series B Preferred, not less than such aggregate number of shares of the common stock as shall be issuable upon the conversion of the then outstanding shares of the Series B Preferred.

On June 26, 2018, the Company issued 5,785 shares of Series B Preferred as part of a public offering. As of the date of the filing of this report, no shares of Series B Preferred had been converted into shares of common stock. See the section below entitled *"Public Offering – A.G.P./Alliance Global Partners"* for further information.

Series C Preferred
On October 28, 2019, the Board of Directors of the Company created the Series C Preferred, par value $0.001 per share, out of the Company's 1 million authorized shares of preferred stock. Terms of the Series C Preferred include the following:

1. Each share of Series C Preferred is convertible into an amount of shares of common stock determined by dividing the stated value of $1,000 by the conversion price of $0.20, subject to adjustment. The number of shares of common stock to be received is limited by the beneficial ownership limitation as defined in the certificate of designation. Subject to limited exceptions, a holder of Series C Preferred will not have the right to exercise any portion of its Series C Preferred if such holder, together with its affiliates, would beneficially own over 4.99% (or, upon election by a holder prior to the issuance of any Series C Preferred Shares, 9.99%) of the number of shares of our Common Stock outstanding immediately after giving effect to such exercise; provided, however, that upon prior notice to us, such holder may increase such limitation, provided that in no event will the limitation exceed 9.99% and any such increase will not be effective until the 61st day after such notice is delivered to the Company.

2. Holders are entitled to dividends on shares of Series C Preferred equal (on an as-if-converted-to-common stock basis, without regards to conversion limitations) to and in the same form as dividends actually paid on shares of the common stock, when, as and if such dividends are paid on shares of common stock. No other dividends shall be paid or accrued on the shares of Series C Preferred.

3. Holders have no voting rights except as defined in the certificate of designation.

4. If at any time the Company grants, issues or sells any common stock equivalents or rights to purchase stock, warrants, securities or other property pro rata to the holders of any class of common stock, then the holder(s) of Series C Preferred will be entitled to acquire, upon the terms applicable to such purchase rights, the aggregate purchase rights which the holder could have acquired if the holder had held the number of shares of common stock acquirable upon the complete conversion of such holder's Series C Preferred (as defined).

5. Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders shall be entitled to receive the same amount that a holder of common stock would receive if the Series C Preferred were fully converted (disregarding for such purposes any conversion limitations hereunder) into common stock at the conversion price in effect at such time. Such amounts shall be paid pari passu with all holders of common stock, the Series A Preferred and the Series B Preferred.

6. The Company is required that it will at all times, reserve and keep available out of its authorized and unissued shares of common stock, for the sole purpose of issuance upon the conversion of the Series C Preferred, not less than such aggregate number of shares of the common stock as shall be issuable upon the conversion of the then outstanding shares of the Series C Preferred.

On October 29, 2019, the Company issued 4,510 shares of Series C Preferred as part of a public offering. As of the date of the filing of this report, 990 shares of Series C Preferred had been converted into 4.95 million shares of common stock. See the section below entitled *"Public Offering – Alliance"* and Note 19 - Subsequent Events for further information.

Common Stock

The number of authorized shares of the Company's common stock is 275 million. In addition, as of the filing date of this report, the Company had reserved shares of common stock for the following: (i) up to 2.15 million shares of common stock for incentive compensation (stock options and restricted stock); (ii) approximately 1.56 million shares for the conversion of the Series A Preferred at the adjusted conversion rate of $0.20 per share; (iii) approximately 28.9 million shares for the conversion of the Series B Preferred at the adjusted conversion rate of $0.20 per share; (iv) approximately 17.6 million shares for the conversion of the Series C Preferred; and (v) 50 million shares for the conversion of the Series A Warrants and Series B Warrants.

Recent issuances of common stock include the following:

Lincoln Park Purchase Agreement
On July 24, 2017, the Company entered into a common stock purchase agreement with Lincoln Park Capital Fund, LLC ("Lincoln Park"), an Illinois limited liability company, pursuant to which Lincoln Park agreed to purchase from the Company up to an aggregate of $16,000,000 of the Company's common stock (subject to certain limitations) from time to time over the 36-month term of the agreement (the "Lincoln Park Purchase Agreement"). On that date, the Company issued 120,000 shares of its common stock, equal to three percent of the $16 million availability, to Lincoln Park as consideration for Lincoln Park's commitment to purchase shares of the Company's common stock under the agreement, and 250,000 shares of common stock, valued at $4.00 per share, were sold to Lincoln Park in an initial purchase for an aggregate gross purchase price of $1,000,000.

As contemplated by the Lincoln Park Purchase Agreement, and so long as the closing price of the Company's common stock exceeds $0.25 per share, then the Company may direct Lincoln Park, at its sole discretion to purchase up to 10,000 shares of its common stock on any business day, provided that one business day has passed since the most recent purchase. The price per share for such purchases will be equal to the lower of: (i) the lowest sale price on the applicable purchase date and (ii) the arithmetic average of the three (3) lowest closing sale prices for the Company's common stock during the ten (10) consecutive business days ending on the business day immediately preceding such purchase date (in each case, to be appropriately adjusted for any reorganization, recapitalization, non-cash dividend, stock split or other similar transaction that occurs on or after the date of the purchase agreement). The maximum amount of shares subject to any single regular purchase increases as the Company's share price increases, subject to a maximum of $1.0 million.

In addition to regular purchases, the Company may also direct Lincoln Park to purchase other amounts as accelerated purchases or as additional purchases if the closing sale price of the common stock exceeds certain threshold prices as set forth in the purchase agreement. In all instances, the Company may not sell shares of its common stock to Lincoln Park under the purchase agreement if it would result in Lincoln Park beneficially owning more than 9.99% of its common stock. There are no trading volume requirements or restrictions under the purchase agreement nor any upper limits on the price per share that Lincoln Park must pay for shares of common stock.

Under the rules of NYSE American, in no event may we issue or sell to Lincoln Park under the Purchase Agreement more than 19.99% of the shares of our common stock outstanding immediately prior to the execution of the Purchase Agreement (which was approximately 1,781,479 shares based on 8,911,851 shares outstanding immediately prior to the execution of the Purchase Agreement), which limitation we refer to as the Exchange Cap, unless (i) we obtain stockholder approval to issue shares of common stock in excess of the Exchange Cap or (ii) all sales of our common stock to Lincoln Park under the Purchase Agreement are deemed to be at a price equal to or in excess of the greater of book or market value of our common stock, as calculated in accordance with the applicable rules of NYSE American, such that they qualify for an exception to the Exchange Cap limitation under such rules. In any event, the Purchase Agreement specifically provides that we may not issue or sell any shares of our common stock under the Purchase Agreement if such issuance or sale would breach any applicable rules or regulations of NYSE American.

The Lincoln Park Purchase Agreement and the registration rights agreement contain customary representations, warranties, agreements and conditions to completing future sale transactions, indemnification rights and obligations of the parties. The Company has the right to terminate the purchase agreement at any time, at no cost or penalty. During any "event of default" under the purchase agreement, all of which are outside of Lincoln Park's control, Lincoln Park does not have the right to terminate the purchase agreement; however, the Company may not initiate any regular or other purchase of shares by Lincoln Park, until such event of default is cured. In addition, in the event of bankruptcy proceedings by or against the Company, the purchase agreement will automatically terminate.

Actual sales of shares of common stock to Lincoln Park under the purchase agreement will depend on a variety of factors to be determined by the Company from time to time, including, among others, market conditions, the trading price of the common stock and determinations by the Company as to the appropriate sources of funding for the Company and its operations. Lincoln Park has no right to require any sales by the Company, but is obligated to make purchases from the Company as it directs in accordance with the purchase agreement. Lincoln Park has covenanted not to cause or engage in any manner whatsoever, any direct or indirect short selling or hedging of the Company's shares.

During March 2018, the Company sold an additional 60,000 shares of common stock to Lincoln Park pursuant to the Lincoln Park Purchase Agreement for an aggregate gross purchase price of $121,290. As such, at September 30, 2019, under the terms and subject to the conditions of the Lincoln Park Purchase Agreement, the Company has the right, but not the obligation, to sell to Lincoln Park, and Lincoln Park is obligated to purchase up to, an additional $14,878,710 of the Company's common stock. Such future sales of common stock by the Company, if any, will be subject to certain limitations, and may occur from time to time, at the Company's option, over the 36-month term of the agreement.

Public offering – Aegis Capital Corp. ("Aegis")
On November 30, 2017, the Company closed a public offering of 2,250,000 shares of its common stock at a public offering price of $2.00 per share raising gross proceeds of $4,500,000. The shares of common stock were issued pursuant to an underwriting agreement entered into between the Company and Aegis. The Company incurred underwriting discounts, commissions and other offering expenses of $311,000 related to closing and completion of this public offering.

Public Offering – A.G.P./Alliance Global Partners ("Alliance")
On June 26, 2018, the Company completed a public offering of 4,350,000 shares of its common stock, 6,300 shares of Series A Preferred and 5,785 shares of Series B Preferred. The public offering price per share for each of the foregoing securities was as follows: (i) $0.90 per share of common stock; (ii) $1,000 per Series A Preferred share; and (iii) $1,000 per Series B Preferred share. This public offering raised gross proceeds of $16,000,000. The shares of common stock and preferred stock were issued pursuant to an underwriting agreement entered into between the Company and Alliance. The Company incurred underwriting discounts, commissions and other offering expenses of approximately $854,000 related to closing and completion of this public offering.

Pursuant to the Underwriting Agreement, subject to certain exceptions, (i) the Company agreed not to sell or otherwise dispose of any shares of common stock for a period ending ninety (90) days after the date of the Underwriting Agreement and (ii) the Company's officers, directors and certain key shareholders agreed not to sell or otherwise dispose of any of Common Stock held by each of them for a period ending ninety (90) days after the date of the Underwriting Agreement, in each case, without first obtaining the written consent of the Underwriter.

The Company granted a forty-five (45)-day option to the Underwriter to purchase up to 2,666,666 additional shares (the "Option Shares") of common stock. On July 12, 2018, 1,500,000 shares of common stock were sold to Alliance in connection with Alliance partially exercising its over-allotment option at the public offering price of $0.90 per share. The Company received gross proceeds of $1,350,000 before deducting $159,000 of underwriting discounts, commissions and other offering expenses payable by the Company.

Public Offering – Alliance
On October 29, 2019, the Company completed a public offering of 2,450,000 shares of its common stock, 4,510 shares of Series C Preferred, 25,000,000 Series A Warrants and 25,000,000 Series B Warrants. The shares of common stock and Series C Preferred Stock were issued pursuant to an underwriting agreement entered into between the Company and Alliance. The Company received net proceeds of approximately $4.52 million after underwriting discounts, commissions and other offering expense related to closing and completion of this public offering. The Company also granted the underwriters an option to purchase shares of common stock to cover over-allotments, if any. See Note 19 - Subsequent Events for further information.

Eastern – Share Purchase Agreements
On January 13, 2016, the Company entered into a share purchase agreement with Eastern pursuant to which Eastern purchased 350,000 shares of the Company's common stock and the Company received proceeds of $2,177,000. In addition, Eastern exercised warrants it had previously acquired to purchase 178,400 shares of the Company's common stock. The Company received proceeds of approximately $945,000 from the exercise of the warrants.

On January 13, 2016, the Company entered into a separate share purchase agreement with Eastern pursuant to which Eastern agreed to purchase 650,000 shares of the Company's common stock at a price of $6.22 per share, subject to the approval of the Company's stockholders. The Company's stockholders approved the issuance of the 650,000 shares to Eastern at the Company's annual meeting on April 7, 2016. On April 13, 2016, the Company issued the 650,000 shares and received proceeds of $4,043,000. These shares were subject to a three-year standstill agreement (the "Standstill Agreement") which will restrict additional acquisitions of the Company's equity by Eastern and its controlled affiliates to limit its beneficial ownership of the Company's outstanding shares of common stock to a maximum of 38% (the "Eastern Beneficial Ownership Limitation"), absent the approval by a majority of the Company's Board of Directors.

On November 27, 2017, the Company's Board of Directors authorized the Company's Chief Executive Officer to invite Eastern to purchase shares in the November 2017 public offering with Aegis described above, provided that such purchase did not result in Eastern being the beneficial owner of more than 40% of the aggregate number of shares of the Company's outstanding common stock rather than the limit of 38% set forth in the Standstill Agreement.

On June 26, 2018, in connection with the public offering with Alliance, the Company entered into an amendment (the "Amendment") to the share purchase agreement for 650,000 shares, dated January 13, 2016 (the "Purchase Agreement"), with Eastern. Pursuant to the Purchase Agreement, Eastern was subject to the Standstill Agreement (amended to 40%) and the Eastern Beneficial Ownership Limitation therein. The Amendment increased the Eastern Beneficial Ownership Limitation to 48% and extended the restrictions under the Standstill Agreement until June 26, 2020. In accordance with the terms of the Standstill Agreement, as amended, the Company's Board of Directors duly authorized the Company's Chief Executive Officer to offer Eastern to purchase shares in the public offering with Alliance, provided that, when taken together with all other equity securities of the Company beneficially owned by Eastern and its controlled affiliates following consummation of the public offering with Alliance, Eastern and its controlled affiliates would not beneficially own more than 48% of the aggregate number of shares of common stock outstanding as of the closing of the public offering with Alliance, including all shares of common stock issuable upon conversion of all outstanding shares of Series A Preferred and Series B Preferred, and provided, further, that Eastern agreed to extend the standstill restrictions for two (2) additional years beginning with the date of Eastern's or its controlled affiliate's purchase of securities in the public offering with Alliance.

On February 23, 2017, the Company entered into an exchange agreement with the Eastern Affiliate pursuant to which the Company acquired substantially all of the interest in iBio CDMO held by the Eastern Affiliate and issued one share of a newly created iBio CMO Preferred Tracking Stock, par value $0.001 per share (the "Preferred Tracking Stock"), in exchange for 29,990,000 units of limited liability company interests of iBio CDMO held by the Eastern Affiliate at an original issue price of $13 million. After giving effect to the transactions contemplated in the Exchange Agreement, the Company owns 99.99% of iBio CDMO and the Eastern Affiliate owns 0.01% of iBio CDMO.

Working Capital Contributions
In May 2018 and November 2018, the Eastern Affiliate contributed $1.093 million and $2.459 million, respectively, to iBio for working capital purposes which amounts were recorded as additional paid-in capital.

Warrants
As discussed above, the Company issued 25,000,000 Series A Warrants and 25,000,000 Series B Warrants as part of its October 29, 2019 public offering. The Series A Warrants are exercisable at $0.22 per share and expire in two years. The Series B Warrants are exercisable at $0.22 per share and expire in seven years.

11. Earnings (Loss) Per Common Share

Basic earnings (loss) per common share is computed by dividing the net income (loss) allocated to common stockholders by the weighted-average number of shares of common stock outstanding during the period. For purposes of calculating diluted earnings (loss) per common share, the denominator includes both the weighted-average number of shares of common stock outstanding during the period and the number of common stock equivalents if the inclusion of such common stock equivalents is dilutive. Dilutive common stock equivalents potentially include stock options and warrants using the treasury stock method. The following table summarizes the components of the earnings (loss) per common share calculation (in thousands, except per share amounts):

	Three Months ended September 30,	
	2019	**2018**
Basic and diluted numerator:		
Net loss attributable to iBio, Inc. stockholders	**$ (4,463)**	$ (4,398)
Preferred stock dividends	**(66)**	(66)
Net loss available to iBio, Inc. stockholders	**$ (4,529)**	$ (4,464)
Basic and diluted denominator:		
Weighted-average common shares outstanding	**21,923**	17,894
Per share amount	**$ (0.21)**	$ (0.25)

In Fiscal 2020 and Fiscal 2019, the Company incurred net losses which cannot be diluted; therefore, basic and diluted loss per common share is the same. As of September 30, 2019 and 2018, shares issuable which could potentially dilute future earnings were as follows:

	Three Months Ended September 30,	
	2019	**2018**
	(in thousands)	
Stock options	**1,347**	1,364
Series A Preferred	**430**	6,103
Series B Preferred	**6,428**	6,428
Shares excluded from the calculation of diluted loss per share	**8,205**	13,895

12. Share-Based Compensation

The following table summarizes the components of share-based compensation expense in the condensed consolidated statements of operations (in thousands):

	Three Months Ended September 30,	
	2019	**2018**
Research and development	**$ 7**	$ 9
General and administrative	**61**	64
Total	**$ 68**	$ 73

Stock Options

2008 Omnibus Equity Incentive Plan (the "2008 Plan")
On August 12, 2008, the Company adopted the iBioPharma 2008 Omnibus Equity Incentive Plan for employees, officers, directors and external service providers. The 2008 Plan provided that the Company may grant options to purchase stock and/or make awards of restricted stock. Stock options granted under the 2008 Plan were either incentive stock options (as defined by Section 422 of the Internal Revenue Code of 1986, as amended) or non-qualified stock options at the discretion of the Board of Directors. Vesting of service awards occurred ratably on the anniversary of the grant date over the service period, generally three or five years, as determined at the time of grant. Vesting of performance awards occurred when the performance criteria had been satisfied. The Company used historical data to estimate forfeiture rates. The 2008 Plan had a term of ten (10) years and, as a result, the 2008 Plan expired by its terms on August 12, 2018.

iBio, Inc. 2018 Omnibus Equity Incentive Plan (the "2018 Plan")
On December 18, 2018, the Company's stockholders, upon recommendation of the Board of Directors on November 9, 2018, approved the 2018 Plan. The total number of shares of common stock reserved under the 2018 Plan is 3.5 million. Stock options granted under the 2018 Plan may be either incentive stock options (as defined by Section 422 of the Internal Revenue Code of 1986, as amended), non-qualified stock options, or restricted stock and determined at the discretion of the Board of Directors.

Vesting of service awards will be determined by the Board of Directors and stated in the award agreements. In general, vesting will occur ratably on the anniversary of the grant date over the service period, generally three or five years, as determined at the time of grant. Vesting of performance awards will occur when the performance criteria has been satisfied. The Company uses historical data to estimate forfeiture rates. The 2018 Plan has a term of ten (10) years and expires by its terms on November 9, 2028.

In addition, on December 18, 2018, the Company's stockholders, upon recommendation of the Board of Directors, also approved an amendment to the Company's 2008 Plan to allow the Company to permit a one-time option exchange program under which the Company would offer eligible employees and non-employee directors the opportunity to exchange certain outstanding options on a four-for-three basis for new stock options exercisable at a lower price under the 2018 Plan (the "Option Exchange").

On January 22, 2019, the Company filed with the Securities and Exchange Commission a Tender Offer Statement on Schedule TO defining the terms and conditions of the Option Exchange, whereby the Company was offering eligible employees and non-employee directors ("Eligible Option Holders") the opportunity to exchange for new options covering a lesser number of shares of the Company's common stock ("Replacement Options"), at a ratio of four-for-three (the "Exchange Ratio"), any options issued by the Company prior to January 22, 2019 that were outstanding under its 2008 Plan that had an exercise price greater than the closing price per share of iBio's common stock on the NYSE American on the grant date of the Replacement Options ("Eligible Exchange Options"), so that for each four shares of common stock subject to an Eligible Exchange Option, the option holder would receive a Replacement Option to purchase three shares under the 2018 Plan. On February 20, 2019, the completion date of the Option Exchange (the "Replacement Option Grant Date"), the Company canceled the options accepted for exchange and granted 874,310 Replacement Options in exchange for 1,165,750 options issued under the 2008 Plan.

The Replacement Options:

- have a per-share exercise price of $0.93, which was equal to the closing price per share of the Company's common stock on the Replacement Option Grant Date;
- have a five-year term beginning on February 20, 2019 and vest one year later on February 20, 2020. Generally, the Underwater Options had been scheduled to vest over four years following the recipient's employment start date or the date of grant. As of November 19, 2018, approximately 94% of the shares covered by the Underwater Options already were vested. All other terms and conditions of the new stock options are generally consistent with the terms and conditions of iBio's standard time-vesting stock option grants;
- are of the same type of options as the surrendered options. Eligible Option Holders holding nonqualified stock options received Replacement Options in the form of nonqualified stock options and Eligible Option Holders holding incentive stock options received Replacement Options in the form of incentive stock options; and
- have the terms and be subject to the conditions as provided for in the 2018 Plan and option award agreement.

No stock options were issued during Fiscal 2020.

The following table summarizes all stock option activity during Fiscal 2020:

	Stock Options	**Weighted-average Exercise Price**	**Weighted-average Remaining Contractual Term (in years)**	**Aggregate Intrinsic Value (in thousands)**
Outstanding as of July 1, 2019	1,346,519	$ 1.45	6.1	$ -
Forfeited/expired	-	-		
Outstanding as of September 30, 2019	1,346,519	$ 1.45	5.9	$ -
As of September 30, 2019, vested and expected to vest	1,329,172	$ 1.46	5.8	$ -
Exercisable as of September 30, 2019	71,165	$ 10.92	3.4	$ -

The following table summarizes information about options outstanding and exercisable at September 30, 2019:

	Options Outstanding and Exercisable			
	Number Outstanding	Weighted-Average Remaining Life In Years	Weighted-Average Exercise Price	Number Exercisable
Exercise prices:				
$0.90 - $2.03	1,274,435	6.0	$ 0.92	166
$2.53 - $4.40	12,750	4.9	3.91	11,665
$5.80 - $8.70	33,334	4.3	6.82	33,334
$9.30 - $26.90	22,000	1.5	17.63	22,000
$26.90 - $28.90	4,000	1.7	28.90	4,000
	1,346,519	5.9	$ 1.45	71,165

The total fair value of stock options that vested during Fiscal 2020 was $0. As of September 30, 2019, there was approximately $326,000 of total unrecognized compensation cost related to non-vested stock options that the Company expects to recognize over a weighted-average period of 2.0 years.

The aggregate intrinsic value in the table above represents the total intrinsic value, based on the Company's closing stock price of $0.54 as of September 30, 2019, which would have been received by the option holders had all option holders exercised their options as of that date.

13. Related Party Transactions

Novici Biotech, LLC
In January 2012, the Company entered into an agreement with Novici in which iBio's President is a minority stockholder. See Note 7 for further details.

Agreements with Eastern Capital Limited and its Affiliates
As more fully discussed in Note 10 - Stockholders' Equity, the Company entered into two share purchase agreements with Eastern and the Standstill Agreement.

Concurrently with the execution of the Purchase Agreements, iBio entered into a contract manufacturing joint venture with an affiliate of Eastern (the "Eastern Affiliate") to develop and manufacture plant-made pharmaceuticals through iBio CDMO. The Eastern Affiliate contributed $15.0 million in cash to iBio CDMO, for a 30% interest in iBio CDMO. iBio retained a 70% equity interest in iBio CDMO. As the majority equity holder, iBio has the right to appoint a majority of the members of the Board of Managers that manages the iBio CDMO joint venture. Specified material actions by the joint venture require the consent of iBio and the Eastern Affiliate. iBio contributed to the capital of iBio CDMO a royalty bearing license, which grants iBio CDMO a non-exclusive license to use the iBio's proprietary technologies for research purposes and an exclusive U.S. license for manufacturing purposes. iBio retains all other rights in its intellectual property, including the right for itself to commercialize products based on its proprietary technologies or to grant licenses to others to do so.

In connection with the joint venture, the Second Eastern Affiliate, which controls the subject property as sublandlord, granted iBio CDMO the Sublease of a Class A life sciences building in Bryan, Texas, located on land owned by the Texas A&M system, designed and equipped for plant-made manufacture of biopharmaceuticals. Accrued expenses at September 30, 2019 and June 30, 2018 due to the Second Eastern Affiliate are $846,000 and $699,000, respectively. General and administrative expenses related to Second Eastern Affiliate were approximately $321,000 and $238,000 for the three months ended September 30, 2019 and 2018, respectively. Interest expense related to the Second Eastern Affiliate was approximately $620,000 and $476,000 for the three months ended September 30, 2019 and 2018, respectively. The terms of the sublease are described in Note 10 – Stockholders' Equity.

A three-year standstill agreement (the "Standstill Agreement") took effect upon the issuance of the shares to Eastern pursuant to a share purchase agreement for the acquisition of 650,000 shares of common stock. The Standstill Agreement has been amended twice so that Eastern and its controlled affiliates are limited to its beneficial ownership of the Company's outstanding shares of common stock to a maximum of 48%, absent approval by a majority of the Company's Board of Directors. Eastern agreed to extend the standstill restrictions for two (2) additional years beginning with the date of Eastern's or its controlled affiliate's purchase of securities in the public offering with Alliance. See Note 11 for further information.

On February 23, 2017, the Company entered into an exchange agreement with the Eastern Affiliate pursuant to which the Company acquired substantially all of the interest in iBio CDMO held by the Eastern Affiliate and issued one share of the iBio CMO Preferred Tracking Stock in exchange for 29,990,000 units of limited liability company interests of iBio CDMO held by the Eastern Affiliate at an original issue price of $13 million. After giving effect to the transactions in the Exchange Agreement, the Company owns 99.99% of iBio CDMO and the Eastern Affiliate owns 0.01% of iBio CDMO.

Director Consulting Agreement

Effective as of May 1, 2019, the Company entered into a Statement of Work (the "May 1, 2019 SOW") pursuant to a Consulting Agreement, dated as of February 22, 2019, between the Company and i.e. Advising, LLC (the "Consultant"). Thomas Isett, a director of the Company, is the Managing Director and sole owner of the Consultant. The Consultant has been retained by the Company as a strategy and management consultant through December 31, 2019, with services to be provided pursuant to statements of work that may be entered into between the Company and Consultant from time to time. The May 1, 2019 SOW (the "Initial SOW") had a term from May 1, 2019 to August 31, 2019. During August 2019 an amendment was executed extending the term through September 30, 2019. In addition, a second amendment was executed during September 2019 further extending the term through October 31, 2019. The engagement is being conducted on a retainer basis for the director, as the primary engagement resource, at a rate of $40,000 per month, and on a time and materials basis for all other engagement resources provided by Consultant, which are billable at the rate of $85.00 to $450 per hour. Consulting expenses totaled approximately $150,000 for the three months ended September 30, 2019. At September 30, 2019 and June 30, 2019, the Company owed the Consultant $12,000 and $60,000, respectively.

14. Income Taxes

The Company recorded no income tax expense for the three months ended September 30, 2019 and 2018 because the estimated annual effective tax rate was zero. As of September 30, 2019, the Company continues to provide a valuation allowance against its net deferred tax assets since the Company believes it is more likely than not that its deferred tax assets will not be realized.

In December 2017, the United States Government passed new tax legislation that, among other provisions, lowered the corporate tax rate from 35% to 21%. In addition to applying the new lower corporate tax rate to any taxable income we may have, the legislation affects the way we can use and carryforward net operating losses previously accumulated and results in a revaluation of deferred tax assets and liabilities recorded on our balance sheet. Given that current deferred tax assets are offset by a full valuation allowance, these changes will have no net impact on the balance sheet. However, if we become profitable, we will receive a reduced benefit from such deferred tax assets.

15. Commitments and Contingencies

Agreements

Fraunhofer

In September 2013, the Company and Fraunhofer entered into an agreement, the Terms of Settlement for the TTA Seventh Amendment (the "2013 Settlement Agreement"). Under the terms of the 2013 Settlement Agreement, various payment obligations, including accrued payment obligations existing at June 30, 2013, were released, terminated or modified. The significant modifications are as follows:

The Company's obligation under the TTA, prior to the 2013 Settlement Agreement, to make three $1 million payments to Fraunhofer in April 2013, November 2013, and April 2014 (the "Guaranteed Annual Payments") was terminated and replaced with an undertaking to engage Fraunhofer for at least $3 million in work requested and directed by iBio before December 31, 2015. As of December 31, 2015, the total engagement of Fraunhofer for such work requested was at least $3.0 million. In addition to the foregoing, the Company sought to engage Fraunhofer for substantial additional other work, but Fraunhofer did not respond to the Company's requests for proposals for such work.

The Company's obligation to remit to Fraunhofer minimum annual royalty payments in the amount of $200,000 was terminated. Instead, the 2013 Settlement Agreement provided that, for a period of up to 15 years, the Company would pay Fraunhofer one percent (1%) of all receipts derived by the Company from sales of products produced utilizing the iBioLaunch™ or iBioModulator™ technology and ten percent (10%) of all receipts derived by the Company from licensing those technologies to third parties. The 2013 Settlement Agreement provided for royalty payments to Fraunhofer only on technology license revenues that iBio actually would receive, and on revenues from actual sales by iBio of products derived from the technology developed by Fraunhofer under the TTA, until the later of November 2023 or until such time as the aggregate royalty payments totaled at least $4 million. All new intellectual property invented by Fraunhofer during the period of the TTA is owned by and was required to be transferred to iBio, and Fraunhofer was required to make technology transfer, which Fraunhofer refused to perform. In the lawsuit against Fraunhofer, iBio is seeking rescission of these royalty provisions of the 2013 Settlement Agreement. In any event, the 2013 Settlement Agreement does not apply to, and the Company has no financial obligations to Fraunhofer with respect to, the Company's use of, or revenues derived from, technologies developed independently of Fraunhofer.

On June 12, 2014, Fiocruz, Fraunhofer and iBio executed an amendment to the CLA (the "Amended Agreement") to create a new research and development plan for the development of a recombinant Yellow Fever vaccine providing revised reporting, objectives, estimated budget, and project billing process. By its execution of the Amended Agreement, iBio again engaged Fraunhofer to act as the Company's subcontractor for performance of research and development services for the new research and development plan covered by the Amended Agreement and to have Fraunhofer bill Fiocruz directly on behalf of the Company at the rates, amounts and times provided in the Amended Agreement with the proceeds of such billings and only the proceeds paid to Fraunhofer for its services so the Company's expense is equal to its revenue and no profit would be recognized for these activities under the Amended Agreement. For the year ended June 30, 2015, $2.1 million in research and development services were performed by Fraunhofer for the Company pursuant to the amended CLA. As of December 31, 2015, the total engagement of Fraunhofer for work requested by iBio was at least $3.0 million. See Note 8 - Significant Vendors for additional information. In addition to the foregoing, the Company sought to engage Fraunhofer for substantial additional other work, but Fraunhofer did not respond to the Company's requests for proposals for such work.

University of Pittsburgh ("UP")

On January 14, 2014 (the "Effective Date"), the Company entered into an exclusive worldwide License Agreement ("LA") with the University of Pittsburgh ("UP") covering all of the U.S. and foreign patents and patent applications and related intellectual property owned by UP pertinent to the use of endostatin peptides for the treatment of fibrosis. The Company paid an initial license fee of $20,000 and is required to pay all of UP's patent prosecution costs that were incurred prior to, totaling $30,627, and subsequent to the Effective Date. On each anniversary date the Company is to pay license fees ranging from $25,000 to $150,000 for the first five years and $150,000 on each subsequent anniversary date until the first commercial sale of the licensed technology. Beginning with commercial sales of the technology or approval by the FDA or foreign equivalent, the Company will be required to pay milestone payments, royalties and a percentage of any non-royalty sublicense income to UP.

The Company incurred licensing fees of $2,000 and $2,000 for the three months ended September 30, 2019 and 2018, respectively.

University of Natural Resources and Life Sciences, Vienna

On March 1, 2019, the Company entered into a non-exclusive license agreement with the University of Natural Resources and Life Sciences, Vienna, whereby the Company obtained a non-transferable license for certain technical information and biological materials related to certain *Nicotiana benthamiana* plans with modified N-glycosylation. The license agreement is set to expire on December 11, 2019. For the three months ended September 30, 2019, the Company did not incur any related licensing fees.

Lease – Bryan, Texas

As discussed above, iBio CDMO is leasing its facility in Bryan, Texas from the Second Eastern Affiliate under the Sublease. See Note 9 - Finance Lease Obligation for more details of the Sublease. The base rent is subject to increase annually in accordance with increases in the CPI. The Company incurred rent expense of approximately $32,000 and $12,000 for the three months ending September 30, 2019 and 2018, respectively.

Lawsuits

On March 17, 2015, the Company filed a Verified Complaint in the Court of Chancery of the State of Delaware against Fraunhofer and Vidadi Yusibov ("Yusibov"), Fraunhofer CMB's Executive Director, seeking monetary damages and equitable relief based on Fraunhofer's material and continuing breaches of their contracts with the Company. On September 16, 2015, the Company voluntarily dismissed its action against Yusibov, without prejudice, and thereafter on September 29, 2015, the Company filed a Verified Amended Complaint against Fraunhofer alleging material breaches of its agreements with the Company and seeking monetary damages and equitable relief against Fraunhofer. The Court bifurcated the action to first resolve the threshold question in the case – the scope of iBio's ownership of the technology developed or held by Fraunhofer – before proceeding with the rest of the case and the parties stipulated their agreement to that approach. After considering the parties' written submissions and oral argument, the Court resolved the threshold issue in favor of iBio on July 29, 2016, holding that iBio owns all proprietary rights of any kind to all plant-based technology of Fraunhofer developed or held as of December 31, 2014, including know-how, and was entitled to receive a technology transfer from Fraunhofer. Fraunhofer's motion to dismiss iBio's contract claims was denied by the Court on February 24, 2017. The Court at that time also granted, over Fraunhofer's opposition, iBio's motion to supplement and amend the Complaint to add additional state law claims against Fraunhofer. Fraunhofer filed an answer and counterclaims in March 2017, but in May 2017, Fraunhofer obtained new counsel, and with iBio's agreement (as a matter of procedure), filed an amended answer and amended counterclaims in July 2017. The Company replied to those counterclaims on August 9, 2017. In November 2017, the Company engaged new counsel to further lead its litigation efforts, and on November 3, 2017, the Company filed a separate Verified Complaint in the Court of Chancery of the State of Delaware against Fraunhofer-Gesellschaft, the European unit of Fraunhofer (the "Second Complaint"). The Second Complaint follows iBio's pending litigation filed in March 2015, described above, against Fraunhofer USA, Inc., the U.S. unit of Fraunhofer. On December 10, 2018, the Delaware Chancery Court dismissed the Second Complaint filed against Fraunhofer-Gesellschaft, the European unit of Fraunhofer, as untimely filed. The dismissal of the Second Complaint has no effect on the action against the U.S. unit of Fraunhofer.

The Company and Fraunhofer have continued to proceed with discovery. The Company is unable to predict the further outcome of this action at this time.

16. Employee 401(K) Plan

Commencing January 1, 2018, the Company established the iBio, Inc. 401(K) Plan (the "Plan"). Eligible employees of the Company may participate in the Plan, whereby they may elect to make elective deferral contributions pursuant to a salary deduction agreement and receive matching contributions upon meeting age and length-of-service requirements. The Company will make a 100% matching contribution that is not in excess of 5% of an eligible employee's compensation. In addition, the Company may make qualified non-elective contributions at its discretion. For the three months ended September 30, 2019 and 2018, employer contributions made to the Plan totaled approximately $30,000 and $33,000, respectively.

17. Segment Reporting

In accordance with FASB ASC 280, "*Segment Reporting*," the Company discloses financial and descriptive information about its reportable segments. The Company operates in two segments, iBio, Inc. and iBio CDMO. These segments are components of the Company about which separate financial information is available and regularly evaluated by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies. Please note that certain totals may not sum due to rounding.

Three Months Ended September 30, 2019 (in thousands)	iBio, Inc.	iBio CDMO	Eliminations	Total
Revenues – external customers	$ 108	$ -	$ -	$ 108
Revenues – intersegment	241	161	(402)	-
Research and development	280	860	(163)	977
General and administrative	1,203	2,022	(239)	2,986
Operating loss	(1,134)	(2,721)	-	(3,855)
Interest expense	-	(620)	-	(620)
Interest and other income	11	-	-	11
Consolidated net loss	(1,123)	(3,341)	-	(4,464)
Total assets	37,360	10,517	(12,713)	35,164
Finance lease ROU assets	-	28,862	-	28,862
Fixed assets, net	2	2,592	-	2,594
Intangible assets, net	1,323	-	-	1,323
Amortization of ROU assets	-	415		415
Depreciation expense	1	65	-	66
Amortization of intangible assets	77	-	-	77

Three Months Ended September 30, 2018 (in thousands)	iBio, Inc.	iBio CDMO	Eliminations	Total
Revenues – external customers	$ 45	$ -	$ -	$ 45
Revenues – intersegment	364	57	(421)	-
Research and development	558	619	(21)	1,124
General and administrative	1,037	2,202	(368)	2,871
Operating loss	(1,186)	(2,764)	-	(3,950)
Interest expense	-	(476)	-	(476)
Interest and other income	22	5	-	27
Consolidated net loss	(1,164)	(3,235)	-	(4,399)
Total assets	40,131	15,505	(12,740)	42,896
Fixed assets, net	4	24,977	-	24,981
Intangible assets, net	1,554	-	-	1,554
Depreciation expense	1	359	-	360
Amortization of intangible assets	83	-	-	83

18. Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard

On October 16, 2019, the Company received notice from NYSE American LLC ("NYSE American" or the "Exchange") that the Company currently is below the Exchange's continued listing standards set forth in Section 1003(a)(iii) of the Guide, which applies if a listed company has stockholders' equity of less than $6,000,000 and has reported losses from continuing operations and/or net losses in its five most recent fiscal years. NYSE American indicated that a review of the Company shows that the Company is below compliance with Section 1003(a)(iii) since it reported stockholders' equity of $2.46 million as of June 30, 2019 and net losses in its five most recent fiscal years ended June 30, 2019.

The Company must submit a plan of compliance to the Exchange by November 15, 2019, advising of actions that it has taken or will take to regain compliance with the Exchange's continued listing standards by October 16, 2020. If the Company does not submit a plan of compliance, or if the plan is not accepted by the Exchange, the Company will be subject to delisting procedures as set forth in Section 1010 and Part 12 of the Guide. If the plan is accepted by the Exchange, the Company will be subject to periodic reviews including quarterly monitoring for compliance with the plan. The Company is working on its plan describing how it intends to regain compliance with Section 1003(a)(iii) of the Guide by October 16, 2020, and will provide the Exchange with a satisfactory plan by November 15, 2019.

The NYSE American notification does not affect the Company's business operations or its reporting obligations under the Securities and Exchange Commission regulations and rules and did not conflict with or cause an event of default under any of the Company's material agreements.

The Company expects to regain compliance by raising funds through the sale of additional equity or other securities. The Company cannot be certain that any such funding will be available on favorable terms or available at all. To the extent that the Company raises additional funds by issuing equity securities, its stockholders may experience significant dilution. If the Company is unable to raise funds when required or on favorable terms, this assumption may no longer be operative, and the Company may have to: a) significantly delay, scale back, or discontinue the product application and/or commercialization of its proprietary technologies; b) seek collaborators for its technology and product candidates on terms that are less favorable than might otherwise be available; c) relinquish or otherwise dispose of rights to technologies, product candidates, or products that it would otherwise seek to develop or commercialize; or d) possibly cease operations.

In addition, the Company expects revenues related to its CDMO core services offering and potential commercialization of its technologies and the potential development and eventual commercialization of proprietary pipeline products. The Company cannot be certain it will succeed in these activities and may never generate revenues that are significant or large enough to achieve profitability.

In addition, as of September 30, 2019, the Company's stockholders' equity balance is a deficiency of $2.0 million with related net losses in its five most recent fiscal years.

19. Subsequent Events

Closing of Public Offering

On October 29, 2019, the Company closed on an underwritten public offering with total gross proceeds of $5.0 million before deducting underwriting discounts, commissions and other offering expenses payable by the Company. The securities offered by the Company consisted of (i) 2,450,000 shares (the "Shares") of the Company's common stock, par value $0.001 per share (the "Common Stock"), (ii) 4,510 shares of the Company's newly designated Series C Preferred, (iii) 25,000,000 Series A Warrants to purchase shares of the Company's Common Stock and (iv) 25,000,000 Series B Warrants to purchase shares of the Company's Common Stock.

Each Share of Common Stock was sold together with two warrants, one Series A Warrant with an expiry date on the second anniversary of the original issuance date to purchase one share of Common Stock and one Series B Warrant with an expiry date on the seventh anniversary of the original issuance date, to purchase one share of Common Stock. In addition, each of Series C Preferred Share was sold together with Series A Warrants to purchase one share of Common Stock for each share of Common Stock issuable upon conversion of the Series C Preferred Share and Series B Warrants to purchase one share of Common Stock for each share of Common Stock issuable upon conversion of the Series C Preferred Share. Each Share of Common Stock and accompanying Warrants was sold at a combined public offering price of $0.20 and each Series C Preferred Share and accompanying Warrants was sold at a combined public offering price of $1,000.

The Shares, Series C Preferred Shares and Warrants were issued pursuant to an underwriting agreement, dated October 25, 2019. The net proceeds to the Company from the sale of the Shares, Series C Preferred Shares, and Warrants was approximately $4.52 million, after deducting underwriting discounts and commissions and other offering expenses payable by the Company.

As a result, due to the terms of the July 2018 underwritten public offering, any remaining outstanding Series A Convertible Preferred Stock and Series B Convertible Preferred Stock are amended to convert at the same rate of the Series C Convertible Preferred Shares.

On October 25, 2019, one holder of the Series A Convertible Preferred converted 75 shares into 375,000 shares of the Company's common stock.

During October and November, 2019, six holders of the Series C Preferred converted 990 shares into 4.95 million shares of the Company's common stock.

Director Consulting Agreement

Effective as of May 1, 2019, the Company entered into a Statement of Work (the "May 1, 2019 SOW") pursuant to a Consulting Agreement, dated as of February 22, 2019, between the Company and i.e. Advising, LLC (the "Consultant"). Thomas Isett, a director of the Company, is the Managing Director and sole owner of the Consultant. The Consultant has been retained by the Company as a strategy and management consultant through December 31, 2019, with services to be provided pursuant to statements of work that may be entered into between the Company and Consultant from time to time. The May 1, 2019 SOW ("Initial SOW") had a term from May 1, 2019 to August 31, 2019. During August 2019, an amendment was executed extending the term through September 30, 2019. In addition, a second amendment was executed during September 2019, further extending the term through October 31, 2019. The engagement under the Initial SOW is being conducted on a retainer basis for the director, as the primary engagement resource, at a rate of $40,000 per month, and on a time and materials basis for all other engagement resources provided by the Consultant, which are billable at the rate of $85.00 to $450 per hour.

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

The following information should be read together with the financial statements and the notes thereto and other information included elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended June 30, 2019. Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q to "iBio," the "Company," "we," "us," or "our" and similar terms mean iBio, Inc.

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. For this purpose, any statements contained herein regarding our strategy, future operations, financial position, future revenues, projected costs and expenses, prospects, plans and objectives of management, other than statements of historical facts, are forward-looking statements. The words "anticipate", "believe", "estimate", "may", "plan", "will", "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Such statements reflect our current views with respect to future events. Because these forward-looking statements involve known and unknown risks and uncertainties, actual results, performance or achievements could differ materially from those expressed or implied by these forward-looking statements for a number of important reasons, including those discussed in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Quarterly Report on Form 10-Q, as well as in the section titled "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended June 30, 2019. We cannot guarantee any future results, levels of activity, performance or achievements. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Quarterly Report on Form 10-Q as anticipated, believed, estimated or expected. The forward-looking statements contained in this Quarterly Report on Form 10-Q represent our estimates as of the date of this Quarterly Report on Form 10-Q (unless another date is indicated) and should not be relied upon as representing our expectations as of any other date. While we may elect to update these forward-looking statements, we specifically disclaim any obligation to do so.

Overview

We are a full-service plant-based expression biologics CDMO equipped to deliver pre-clinical development through regulatory approval, commercial product launch and on-going commercial phase requirements. As a biotechnology company, we are focused on using our proprietary technologies and production facilities to provide product development and manufacturing services to clients, collaborators and third-party customers as well as developing and commercializing our own product candidates. Our assets and capabilities include proprietary and transformative methods for the development, improvement, and production of biologics using hydroponically grown, transiently-transfected green plants for recombinant protein production.

Our technologies have been successfully used with a diverse range of biopharmaceutical product candidates including products against fibrotic diseases, vaccines, enzyme replacements, monoclonal antibodies, and recombinant versions of marketed products that are currently derived from human blood plasma. iBio technologies have been used to advance development of certain products that have been commercially infeasible to develop with conventional technologies such as Chinese hamster ovary cell systems and microbial fermentation methods. We have also used our technologies to create and produce experimental, proprietary derivatives of pre-existing products with improved properties.

We believe that our technologies and our development and manufacturing capabilities offer clients and collaborators multiple advantages over the use of legacy methods, including increased efficiency in early-stage product screening, more predictable and shorter time frames during preclinical product development and testing, and significant time and cost savings in making the transitions between clinical trial phases and eventual product launch. In addition, our technologies are applicable to both improving process efficiency and improving product quality and performance characteristics. We expect demand for our technologies and services to increase steadily and to provide significant revenue opportunities with clients addressing the expanding global market for biopharmaceutical products because the competitive success of new products often depends on improved efficacy and safety or on reduced development time and cost-effective manufacturing processes. We believe our technologies and capabilities deliver these benefits to our collaborators and clients.

We expect to provide services and participate in collaborative development programs with a diverse group of clients and collaborators to enable us to achieve positive cash flow from operations sufficient for use in developing our own product candidates and enabling us to participate in the success of selected products developed jointly with collaborators. Our current product pipeline is comprised of proprietary candidates for the treatment of a range of fibrotic diseases including systemic scleroderma and idiopathic pulmonary fibrosis. IBIO-CFB03, based on exclusively in-licensed university patents and newer patent applications filed by iBio, is our lead therapeutic candidate being advanced for IND development. On an ongoing basis, we evaluate product candidate opportunities originating in both academic institutions and corporate research programs, to which iBio technologies can add value, as potential opportunities for iBio.

We developed and implemented a new business model as a result of the ongoing litigation against our original research and development contractor. Our business model comprises three key elements:

1. **CDMO Facility Activities** - the creation of a contract development and manufacturing organization to produce revenue through the provision of services based on our technologies and capabilities,

2. **Product Candidate Pipeline** - the advancement of select product candidates developed by iBio or through partnering with collaborators, and

3. **Facility Design and Build-out / Technology Transfer** – part of the core service offerings of our CDMO, the design and development for others of facilities based on our new technologies and experience along with the provision of commercial technology transfer.

We accomplished the first part of our new business plan through the acquisition of control of the large manufacturing facility that is now controlled and operated by iBio CDMO under a capital lease. The facility includes human resources, laboratory and pilot-scale operations, and large-scale automated hydroponic systems capable of growing over four million plants as "in process inventory" and delivering over 300 kilograms of therapeutic protein active pharmaceutical ingredient per year. The facility capacity can also be doubled by adding additional plant growth equipment in a space already available for that purpose.

We have integrated into our iBio CDMO operations the rights iBio has obtained to certain patented and unpatented technologies developed for it by Novici, in addition to novel manufacturing methods and processes developed by iBio CDMO. These technologies, methods, and processes are applied by iBio CDMO to a variety of tasks performed for clients, collaborators, and for iBio itself, including product and process development, analytical, and manufacturing services. iBio CDMO is promoting commercial collaborations with third parties on the basis of these technology advantages and plans to work with customers to achieve laboratory scale technical milestones that can form the basis of longer-term manufacturing business arrangements.

In addition to the generation of revenue from services through iBio CDMO, a second goal of our new business model is through partnering and out-licensing of our new technologies, to create opportunities for iBio to share in the successful development and commercialization of selected product candidates by our collaborators and licensees as well as advance our own product candidates. We expect to accomplish this objective through both investments we make to acquire or develop our own proprietary product candidates and also by participating with select customers and collaborators in the value created through the development, with our technologies, and manufacture of their product candidates. iBio itself is a client of iBio CDMO for further IND advancement of its proprietary products beginning with IBIO-CFB03 for the treatment of a range of fibrotic diseases. iBio will work with iBio CDMO on the production of IBIO-CFB03 for clinical trials and, with clinical success, for commercial launch.

The third element of our new business model is the use of iBio technologies to create and operate manufacturing facilities at substantially lower capital and operating costs. Due to the lower capital and operating cost requirements for biopharmaceutical (both vaccines and therapeutics) production via iBio technologies versus legacy methods, certain corporations and governments that have not already established manufacturing capacity for biologic products are client prospects for both development and commercial technology transfer services to enable autonomous manufacturing in the market being served. In some cases, we have additional opportunities to increase the value of these uses of our technologies by offering custom facility design services.

Results of Operations - Comparison of Three Months ended September 30, 2019 ("Fiscal 2020") versus September 30, 2018 ("Fiscal 2019")

Revenue

Gross revenue for Fiscal 2020 and Fiscal 2019 were approximately $108,000 and $45,000, respectively, an increase of approximately $63,000. The increase is primarily attributable to the entrance into a Master Manufacturing Services and Supply Agreement ("MSA") with Lung Biotechnology PBC ("Lung Bio"), a subsidiary of United Therapeutics Corporation, to produce recombinant human collagen-based bioink for 3D bioprinted organ transplants and the establishment of a strategic relationship with CC-Pharming for the joint development of products and manufacturing facilities for the Chinese biopharmaceutical market, utilizing iBio's technology. Revenue from LungBio amounted to $46,000 and revenue from CC-Pharming amounted to $47,000 in Fiscal 2020, offset by a decrease in revenue attributable to other third-party customers.

Research and development expenses
Research and development expenses for Fiscal 2020 and Fiscal 2019 were $977,000 and $1,124,000, respectively, a decrease of approximately $147,000. The decrease is primarily attributable to a decrease in third-party research and development costs of approximately $275,000, offset by an increase in research and development personnel costs of approximately $128,000 at iBio CDMO.

General and administrative expenses
General and administrative expenses for Fiscal 2020 and Fiscal 2019 were approximately $2,986,000 and $2,871,000, respectively, an increase of $115,000. General and administrative expenses principally include officer and employee salaries and benefits, depreciation and amortization, professional fees, facility repairs and maintenance, rent, utilities, consulting services, and other costs associated with being a publicly traded company. The increase resulted primarily from an increase in depreciation expense related to the adoption, effective July 1, 2019, of ASU 2016-02, "*Leases (Topic 842)*" ("ASU 2016-02") ("ASC 842") and other associated standards using the modified retrospective approach for all leases entered into before the effective date. The adoption of ASC 842 had a significant effect on our balance sheet resulting in an increase in non-current assets and both current and non-current liabilities and an associated amortization expense of $117,000.

Other Income (Expense)
Other income (expense) for Fiscal 2020 and Fiscal 2019 were approximately ($609,000) and ($449,000), respectively.

The increase resulted primarily from an increase in interest expense related to the adoption, effective July 1, 2019, of ASU 2016-02, "*Leases (Topic 842)*" ("ASU 2016-02") ("ASC 842") and other associated standards using the modified retrospective approach for all leases entered into before the effective date. The adoption of ASC 842 had a significant effect on our balance sheet resulting in an increase in non-current assets and both current and non-current liabilities and an associated $147,000 interest expense.

As discussed above, iBio CDMO's operations take place in a facility in Bryan, Texas under the Sublease with the Second Eastern Affiliate. Such Sublease is accounted for as a finance lease. For Fiscal 2020, other income (expense) included interest expense of approximately $620,000 incurred under the finance lease offset by interest and royalty income of approximately $11,000. For Fiscal 2019, other income (expense) included interest expense of approximately $476,000 incurred under the finance lease offset by interest and royalty income of approximately $27,000.

Net loss attributable to noncontrolling interest
This represents the share of the loss in iBio CDMO for the Eastern Affiliate for Fiscal 2020 and Fiscal 2019.

Liquidity and Capital Resources

As of September 30, 2019, we had cash of $2.1 million as compared to $4.4 million as of June 30, 2019. On October 29, 2019, the Company closed on an underwritten public offering with total net proceeds of $4,515,000 after deducting underwriting discounts, commissions and other offering expenses payable by the Company. The total net proceeds combined with the September 30, 2019 cash balance of approximately $2.1 million is expected to support the Company's activities at least through January 31, 2020.

Net Cash Used in Operating Activities
Net cash used in operating activities was approximately $2,287,000 in Fiscal 2020. The decrease in cash was attributable to funding our net loss for the year offset by an increase in contract liabilities related to contract liability amounts.

Net Cash Used in Investing Activities
Net cash used in investing activities was approximately $30,000 in Fiscal 2020. Cash used in investing activities was attributable to the additions of intangible assets of $30,000.

Funding Requirements

We have incurred significant losses and negative cash flows from operations since our spin-off from Integrated BioPharma in August 2008. As of September 30, 2019, our accumulated deficit was approximately $110.3 million, and we used approximately $2.3 million of cash for operating activities for 2019.

On October 29, 2019, the Company closed on an underwritten public offering with total gross proceeds of $5.0 million before deducting underwriting discounts, commissions and other offering expenses payable by the Company. The securities offered by the Company consisted of (i) 2,450,000 shares (the "Shares") of the Company's common stock, par value $0.001 per share (the "Common Stock"), (ii) 4,510 shares (the "Series C Preferred Shares") of the Company's newly designated Series C Convertible Preferred Stock, $0.001 par value per share (the "Series C Preferred Stock"), (iii) 25,000,000 Series A warrants (the "Series A Warrants") to purchase shares of the Company's Common Stock and (iv) 25,000,000 Series B warrants (the "Series B Warrants") to purchase shares of the Company's Common Stock.

Each Share of Common Stock was sold together with two warrants, one Series A Warrant with an expiry date on the second anniversary of the original issuance date to purchase one share of Common Stock and one Series B Warrant with an expiry date on the seventh anniversary of the original issuance date, to purchase one share of Common Stock. In addition, each of Series C Preferred Share was sold together with Series A Warrants to purchase one share of Common Stock for each share of Common Stock issuable upon conversion of the Series C Preferred Share and Series B Warrants to purchase one share of Common Stock for each share of Common Stock issuable upon conversion of the Series C Preferred Share. Each Share of Common Stock and accompanying Warrants was sold at a combined public offering price of $0.20 and each Series C Preferred Share and accompanying Warrants was sold at a combined public offering price of $1,000.

The Shares, Series C Preferred Shares and Warrants were issued pursuant to an underwriting agreement, dated October 25, 2019. The net proceeds to the Company from the sale of the Shares, Series C Preferred Shares, and Warrants was approximately $4.52 million, after deducting underwriting discounts and commissions and other offering expenses payable by the Company.

The total net proceeds combined with the September 30, 2019 cash balance of approximately $2.1 million is expected to support the Company's activities at least through January 31, 2020.

We plan to fund our future business operations using cash on hand, through proceeds realized in connection with the commercialization of our technologies and proprietary products, license and collaboration arrangements and the operation of iBio CDMO, and through proceeds from the sale of additional equity or other securities. We cannot be certain that such funding will be available on favorable terms or available at all. To the extent that the Company raises additional funds by issuing equity securities, its stockholders may experience significant dilution. If we are unable to raise funds when required or on favorable terms, this assumption may no longer be operative, and we may have to: a) significantly delay, scale back, or discontinue the product application and/or commercialization of our proprietary technologies; b) seek collaborators for our technology and product candidates on terms that are less favorable than might otherwise be available; c) relinquish or otherwise dispose of rights to technologies, product candidates, or products that we would otherwise seek to develop or commercialize; or d) possibly cease operations.

Recent equity raises were as follows:

On October 29, 2019, we completed a public offering of 2,450,000 shares of our common stock, 4,510 shares of Series C Preferred Shares, 25,000,000 Series A Warrants and 25,000,000 Series B Warrants. The Company received net proceeds of approximately $4.52 million after underwriting discounts, commissions and other offering expense related to closing and completion of this public offering. The Company also granted the underwriters an option to purchase shares of common stock to cover over-allotments, if any.

On June 26, 2018, we closed a public offering raising net proceeds of approximately $15.1 million after deducting underwriting discounts, commissions and other offering expenses payable by the Company. The securities offered by the Company consisted of common stock, Series A Convertible Preferred Stock and Series B Convertible Preferred Stock. In addition, the Company received net proceeds of approximately $1.2 million after deducting underwriting discounts, commissions and other offering expenses for shares of common stock to cover over-allotments.

On November 30, 2017, we closed a public offering of 2,250,000 shares of our common stock raising net proceeds of approximately $4.2 million after deducting underwriting discounts, commissions and other offering expenses payable by the Company.

On July 24, 2017, we entered into an agreement with Lincoln Park Capital Fund, LLC ("Lincoln Park") pursuant to which Lincoln Park has agreed to purchase from us up to an aggregate of $16,000,000 of our common stock (subject to certain limitations) from time to time over the 36-month term of the agreement. As a result, on July 24, 2017, 125,000 shares of our common stock were issued to Lincoln Park as consideration for Lincoln Park's commitment to purchase shares of our common stock under the agreement, and 250,000 shares of common stock were sold to Lincoln Park in an initial purchase for an aggregate gross purchase price of $1,000,000.

The extent to which we utilize the purchase agreement with Lincoln Park as a source of funding will depend on a number of factors, including the prevailing market price of our common stock, the volume of trading in our common stock and the extent to which we are able to secure funds from other sources. The number of shares that we may sell to Lincoln Park under the purchase agreement on any given day and during the term of the agreement is limited. Additionally, we and Lincoln Park may not effect any sales of shares of our common stock under the purchase agreement during the continuance of an event of default under the purchase agreement. Even if we are able to access the full $16.0 million under the purchase agreement, we may still need additional capital to fully implement our business, operating and development plans.

During March 2018, we sold 60,000 shares of common stock to Lincoln Park pursuant to the agreement for an aggregate gross purchase price of $121,290.

Despite any further proceeds we may receive pursuant to the Lincoln Park Purchase Agreement, we may still need additional capital to fully implement our business, operating and development plans for periods beyond September 30, 2020.

Off-Balance Sheet Arrangements

As part of our ongoing business, we do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities (SPEs), which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually limited purposes. As of September 30, 2019, we were not involved in any SPE transactions.

Critical Accounting Policies and Estimates

A critical accounting policy is one that is both important to the portrayal of a company's financial condition and results of operations and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Our condensed consolidated financial statements are presented in accordance with U.S. GAAP, and all applicable U.S. GAAP accounting standards effective as of September 30, 2019 have been taken into consideration in preparing the condensed consolidated financial statements. The preparation of condensed consolidated financial statements requires estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. Some of those estimates are subjective and complex, and, consequently, actual results could differ from those estimates. The following accounting policies and estimates have been highlighted as significant because changes to certain judgments and assumptions inherent in these policies could affect our condensed consolidated financial statements:

- Valuation of intellectual property;
- Revenue recognition;
- Lease accounting;
- Legal and contractual contingencies;
- Research and development expenses; and
- Share-based compensation expenses.

We base our estimates, to the extent possible, on historical experience. Historical information is modified as appropriate based on current business factors and various assumptions that we believe are necessary to form a basis for making judgments about the carrying value of assets and liabilities. We evaluate our estimates on an on-going basis and make changes when necessary. Actual results could differ from our estimates.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, under the direction of our Executive Chairman and our Chief 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 Securities Exchange Act of 1934, as amended (the "Exchange Act") as of September 30, 2019. Based upon that evaluation, our Executive Chairman and our Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2019.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the quarter ended September 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.

Lawsuits

On March 17, 2015, we filed a Verified Complaint in the Court of Chancery of the State of Delaware against Fraunhofer and Vidadi Yusibov ("Yusibov"), Fraunhofer's Executive Director, seeking monetary damages and equitable relief based on Fraunhofer's material and continuing breaches of their contracts with us. On September 16, 2015, we voluntarily dismissed our action against Yusibov, without prejudice, and thereafter on September 29, 2015, we filed a Verified Amended Complaint against Fraunhofer alleging material breaches of its agreements with us and seeking monetary damages and equitable relief against Fraunhofer. The Court bifurcated the action to first resolve the threshold question in the case–the scope of iBio's ownership of the technology developed or held by Fraunhofer–before proceeding with the rest of the case and the parties stipulated their agreement to that approach. After considering the parties' written submissions and oral argument, the Court resolved the threshold issue in favor of iBio on July 29, 2016, holding that iBio owns all proprietary rights of any kind to all plant-based technology of Fraunhofer developed or held as of December 31, 2014, including know-how, and was entitled to receive a technology transfer from Fraunhofer. Fraunhofer's motion to dismiss iBio's contract claims was denied by the Court on February 24, 2017. The Court at that time also granted, over Fraunhofer's opposition, iBio's motion to supplement and amend the Complaint to add additional state law claims against Fraunhofer. Fraunhofer filed an answer and counterclaims in March 2017, but in May 2017, Fraunhofer obtained new counsel, and with iBio's agreement (as a matter of procedure), filed an amended answer and amended counterclaims in July 2017. We replied to those counterclaims on August 9, 2017. In November 2017, we engaged new counsel to further lead our litigation efforts, and on November 3, 2017, we filed a Verified Complaint in the Court of Chancery of the State of Delaware against Fraunhofer-Gesellschaft, the European unit of Fraunhofer (the "Second Complaint"). The Second Complaint follows iBio's pending litigation filed in March 2015, described above, against Fraunhofer USA, Inc., the U.S. unit of Fraunhofer. The complaint against Fraunhofer-Gesellschaft was dismissed by the Delaware Chancery Court on December 14, 2018 as untimely filed. The dismissal of this action has no effect on the action against the U.S. unit of Fraunhofer. The parties in the action against Fraunhofer USA have continued to proceed with discovery. We are unable to predict the further outcome of this action at this time.

Item 6. Exhibits.

Exhibit No.	Description
1.1	Underwriting Agreement, dated November 29, 2017, by and between iBio, Inc. and Aegis Capital Corp.(1)
1.2	Amended and Restated Underwriting Agreement, dated November 30, 2017, between iBio, Inc. and Aegis Capital Corp. (2)
1.3	Underwriting Agreement, dated June 21, 2018, by and between iBio, Inc. and A.G.P./Alliance Global Partners (3)
1.4	Underwriting Agreement, dated October 25, 2019, by and between iBio, Inc. and A.G.P./Alliance Global Partners (19)
3.1	Certificate of Incorporation of the Company (16)
3.2	Certificate of Amendment of the Certificate of Incorporation of the Company (4)
3.3	First Amended and Restated Bylaws of the Company (5)
3.4	Certificate of Designation, Preferences and Rights of the iBio CMO Preferred Tracking Stock of iBio, Inc. (6)
3.5	Certificate of Designation of Preferences, Rights and Limitations of Series A Convertible Preferred Stock of iBio, Inc.(7)
3.6	Certificate of Designation of Preferences, Rights and Limitations of Series B Convertible Preferred Stock of iBio, Inc.(7)
3.7	Certificate of Designation of Preferences, Rights and Limitations of Series C Convertible Preferred Stock of iBio, Inc.(19)
4.1	Form of Common Stock Certificate (8)
4.2	Registration Rights Agreement, dated July 24, 2017, between iBio, Inc. and Lincoln Park Capital Fund, LLC (9)
4.3	Form of Series A Warrant to Purchase Common Stock (20)
4.4	Form of Series B Warrant to Purchase Common Stock (20)
10.1	Technology Transfer Agreement, dated as of January 1, 2004, between the Company and Fraunhofer USA Center for Molecular Biotechnology, Inc. as amended (10)
10.2	Ratification dated September 6, 2013 of Terms of Settlement by and between the Company and Fraunhofer USA Center for Molecular Biotechnology, Inc. (11)+
10.3	Share Purchase Agreement, dated January 13, 2016, between iBio, Inc. and Eastern Capital Limited, for the purchase of 3,500,000 (pre-split) shares of common stock (12)
10.4	Share Purchase Agreement, dated January 13, 2016, between iBio, Inc. and Eastern Capital Limited, for the purchase of 6,500,000 (pre-split) shares of common stock (12)
10.5	Amendment, dated June 26, 2018, to Share Purchase Agreement, dated January 13, 2016, between iBio, Inc. and Eastern Capital Limited, for the purchase of 6,500,000 (pre-split) shares of common stock (7)
10.6	Amended and Restated Limited Liability Company Operating Agreement of iBio CDMO LLC, dated January 13, 2016, between the Company, Bryan Capital Investors LLC and iBio CDMO LLC (13)
10.7	License Agreement, dated January 13, 2016, between the Company and iBio CDMO LLC (13)
10.8	Sublease Agreement, dated January 13, 2016, between College Station Investors LLC and iBio CDMO LLC (13)
10.9	Exchange Agreement, dated February 23, 2017, between iBio, Inc. and Bryan Capital Investors LLC (14)
10.10	Amendment No. 1, dated February 23, 2017, to the Amended and Restated Limited Liability Company Agreement of iBio CDMO LLC, dated January 13, 2016, between iBio, Inc. and Bryan Capital Investors LLC (14)
10.11	Offer Letter, dated December 30, 2016, between iBio, Inc. and James P. Mullaney(15)
10.12	Purchase Agreement, dated July 24, 2017, between iBio, Inc. and Lincoln Park Capital Fund, LLC (9)
10.13	2018 Omnibus Equity Incentive Plan, effective December 18, 2018 (17)
10.14	Form of Directors and Officer Indemnification Agreement (18)
31.1	Certification of Periodic Report by Chief Executive Officer Pursuant to Rule 13a-14 and 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
31.2	Certification of Periodic Report by Chief Financial Officer Pursuant to Rule 13a-14 and 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
32.1	Certification of Periodic Report by Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *
32.2	Certification of Periodic Report by Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *
101.INS	XBRL Instance*
101.SCH	XBRL Taxonomy Extension Schema*
101.CAL	XBRL Taxonomy Extension Calculation*
101.DEF	XBRL Taxonomy Extension Definition*
101.LAB	XBRL Taxonomy Extension Labeled*
101.PRE	XBRL Taxonomy Extension Presentation*

(1) Incorporated herein by reference to the Company's Quarterly Report on Form 8-K filed with the SEC on November 29, 2017 (Commission File No. 001-35023).
(2) Incorporated herein by reference to the Company's Current Report on Form 8-K filed with the SEC on December 1, 2017 (Commission File No. 001-35023).
(3) Incorporated herein by reference to the Company's Current Report on Form 8-K filed with the SEC on June 22, 2018 (Commission File No. 001-35023).
(4) Incorporated herein by reference to the Company's Current Report on Form 8-K filed with the SEC on June 8, 2018 (Commission File No. 001-35023).
(5) Incorporated herein by reference to the Company's Current Report on Form 8-K filed with the SEC on August 14, 2009 (Commission File No. 000-53125).
(6) Incorporated herein by reference to the Company's Current Report on Form 8-K filed with the SEC on February 24, 2017 (Commission File No. 001-35023).
(7) Incorporated herein by reference to the Company's Current Report on Form 8-K filed with the SEC on June 27, 2018 (Commission File No. 001-35023).
(8) Incorporated herein by reference to the Company's Form 10-12G filed with the SEC on July 11, 2008 (Commission File No. 000-53125).
(9) Incorporated herein by reference to the Company's Current Report on Form 8-K filed with the SEC on July 24, 2017 (Commission File No. 001-35023).
(10) Incorporated herein by reference to the Company's Form 10-12G filed with the SEC on June 18, 2008 Commission File No. 000-53125).
(11) Incorporated herein by reference to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2013, filed with the SEC on September 30, 2013 (Commission File No. 001-35023).
(12) Incorporated herein by reference to the Company's Current Report on Form 8-K filed with the SEC on January 14, 2016 (Commission File No. 000-35023).
(13) Incorporated herein by reference to the Company's Quarterly Report on Form 10-Q filed with the SEC on February 22, 2016 (Commission File No. 001-35023).
(14) Incorporated herein by reference to the Company's Current Report on Form 8-K filed with the SEC on February 24, 2017 (Commission File No. 001-35023).
(15) Incorporated herein by reference to the Company's Current Report on Form 8-K filed with the SEC on March 6, 2017 (Commission File No. 001-35023).
(16) Incorporated herein by reference to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 11, 2018 (Commission File No. 001-35023).
(17) Incorporated herein by reference to the Company's Annual Report on Form 10-K filed with the SEC on August 26, 2019 (Commission File No. 001-35023).
(18) Incorporated herein by reference to the Company's Current Report on Form 8-K filed with the SEC on April 1, 2019 (Commission File No. 001-35023).
(19) Incorporated herein by reference to the Company's Current Report on Form 8-K filed with the SEC on October 29, 2019 (Commission File No. 001-35023).
(20) Incorporated herein by reference to the Company's Current Report on Form 8-K filed with the SEC on October 28, 2019 (Commission File No. 001-35023).
* Filed herewith.
+ Confidential treatment requested as to certain portions, which portions have been separately filed with the Securities and Exchange Commission.

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.

iBio, Inc.
(Registrant)

Date: November 14, 2019

/s/ Robert B. Kay
Robert B. Kay
Executive Chairman
(Principal Executive Officer)

Date: November 14, 2019

/s/ James P. Mullaney
James P. Mullaney
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Robert B. Kay, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 of iBio, Inc. (the registrant);
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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within these entities, particularly during the period in which this report is being prepared;
    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 14, 2019

/s/ Robert B. Kay
Robert B. Kay
Executive Chairman
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, James P. Mullaney, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 of iBio, Inc. (the registrant);
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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within these entities, particularly during the period in which this report is being prepared;
    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2019

/s/ James P. Mullaney
James P. Mullaney
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of iBio, Inc. (the Company) for the quarterly period ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Robert B. Kay, Executive Chairman of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

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

Date: November 14, 2019

/s/ Robert B. Kay
Robert B. Kay
Executive Chairman
(Principal Executive Officer)

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of iBio, Inc. (the Company) for the quarterly period ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, James P. Mullaney, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

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

Date: November 14, 2019

/s/ James P. Mullaney
James P. Mullaney
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)