

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, 2021

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

(State or other jurisdiction of incorporation or organization)

8800 HSC Parkway, Bryan, TX
(Address of principal executive offices)

26-2797813

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

77807-1107
(Zip Code)

(979) 446-0027

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

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

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

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

Large accelerated filer
Non-accelerated filer

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

Shares of Common Stock outstanding as of November 12, 2021: 217,957,594

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited).

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

	September 30, 2021 (Unaudited)	June 30, 2021 (See Note 2)
Assets		
Current assets:		
Cash and cash equivalents	\$ 62,820	\$ 77,404
Accounts receivable - trade	207	426
Settlement receivable - current portion	5,100	5,100
Investments in debt securities	19,453	19,570
Inventory	587	27
Prepaid expenses and other current assets	1,650	2,070
Total Current Assets	89,817	104,597
Convertible promissory note receivable and accrued interest	1,575	1,556
Settlement receivable - noncurrent portion	5,100	5,100
Finance lease right-of-use assets, net of accumulated amortization	25,695	26,111
Operating lease right-of-use asset	3,487	—
Fixed assets, net of accumulated depreciation	9,821	8,628
Intangible assets, net of accumulated amortization	5,164	952
Investment in equity security - at cost	1,760	—
Prepaid expenses - noncurrent	1,296	—
Security deposits	24	24
Total Assets	\$ 143,739	\$ 146,968
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$ 2,292	\$ 2,254
Accrued expenses (related party of \$840 and \$701 as of September 30, 2021 and June 30, 2021, respectively)	2,691	3,001
Acquisition Payable	2,500	—
Finance lease obligations - current portion	374	367
Operating lease obligation - current portion	147	—
Note payable - PPP loan - current portion	—	600
Contract liabilities	94	423
Total Current Liabilities	8,098	6,645
Finance lease obligations - net of current portion	31,660	31,755
Operating lease obligation - net of current portion	3,456	—
Total Liabilities	43,214	38,400
Commitments and Contingencies		
Equity		
iBio, Inc. Stockholders' Equity:		
Common stock - \$0.001 par value; 275,000,000 shares authorized at September 30, 2021 and June 30, 2021; 217,957,594 and 217,873,094 shares issued and outstanding as of September 30, 2021 and June 30, 2021, respectively	217	217
Additional paid-in capital	282,956	282,058
Accumulated other comprehensive loss	(64)	(63)
Accumulated deficit	(182,566)	(173,627)
Total iBio, Inc. Stockholders' Equity	100,543	108,585
Noncontrolling interest	(18)	(17)
Total Equity	100,525	108,568
Total Liabilities and Equity	\$ 143,739	\$ 146,968

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,	
	2021	2020
Revenues	\$ 211	\$ 410
Cost of goods sold	40	107
Gross profit	171	303
Operating expenses:		
Research and development	2,511	1,862
General and administrative (related party of \$ 189 and \$393)	6,634	5,365
Total operating expenses	9,145	7,227
Operating loss	(8,974)	(6,924)
Other income (expense):		
Interest expense (related party of \$608 and \$614)	(609)	(614)
Interest income	36	4
Forgiveness of note payable and accrued interest - SBA loan	607	—
Total other income (expense)	34	(610)
Consolidated net loss	(8,940)	(7,534)
Net loss attributable to noncontrolling interest	1	1
Net loss attributable to iBio, Inc.	(8,939)	(7,533)
Preferred stock dividends	(66)	(66)
Net loss attributable to iBio, Inc. stockholders	\$ (9,005)	\$ (7,599)
Comprehensive loss:		
Consolidated net loss	\$ (8,940)	\$ (7,534)
Other comprehensive loss - unrealized loss on debt securities	(1)	(7)
Other comprehensive loss - foreign currency translation adjustments	—	—
Comprehensive loss	\$ (8,941)	\$ (7,541)
Loss per common share attributable to iBio, Inc. stockholders - basic and diluted	\$ (0.04)	\$ (0.05)
Weighted-average common shares outstanding - basic and diluted	217,876	162,442

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

iBio, Inc. and Subsidiaries
 Condensed Consolidated Statements of Equity
 (Unaudited; in thousands)

Three Months Ended September 30, 2021 and 2020

	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, 2021	—	\$ —	217,873	\$ 217	\$ 282,058	\$ (63)	\$ (173,627)	\$ (17)	\$ 108,568
Exercise of stock options	—	—	85	—	77	—	—	—	77
Share-based compensation	—	—	—	—	821	—	—	—	821
Unrealized loss on debt securities	—	—	—	—	—	(1)	—	—	(1)
Net loss	—	—	—	—	—	—	(8,939)	(1)	(8,940)
Balance as of September 30, 2021	—	\$ —	217,958	\$ 217	\$ 282,956	\$ (64)	\$ (182,566)	\$ (18)	\$ 100,525

	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, 2020	6	\$ —	140,071	\$ 140	\$ 206,931	\$ (33)	\$ (150,420)	\$ (11)	\$ 56,607
Capital raises	—	—	11,292	11	32,111	—	—	—	32,122
Costs to raise capital	—	—	—	—	(1,525)	—	—	—	(1,525)
Exercise of stock options	—	—	30	—	28	—	—	—	28
Conversion of preferred stock to common stock	(6)	—	28,925	29	(29)	—	—	—	—
Share-based compensation	—	—	—	—	351	—	—	—	351
Unrealized loss on debt securities	—	—	—	—	—	(7)	—	—	(7)
Net loss	—	—	—	—	—	—	(7,533)	(1)	(7,534)
Balance as of September 30, 2020	—	\$ —	180,318	\$ 180	\$ 237,867	\$ (40)	\$ (157,953)	\$ (12)	\$ 80,042

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,	
	2021	2020
Cash flows from operating activities:		
Consolidated net loss	\$ (8,940)	\$ (7,534)
Adjustments to reconcile consolidated net loss to net cash used in operating activities:		
Share-based compensation	821	351
Amortization of intangible assets	88	72
Amortization of finance lease right-of-use assets	416	415
Depreciation of fixed assets	306	97
Accrued interest income on note receivable	(19)	—
Amortization of premiums on debt securities	102	—
Forgiveness of note payable and accrued interest - SBA loan	(607)	—
Settlement of revenue contract	(84)	—
Changes in operating assets and liabilities:		
Accounts receivable – trade	(93)	(225)
Inventory	(560)	(45)
Prepaid expenses and other current assets	325	(51)
Prepaid expenses - noncurrent	(912)	—
Accounts payable	79	(12)
Accrued expenses	(269)	302
Contract liabilities	—	(440)
Net cash used in operating activities	<u>(9,347)</u>	<u>(7,070)</u>
Cash flows from investing activities:		
Purchases of debt securities	(2,386)	(6,017)
Redemption of debt securities	2,400	—
Purchase of equity security	(1,173)	—
Additions to intangible assets	(2,867)	(164)
Purchases of fixed assets	(1,123)	(419)
Net cash used in investing activities	<u>(5,149)</u>	<u>(6,600)</u>
Cash flows from financing activities:		
Payment of finance lease obligation	(88)	(73)
Proceeds from sales of common stock	—	32,122
Proceeds from subscription receivable	—	5,549
Proceeds from the exercise of stock options	—	28
Costs to raise capital	—	(1,525)
Proceeds from capital contribution	—	—
Net cash provided by (used in) financing activities	<u>(88)</u>	<u>36,101</u>
Net (decrease) increase in cash and cash equivalents	(14,584)	22,431
Cash and cash equivalents – beginning	77,404	55,112
Cash and cash equivalents - end	<u>\$ 62,820</u>	<u>\$ 77,543</u>

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	
	2021	2020
Schedule of non-cash activities:		
Increase in operating lease ROU asset for new lease - net of lease incentive	\$ 3,487	\$ —
Increase in operating lease obligation for new lease	\$ 3,603	\$ —
Unpaid portion of RubrYc transaction	\$ 2,500	\$ —
Fixed assets included in accounts payable in prior period, paid in current period	\$ 383	\$ 268
Unrealized loss on available-for-sale debt securities	\$ 1	\$ —
Unpaid fixed assets included in accounts payable	\$ 750	\$ 123
Settlement of revenue contract	\$ 580	\$ —
Lease incentive for construction in progress	\$ 82	\$ —
Proceeds from options exercised included in prepaid expenses and other current assets	\$ 77	\$ —
Conversion of preferred stock shares into common stock	\$ —	\$ 29
Supplemental cash flow information:		
Cash paid during the period for interest	\$ 610	\$ 614

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, Inc. (“we”, “us”, “our”, “iBio”, “iBio, Inc” or the “Company”) is a developer of next-generation biopharmaceuticals and the pioneer of the sustainable *FastPharming* Manufacturing System[®]. The Company is applying its technologies to research and develop novel product candidates to treat or prevent fibrotic diseases, cancers, and infectious diseases. The Company is using its *FastPharming* Manufacturing System (“*FastPharming*” or the “*FastPharming* System”) and *Glycoengineering* Services[™] to rapidly and cost effectively build a portfolio of biologic drug candidates as well as to create proteins for others by contract or via the Company’s catalog.

The Company operates in two segments: (i) **Biopharmaceuticals**: its biologics development and licensing segment which is focused on drug development in two primary areas: Therapeutics (currently Fibrotics and Oncology) and Vaccines (human and animal health vaccines), and (ii) **Bioprocessing**: focused on two business lines: Services and Research & Bioprocess Products (“RBP”).

Biopharmaceuticals:

Therapeutics

Anti-Fibrotics

Fibrosis is a pathological disorder in which connective tissue replaces normal parenchymal tissue to the extent that it goes unchecked, leading to considerable tissue remodeling and the formation of permanent scar tissue. Fibrosis can occur in many tissues within the body, including the lungs (e.g., idiopathic pulmonary fibrosis (“IPF”) and skin (e.g. systemic scleroderma).

Oncology

iBio’s oncology efforts seek to identify therapeutics to aid in the treatment of cancer. Although there are a large number of cancer treatments available, significant unmet need exists in many types of cancer for improved treatments. Cancer remains the second most frequent cause of death worldwide. New research on cancers, especially on how to boost or support the immune system to treat cancer, is leading to a number of new treatments and new research programs with the potential to further improve cancer therapies.

Vaccines

Human Health: SARS-CoV-2

Coronavirus disease 2019 is an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) (“COVID”). It was first identified in December 2019 in Wuhan, Hubei, China, and has resulted in an ongoing pandemic. Common symptoms include fever, cough, fatigue, shortness of breath or breathing difficulties, and loss of smell and taste. Some people develop acute respiratory distress syndrome (ARDS), possibly precipitated by cytokine dysregulation, multi-organ failure, septic shock, and blood clots.

Animal Health: Classical Swine Fever

Classical swine fever (“CSF”) is a contagious, often fatal disease affecting both feral and domesticated pigs. Outbreaks in Europe, Asia, Africa, and South America have not only adversely impacted animal health and food security, but have also had severe socioeconomic impacts on both the pig industry worldwide and small-scale pig farming. Currently available vaccines can be efficient at triggering rapid animal immune response and protecting swine populations when combined with culling of infected pigs, but do not allow the differentiation of infected from vaccinated animals (DIVA), nor are they approved for use in the U.S. The development of DIVA compatible and efficacious vaccination solutions remains a top priority to prevent the economic impacts of a CSF outbreak including supply disruptions, export restrictions and reduced food security.

Bioprocessing:

Services

iBio’s contract development and manufacturing services use iBio’s *FastPharming* intellectual property and know how to develop or manufacture proteins for others per a contract or to provide bioprocess services.

Research & Bioprocess Products

iBio is developing proteins for use in cutting-edge research and cGMP manufacturing where the demand for high-quality products continues to evolve. The Company offers recombinant proteins for third parties on a catalog and custom basis. These catalog products often can lead to opportunities to provide CDMO services or identify in-licensing opportunities for our proprietary biotech pipeline.

FastPharming

The *FastPharming* System is iBio's proprietary approach to plant-made pharmaceutical and protein production. It uses hydroponically-grown, transiently-transfected plants, (typically *Nicotiana benthamiana*, a relative of the tobacco plant), novel expression vectors, a large-scale transient transfection method, and other technologies that can be used to produce complex therapeutic proteins emerging from our own, our clients' and our potential clients' pipelines. We believe the *FastPharming* System enables biologics production that is faster, more cost-effective and more environmentally friendly than other approaches.

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 (the "SEC"). 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, 2021, filed with the SEC on September 28, 2021, from which the accompanying condensed consolidated balance sheet dated June 30, 2021 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.

Liquidity

In the past, 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 was uncertainty – to obtain additional financing to fund its operations after the current cash resources are exhausted raised substantial doubt about the Company's ability to continue as a going concern. Based on the total cash and cash equivalents plus investments in debt securities of approximately \$82.3 million as of September 30, 2021 and the financial options following the purchase of the Company's manufacturing facility, the Company continues to believe that its current cash position is sufficient to fund its operations through the third quarter of Fiscal 2023. If we cannot take advantage of the additional financial flexibility and based on the Company's working capital at September 30, 2021, management has concluded that there is sufficient liquidity to fund normal operations through at least the second quarter of Fiscal 2023.

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.

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 liquidity assertions, 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. We provide for allowances for uncollectible receivables based on our estimate of uncollectible amounts considering age, collection history, and other factors considered appropriate. Our policy is to write off accounts receivable against the allowance for doubtful accounts when a balance is determined to be uncollectible. At September 30, 2021 and June 30, 2021, the Company determined that an allowance for doubtful accounts was not needed.

Revenue Recognition

The Company accounts for its revenue recognition under Accounting Standards Codification ("ASC") 606, "Revenue from Contracts with Customers. Under this 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 Company 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.

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 falls 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.

If a loss on a contract is anticipated, such loss is recognized in its entirety when the loss becomes evident. When the current estimates of the amount of consideration that is expected to be received in exchange for transferring promised goods or services to the customer indicates a loss will be incurred, a provision for the entire loss on the contract is made. At September 30, 2021 and June 30, 2021, the Company had no contract loss provisions.

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.

Revenue can be recognized either 1) over time or 2) at a point in time and is summarized below (in thousands).

	Three Months Ended	
	September 30,	
	2021	2020
Revenue recognized at a point in time	\$ 211	\$ 410
Revenue recognized over time	—	—
Total revenue	\$ 211	\$ 410

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.

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 for which the Company expects to recognize any related revenue at a later date, upon satisfaction of the contract obligations. At both September 30, 2021 and June 30, 2021, 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. At September 30, 2021 and June 30, 2021, contract liabilities were \$94,000 and \$423,000, respectively. The Company recognized revenue of \$84,000 during the three months ended September 30, 2021 that was included in the contract liabilities balance as of June 30, 2021. The Company recognized revenue of \$311,800 during the three months ended September 30, 2020 that was included in the contract liabilities balance as of June 30, 2020.

Leases

The Company accounts for leases under the guidance of Accounting Standards Codification ("ASC") 842, "Leases" ("ASC 842"). The standard established 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 the Company's balance sheet, resulting in an increase in non-current assets and both current and non-current liabilities.

As the Company elected to adopt ASC 842 at the beginning of the period of adoption (July 1, 2019), 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 it: (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 the Company obtains the right to substantially all the economic benefit from the use of the

asset, and whether the Company has 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 liabilities and the corresponding ROU assets are recorded based on the present value of lease payments over the expected remaining lease term. The implicit rate within our existing finance (capital) lease was determinable and, therefore, used at the adoption date of ASC 842 to determine the present value of lease payments under the finance lease. The implicit rate within our operating lease was not determinable and, therefore, the Company used the incremental borrowing rate at the lease commencement date to determine the present value of lease payments. The determination of the Company's incremental borrowing rate requires judgment. The Company will determine the incremental borrowing rate for each new lease using our estimated borrowing rate.

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.

Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents at September 30, 2021 and June 30, 2021 consisted of money market accounts.

Investments in Debt Securities

Debt investments are classified as available-for-sale. Changes in fair value are recorded in other comprehensive income (loss). Fair value is calculated based on publicly available market information. Discounts and/or premiums paid when the debt securities are acquired are amortized to interest income over the terms of the debt securities.

Investment in Equity Security

The Company applies the cost method for its investment in equity security. Under the cost method, the investment is recorded at cost, with gains and losses recognized as of the sale date, and income recorded when received.

Inventory

Inventory is stated at the lower of cost or net realizable value on the first-in, first-out basis. Inventory consists of the following (table in thousands):

	September 30,		June 30,	
	2021		2021	
Raw materials	\$	487	\$	—
Work in process		57		27
Finished goods		43		—
	\$	587	\$	27

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.

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, 2021 and 2020.

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 or service 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 17 - Share-Based Compensation for additional information.

Concentrations of Credit Risk

Cash

The Company maintains principally all cash balances in two financial institutions which, at times, may exceed the insured amounts. The exposure to the Company is solely dependent upon daily balances and the strength of the financial institutions. The Company has not incurred any losses on these accounts. At September 30, 2021 and June 30, 2021, amounts in excess of insured limits were approximately \$12,408,000 and \$27,013,000, respectively.

Revenue

During the three months ended September 30, 2021, the Company generated 100% of its revenue from three customers with two customers accounting for 81% of revenue. During the three months ended September 30, 2020, the Company generated 100% of revenue from two customers with each one accounting for approximately half of the total.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which requires an entity to assess impairment of its financial instruments based on its estimate of expected credit losses. Since the issuance of ASU 2016-13, the FASB released several amendments to improve and clarify the implementation guidance. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*, which amended the effective date of the various topics. As the Company is a smaller reporting company, the provisions of ASU 2016-13 and the related amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022 (quarter ending September 30, 2023 for the Company). Entities are required to apply these changes through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The Company will evaluate the impact of ASU 2016-13 on the Company's condensed consolidated financial statements in a future period closer to the date of adoption.

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 condensed consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes* ("ASU 2019-12") to reduce the cost and complexity in accounting for income taxes. ASU 2019-12 removes certain exceptions related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences. ASU 2019-12 also amends other aspects of the guidance to help simplify and promote consistent application of U.S. GAAP. The guidance is effective for fiscal years and for interim periods within those fiscal years, beginning after December 15, 2020 (quarter ending September 30, 2021 for the Company), with early adoption permitted. An entity that elects early adoption must adopt all the amendments in the same period. Most amendments within ASU 2019-12 are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The adoption of ASU 2019-12 did not have a significant impact on the Company's condensed 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 and cash equivalents, accounts receivable, accounts payable and accrued expenses in the Company's condensed consolidated balance sheets approximated their fair values as of September 30, 2021 and June 30, 2021 due to their short-term nature. The carrying value of the convertible promissory note receivable and finance lease obligation approximated fair value as of September 30, 2021 and June 30, 2021 as the interest rates related to the financial instruments approximated market.

The Company accounts for its investments in debt securities at fair value. The following provides a description of the three levels of inputs that may be used to measure fair value under the standard, the types of investments that fall under each category, and the valuation methodologies used to measure these investments at fair value.

- *Level 1* – Inputs are based upon unadjusted quoted prices for identical instruments in active markets.
- *Level 2* – Inputs to the valuation include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. All debt securities were valued using Level 2 inputs.
- *Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

5. Significant Transactions

RubrYc

On August 23, 2021, we entered into a series of agreements with RubrYc Therapeutics, Inc. ("RubrYc") described in more detail below:

Collaboration and License Agreement

The Company entered into a collaboration and licensing agreement (the "RTX-003 License Agreement") with RubrYc to further develop RubrYc's immune-oncology antibodies in its RTX-003 campaign. Under the terms of the agreement, the Company will be solely responsible for worldwide research and development activities for development of the RTX-003 antibodies for use in pharmaceutical products in all fields. Contingent upon receipt by RubrYc of funding of its Series A-2 preferred stock offering (see below), during the term of the RTX-003 License Agreement, RubrYc granted the Company an exclusive worldwide sublicensable royalty-bearing license under the patents controlled by RubrYc that cover the RTX-003 antibodies. The commercial license exclusively permits the Company to research, develop, make, have made, manufacture, use, distribute, sell, offer for sale, import, and export antibodies in RubrYc's RTX-003. Under the terms and conditions of the RTX-003 License Agreement, the Company agreed to use commercially reasonable efforts to develop and commercialize RTX-003 antibodies. If the Company fails to achieve certain timing milestones for starting GMP manufacturing and dosing human patients under an IND, it could be required to make a payment to RubrYc on the date the milestone is missed and on each anniversary of such date until the milestone is achieved, provided that the milestone was missed due to its failure to exercise commercially reasonable efforts.

iBio Development Milestones

- Successful 1st run GMP manufacture first licensed product
- 1st patient dosed under a licensed product

Under the terms of the RTX-003 License Agreement, RubrYc is eligible to receive from the Company up to an aggregate of \$15 million in clinical development and regulatory milestone payments for RTX-003 upon achievement of the following four clinical milestones:

- 5th patient dosed in a Phase I clinical study;
- 5th patient dosed in a Phase II clinical study;
- 4th patient dosed in a Phase III clinical study (payable in cash or our stock, at our discretion) and
- First commercial sale (payable in cash or our stock, at our discretion).

RubrYc will also be entitled to receive royalties in the mid-single digits on net sales of RTX-003 antibodies, subject to adjustment under certain circumstances. Royalties are payable on a country-by-country basis until the latest to occur of: (i) the last-to-expire of specified patent rights in such country; (ii) expiration of marketing or regulatory exclusivity in such country; or (iii) ten (10) years after the first commercial sale of a product in such country, provided that no biosimilar product has been approved in such country.

If either the Company or RubrYc materially breaches the RTX-003 License Agreement and does not cure such breach within 60 days (or 30 days in the event of non-payment), the non-breaching party may terminate the RTX-003 License Agreement in its entirety. Either party may also terminate the RTX-003 License Agreement, effective immediately upon written notice, if the other party files for bankruptcy, is dissolved or has a receiver appointed for substantially all of its property. RubrYc may terminate the RTX-003 License Agreement if the Company or its sublicensees challenges the validity or enforceability of any of RubrYc's Licensed Patents subject to certain exceptions. The Company may terminate the RTX-003 License Agreement in its entirety for any or no reason upon ninety (90) days' written notice to RubrYc. In addition, if RubrYc is unable to complete a financing with proceeds of a certain agreed upon amount by a set time defined in the RTX-003 License Agreement, the Company may terminate the RTX-003 License Agreement upon written notice to RubrYc within thirty (30) days of the end of such period. Effective upon such termination, among other things, RubrYc shall assign to us exclusive ownership of the RTX-003, including all relevant intellectual property rights.

Collaboration, Option and License Agreement

The Company entered into an agreement with RubrYc to collaborate for up to five years to discover and develop novel antibody therapeutics using RubrYc's artificial intelligence discovery platform. Antibody targets for the collaboration may be agreed upon pursuant to written collaboration plans approved by a joint steering committee comprised of two representatives of each party. In addition, RubrYc has granted the Company an exclusive option to obtain a worldwide sublicenseable commercial license with respect to each of the lead product candidates resulting from such collaboration programs (the "Selected Compounds"). The Company has agreed to pay RubrYc for each Selected Compound as it achieves various milestones in addition to royalties if the Selected Compounds are commercialized. Under the terms and conditions of the Collaboration Agreement, in the event the option is exercised by the Company, it has various diligence obligations including that it will use commercially reasonable efforts to (i) develop Selected Compounds for use in pharmaceutical products (the "Collaboration Products"); and (ii) commercialize the Collaboration Products. The Company is also required to meet a series of development milestones for each Collaboration Product. Failure to achieve the milestones will result in a payment to RubrYc on the date the milestone is missed and on each anniversary of such date until the milestone is achieved, provided that the milestone was missed due to its failure to exercise commercially reasonable efforts.

iBio Development Milestones

- Successful 1st run GMP manufacture of the first Collaboration Product
- Initiate IND enabling studies for such Collaboration Product
- 1st patient dosed under such Collaboration Product

Under the terms of the Collaboration Agreement, RubrYc is eligible to receive from us up to an aggregate of \$15 million in clinical development and regulatory milestone payments for each Collaboration Product that achieves the following:

- 5th patient dosed in a Phase I clinical study;
- 5th patient dosed in a Phase II clinical study;
- 4th patient dosed in a Phase III clinical study (payable in cash or our stock, at our discretion) and
- First commercial sale (payable in cash or our stock, at our discretion).

RubrYc will also be entitled to receive tiered royalties ranging from low- to mid-single digits on net sales of Collaboration Products, subject to adjustment under certain circumstances. Royalties are payable on a country-by-country and collaboration product-by-collaboration product basis until the latest to occur of: (i) the last-to-expire of specified patent rights in such country; (ii) expiration of marketing or regulatory exclusivity in such country; or (iii) ten (10) years after the first commercial sale of a product in such country, provided that no biosimilar product has been approved in such country.

If either the Company or RubrYc materially breaches the Collaboration Agreement and does not cure such breach within 60 days (or 30 days in the event of non-payment), the non-breaching party may terminate the Agreement in its entirety. Either party may also terminate the Collaboration Agreement, effective immediately upon written notice, if the other party files for bankruptcy, is dissolved or has a receiver appointed for substantially all of its property. RubrYc may terminate the Collaboration Agreement if the Company, its affiliates or its sublicensees challenges the validity or enforceability of any of RubrYc's patents covering any of the licensed compounds or products. The Company may terminate the Collaboration Agreement in its entirety, or with respect to a program, collaboration or Selected Compound for any or no reason upon ninety (90) days' written notice to RubrYc.

In addition, if RubrYc is unable to complete a financing with proceeds of a certain agreed upon amount by a set time defined in the Collaboration Agreement, the Company may terminate the Collaboration Agreement upon written notice to RubrYc within thirty (30) days of the end of such period. Effective upon such termination, among other things, RubrYc shall assign to the Company exclusive ownership of the Collaboration Hit Candidates (as defined in the Collaboration Agreement) that are in the then-current (un-terminated) discovery collaboration plans, including all relevant intellectual property rights.

Stock Purchase Agreement

In connection with the entry into the Collaboration Agreement and RTX-003 License Agreement, the Company also entered into a Stock Purchase Agreement ("Stock Purchase Agreement") with RubrYc whereby we purchased 1,909,563 shares of RubrYc's Series A-2 preferred stock ("Series A-2 Preferred") for \$ 5,000,000 and agreed to acquire an additional 954,782 shares of RubrYc's Series A-2 Preferred for \$2,500,000 in the event certain conditions set forth in the Stock Purchase Agreement are satisfied as of December 1, 2021. In connection with the Stock Purchase Agreement, the Company entered into the RubrYc Therapeutics, Inc. Second Amended and Restated Investors' Rights Agreement (the "Investors' Rights Agreement"), RubrYc Therapeutics, Inc. Second Amended and Restated Voting Agreement (the "Voting Agreement") and the RubrYc Therapeutics, Inc. Second Amended and Restated Right of First Refusal and Co-Sale Agreement (the "Right of First Refusal and Co-Sale Agreement").

The rights, preferences and privileges of the RubrYc Series A-2 Preferred Stock ("Series A-2 Preferred") are set forth in the Third Amended and Restated Certificate of Incorporation of RubrYc Therapeutics, Inc. (the "Amended RubrYc COI"), and include a preferential eight percent (8%) dividend, senior rights on liquidation, the right to elect a Series A-2 Preferred director for as long as the Company holds at least 1,500,000 shares of RubrYc stock, the right to vote on an as-converted basis, certain anti-dilution and other protective provisions, the right to convert the Series A-2 Preferred into shares of RubrYc common stock at the Company's option, and mandatory conversion of the Series A-2 Preferred into shares of RubrYc common stock upon (a) the closing of a firm-commitment underwritten public offering to the public pursuant to an effective registration statement under the Securities Act of 1933, as amended, for shares of RubrYc common stock at a per share price of at least five (5) times the Series A-2 Original Issue Price (as defined in the Amended RubrYc COI) and resulting in at least \$ 30,000,000 of gross proceeds to RubrYc or (b) such other date, time or event, specified by vote or written consent of the majority of the aggregate voting power, on an as-converted basis, of the RubrYc Series A preferred stock ("Series A Preferred" and together with the Series A-2 Preferred, the "Senior Preferred Stock") and Series A-2 Preferred. The Right of First Refusal and Co-Sale Agreement gives RubrYc the right of first refusal on stock sales by key holders, generally defined as founders, and a second right of first refusal and a co-sale right to specified other investors, including certain holders of Senior Preferred Stock and the Company.

The Investors' Rights Agreement provides the holders of Senior Preferred Stock with, among things: (i) demand registration rights, under specified circumstances; (ii) piggyback registration rights in the event of a company registered offering; (iii) lock-up and market-standoff obligations following a registered underwritten public offering; (iv) preemptive rights on company offered securities; and (v) additional protective covenants that require the approval of at least two of the three directors elected by the holders of the Senior Preferred Stock.

Pursuant to the Voting Agreement, certain RubrYc stockholders are contractually obligated to, among other things, vote for and maintain the authorized number of directors at five members, one of which the Company has the contractual right to elect subject to the conditions set forth above. Mr. Thomas Isett ("Isett"), our Chief Executive Officer and Chairperson, was appointed to the board of directors of RubrYc for which he receives no additional compensation from RubrYc.

The Company accounted for the agreements as an asset purchase and allocated the consideration to the various assets acquired. Total consideration was calculated to be \$7,500,000 as the Company determined that it was more likely than not that the defined conditions described above would be met and that the Company would acquire the second tranche of the Series A-2 Preferred.

The Company allocated the purchase price of \$7,500,000 as follows:

Preferred stock	\$	1,760,000
Intangible assets		4,300,000
Prepaid expenses		1,440,000
	\$	<u>7,500,000</u>

At September 30, 2021, the Company recorded a liability of \$2,500,000 for the acquisition of the second tranche of Series A-2 Preferred.

6. Convertible Promissory Note Receivable

On October 1, 2020, the Company entered into a master services agreement with Safi Biosolutions, Inc. ("Safi"). In addition, the Company invested \$1.5 million in Safi in the form of a convertible promissory note (the "Note"). The Note bears interest at the rate of 5% per annum and is convertible into shares of Safi's common stock (as defined). Principal and accrued interest mature on October 1, 2023. For the three months ended September 30, 2021, interest income amounted to \$9,000. As of September 30, 2021 and June 30, 2021, the Note balance and accrued interest totaled \$1,575,000 and \$1,556,000, respectively.

7. Investments in Debt and Equity Securities

Debt Securities

Investments in debt securities consist of AA and A rated corporate bonds bearing interest at rates from 0.19% to 4.25% with maturities from December 2021 to September 2023. The components of investments in debt securities are as follows (in thousands):

	September 30, 2021	June 30, 2021
Adjusted cost	\$ 19,463	\$ 19,603
Gross unrealized losses	(10)	(33)
Fair value	<u>\$ 19,453</u>	<u>\$ 19,570</u>

The fair value of available-for-sale debt securities, by contractual maturity, as of September 30, 2021, was as follows (in thousands):

	September 30, 2021	June 30 2021
2022	\$ 8,867	\$ 11,430
2023	9,133	8,140
2024	1,453	—
	<u>\$ 19,453</u>	<u>\$ 19,570</u>

Amortization of premiums paid on the debt securities amounted to \$102,000 and \$0 for the three months ended September 30, 2021.

Equity Security – at cost

As discussed above, the Company acquired Series A-2 Preferred shares of RubrYc valued at \$1,760,000. The Company classified the investment as noncurrent as it is management's intent not to sell the investment in the near term.

8. Finance Lease ROU Assets

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.

From January 13, 2016 until November 1, 2021, iBio CDMO leased its facility (the "Facility") in Bryan, Texas as well as certain equipment from an affiliate (the "Second Eastern Affiliate") of Eastern Capital Limited ("Eastern"), a former significant stockholder of the Company, under a sublease (the "Sublease"). The Sublease was terminated on November 1, 2021 when iBio CDMO acquired the Facility and became the tenant under the ground lease for the property upon which the Facility is located. See Note 13 – Finance Lease Obligation for more details of the terms of the Sublease and Note 25 - Subsequent Events.

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

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

	September 30, 2021	June 30, 2021
ROU - Facility	\$ 25,907	\$ 25,907
ROU - Equipment	7,728	7,728
	33,635	33,635
Accumulated amortization	(7,940)	(7,524)
Net finance lease ROU	<u>\$ 25,695</u>	<u>\$ 26,111</u>

Amortization of finance lease ROU assets was approximately \$416,000 and \$415,000 for three months ended September 30, 2021 and 2020, respectively.

9. Operating Lease ROU Assets

On September 10, 2021, the Company entered into a lease for approximately 11,383 square feet of space in San Diego, California. Based on the terms of the lease payments, the Company recorded an operating lease right-of-use asset of \$,487,000. See Note 14 - Operating Lease Obligation for additional information.

10. Fixed Assets

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

	September 30, 2021	June 30, 2021
Facility improvements	\$ 1,517	\$ 1,517
Machinery and equipment	4,255	4,255
Office equipment and software	2,429	714
Construction in progress	3,151	3,367
	11,352	9,853
Accumulated depreciation	(1,531)	(1,225)
Net fixed assets	<u>\$ 9,821</u>	<u>\$ 8,628</u>

Depreciation expense was approximately \$306,000 and \$97,000 for the three months ended September 30, 2021 and 2020, respectively.

11. 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 and acquired from Fraunhofer as *iBioLaunch*(TM) or *LicKM*(TM) or *FastPharming*[®] 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.

On August 23, 2021, the Company entered into a series of agreements with RubrYc described in more detail above (see Note 5 – Significant Transactions) whereby in exchange for a \$7.5 million investment in RubrYc, the Company acquire a worldwide exclusive license to certain antibodies that RubrYc develops under what it calls its RTX-003 campaign, which are promising immuno-oncology antibodies that bind to the CD25 protein without interfering with the IL-2 signaling pathway thereby potentially depleting T regulatory (T reg) cells while enhancing T effector (T eff) cells and encouraging the immune system to attack cancer cells. In addition, the Company also received preferred shares and an option for future collaboration licenses.

In January 2014, the Company entered into a license agreement with the University of Pittsburgh whereby iBio acquired exclusive worldwide rights to certain issued and pending patents covering specific candidate products for the treatment of fibrosis (the “Licensed Technology”) which license agreement was amended in August 2016 and again in December 2020. 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 an Investigational New Drug Application with the FDA or foreign equivalent covering the Licensed Technology (“IND”) – initially was required to be met by December 1, 2015, and on November 2, 2020, was extended to be required to be met by December 31, 2021. iBio is in the process of discussing an additional extension for the IND milestone.

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 0 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 the three months ended September 30, 2021 and 2020.

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

	September 30, 2021	June 30, 2021
Intellectual property – gross carrying value	\$ 3,100	\$ 3,100
Patents and licenses – gross carrying value	7,021	2,720
	<u>10,121</u>	<u>5,820</u>
Intellectual property – accumulated amortization	(2,750)	(2,711)
Patents and licenses – accumulated amortization	(2,207)	(2,157)
	<u>(4,957)</u>	<u>(4,868)</u>
Net intangible assets	<u>\$ 5,164</u>	<u>\$ 952</u>

Amortization expense of intangible assets was approximately \$88,000 and \$72,000 for the three months ended September 30, 2021 and 2020, respectively.

12. Notes Payable – PPP Loan

On April 16, 2020, the Company received \$600,000 related to its filing under the Paycheck Protection Program and Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The Company elected to treat the SBA Loans as debt under ASC 470, "Debt".

On July 21, 2021, iBio was granted forgiveness in repaying the loan. In accordance with ASC 405-20-40, *Liabilities - Extinguishments of Liabilities - Derecognition*, the Company derecognized the liability and accrued interest in the first quarter of Fiscal 2022. At June 30, 2021, the Company owed \$600,000.

13. Finance Lease Obligation

Sublease

As discussed above, until November 1, 2021, iBio CDMO leased facility in Bryan, Texas as well as certain equipment from the Second Eastern Affiliate under the 4-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 Sublease was terminated on November 1, 2021 when iBio CDMO acquired the Facility and became the tenant under the ground lease for the property upon which the Facility is located. iBio will account for the transactions from November 1, 2021 in its second quarter financial statements.

Prior terms of the Sublease which determined the accounting through the first quarter of 2021 include:

- The 34-year term of the Sublease was to expire in 2050 but could have been extended by iBio CDMO for ten-year period, so long as iBio CDMO was not in default under the Sublease. Under the Sublease, iBio CDMO was 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 was 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 was 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 would have increased by any increase in the base rent under the ground lease as a result of such adjustments. iBio CDMO was 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 \$49,000 and \$42,000 for the three months ended September 30, 2021 and 2020, respectively.
- In addition to the base rent, iBio CDMO was 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 6% 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 were less than \$5,000,000, or for any calendar year period from and after January 1, 2020, its applicable gross sales were less than \$10,000,000, then iBio CDMO was required to pay the amount that would have been payable if it had achieved such minimum gross sales and would pay no less than the applicable percentage for the minimum gross sales for each subsequent calendar year. As the Company accounts for leases under ASC 842, the minimum percentage rent is included in the finance lease obligation.

Accrued expenses at September 30, 2021 and June 30, 2021 due to the Second Eastern Affiliate amounted to \$840,000 and \$847,000, respectively. General and administrative expenses related to Second Eastern Affiliate, including rent related to the increases in CPI and real estate taxes, were approximately \$189,000 and \$185,000 for the three months ended September 30, 2021 and 2020, respectively. Interest expense related to the Second Eastern Affiliate was approximately \$08,000 and \$614,000 for the three months ended September 30, 2021 and 2020, respectively.

Mobile Office Trailer

Commencing April 1, 2021, the Company is leasing a mobile office trailer at a monthly rental of \$,819 through March 1, 2024.

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, 2021	Three Months Ended September 30, 2020
Finance lease cost:		
Amortization of right-of-use assets	\$ 416	\$ 415
Interest on lease liabilities	609	614
CPI lease cost	49	42
Total lease cost	\$ 1,074	\$ 1,071
Other information:		
Cash paid for amounts included in the measurement lease liabilities:		
Operating cash flows from finance lease - CPI rent	\$ 49	\$ 42
Financing cash flows from finance lease obligations	\$ 88	\$ 73

	September 30, 2021	June 30, 2021
Finance lease right-of-use assets	\$ 25,695	\$ 26,111
Finance lease obligation - current portion	\$ 374	\$ 367
Finance lease obligation - non-current portion	\$ 31,660	\$ 31,755
Weighted average remaining lease term - finance lease	28.33 years	28.58 years
Weighted average discount rate - finance lease obligation	7.606 %	7.606 %

Future minimum payments under the finance lease obligation are due as follows (in thousands):

Fiscal period ending on September 30:	Principal	Interest	Total
2022	\$ 374	\$ 2,426	\$ 2,800
2023	395	2,397	2,792
2024	407	2,366	2,773
2025	414	2,336	2,750
2026	447	2,303	2,750
Thereafter	29,997	34,628	64,625
Total minimum lease payments	32,034	\$ 46,456	\$ 78,490
Less: current portion	(374)		
Long-term portion of minimum lease obligations	\$ 31,660		

14. Operating Lease Obligation

On September 10, 2021, the Company entered into a lease for approximately 11,383 square feet of space in San Diego, California. Terms of the lease include the following:

- The length of term of the lease is 88 months from the lease commencement date (as defined).
- The lease commencement date is estimated to be on or around January 1, 2022.
- The monthly rent for the first year of the lease is \$51,223 and increases approximately 3% per year.
- The lease provides for a base rent abatement for month two through five in the first year of the lease.
- The landlord is providing a tenant improvement allowance of \$81,860 to be used for improvements as specified in the lease.
- The Company is responsible for other expenses such as electric, janitorial, etc.
- The Company opened an irrevocable letter of credit in the amount of \$188,844 in favor of the landlord. The letter of credit expires on October 8, 2022.

As discussed above, the lease provides for scheduled increases in base rent and scheduled rent abatements. Rent expense is charged to operations using the straight-line method over the term of the lease which results in rent expense being charged to operations at inception of the lease in excess of required lease payments. This excess (formerly classified as deferred rent) is shown as a reduction of the

operating lease right-of-use asset in the accompanying balance sheet. As the Company has already started making improvements to the facility, the rent expense will be spread commencing from September 10, 2021.

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

	Three Months Ended September 30, 2021	
Operating lease cost:	\$	35
Total lease cost	\$	35
Other information:		
Cash paid for amounts included in the measurement lease liability:		
Operating cash flows from operating lease	\$	35
Operating cash flows from operating lease obligation	\$	35

Future minimum payments under the operating lease obligation are due as follows (in thousands):

Fiscal period ending on September 30:	Principal	Imputed Interest	Total
2022	\$ 147	\$ 196	\$ 343
2023	385	244	629
2024	432	215	647
2025	485	182	667
2026	542	145	687
Thereafter	1,612	172	1,784
Total minimum lease payments	3,603	\$ 1,154	\$ 4,757
Less: current portion	(147)		
Long-term portion of minimum lease obligation	\$ 3,456		

15. 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 \$3 million. After giving effect to the transaction, the Company owned 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 March 31, 2021, no dividends have been declared. Accrued dividends total approximately \$1,197,000 and \$1,131,000 at September 30, 2021 and June 30, 2021, 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 any time, at our election or the election of the Eastern Affiliate, the outstanding share of iBio CMO Preferred Tracking Stock may be exchanged for 29,990,000 units of limited liability company interests of iBio CDMO, subject to potential adjustment. Following such exchange, again subject to any adjustment, the Company would own a 70% interest in iBio CDMO and the Eastern Affiliate would own a 30% interest.

On November 1, 2021, iBio purchased the iBio CMO Preferred Tracking Stock held by the Eastern Affiliates. No iBio CMO Preferred Tracking Stock remains outstanding. As a result, the iBio CDMO subsidiary and its intellectual property are now wholly-owned by iBio. See Note 25- Subsequent Events.

Series A Convertible Preferred Stock, par value \$0.001 per share ("Series A Preferred"), Series B Convertible Preferred Stock, par value \$0.001 per share ("Series B Preferred") and Series C Convertible Preferred Stock, par value \$0.001 per share ("Series C Preferred")

On June 20, 2018, the Board of Directors of the Company created the Series A Preferred and Series B Preferred Stock, and designated 6,300 shares as Series A Preferred Stock. On June 26, 2018, the Company issued 6,300 shares of Series A Preferred and 5,785 shares of Series B Preferred Stock as part of a public offering. All of the issued shares of Series A Preferred were converted into an aggregate of 8,357,997 shares of common stock and all of the issued Series B Preferred were converted into an aggregate of 28,935,000 shares of common stock.

On October 28, 2019, the Board of Directors of the Company created the Series C Preferred. On October 29, 2019, the Company issued 4,510 shares of Series C Preferred as part of a public offering. All of the shares of Series C Preferred were converted into an aggregate of 22,550,000 shares of common stock.

No shares of Series A Preferred, Series B Preferred or Series C Preferred remain outstanding.

Common Stock

The number of authorized shares of the Company's common stock is 275 million. In addition, on December 9, 2020, the stockholders of the Company approved the Company's 2020 Omnibus Incentive Plan (the "2020 Plan") and as of the filing date of this Report, the Company had reserved 32 million shares of common stock for issuance pursuant to the grant of new awards under the 2020 Plan.

Recent issuances of common stock include the following:

Exercise of Stock Options

In late September 2021, options for 84,500 shares of common stock were exercised. The Company received proceeds of \$7,085 in early October 2021. As such, the transaction was recorded as a stock subscription receivable and included in prepaid expenses and other current assets in the consolidated balance sheet as of September 30, 2021.

Cantor Fitzgerald Underwriting

On November 25, 2020, the Company entered into a Controlled Equity OfferingSM Sales Agreement (the "Sales Agreement") with Cantor Fitzgerald & Co. ("Cantor Fitzgerald") to sell shares of common stock, from time to time, through an "at the market offering".

program having an aggregate offering price of up to \$100,000,000 through which Cantor Fitzgerald would act as sales agent (the "Sales Agent"). The issuance and sale, if any, of common stock by us under the Sales Agreement was subject to the effectiveness of our registration statement on Form S-3 (File No. 333-250973) (the "Registration Statement"), filed with the Securities and Exchange Commission on November 25, 2020. The Registration Statement was declared effective by the Securities and Exchange Commission on December 7, 2020.

On December 8, 2020, the Company entered into the Underwriting Agreement with Cantor Fitzgerald, pursuant to which the Company (i) agreed to issue and sell in an underwritten public offering (the "Offering") 9,661,017 shares of common stock of the Company to Cantor Fitzgerald and (ii) granted Cantor Fitzgerald an option for 30 days to purchase up to an additional 4,449,152 shares of common stock that may be sold upon the exercise of such option by Cantor Fitzgerald. On December 10, 2020, this offering closed and the Company issued approximately 29.66 million shares of common stock for gross proceeds totaling approximately \$5.2 million. The Company incurred costs of approximately \$2.9 million.

On January 11, 2021, the Company issued an additional 4,240,828 shares of common stock to Cantor Fitzgerald to satisfy the underwriter's option exercise. The Company received net proceeds of approximately \$6 million.

On February 24, 2021, Cantor Fitzgerald sold as sales agent pursuant to the Sales Agreement 113,200 shares of common stock. The Company received net proceeds of approximately \$238,000.

On May 7, 2021, Cantor Fitzgerald sold as sales agent pursuant to the Sales Agreement 1,716,800 shares of common stock. The Company received net proceeds of approximately \$995 million.

16. 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,	
	2021	2020
Basic and diluted numerator:		
Net loss attributable to iBio, Inc.	\$ (8,939)	\$ (7,533)
Preferred stock dividends – iBio CMO Preferred Tracking Stock	(66)	(66)
Deemed dividends – down round of Series A Preferred and Series B Preferred	—	—
Net loss available to iBio, Inc. stockholders	<u>\$ (9,005)</u>	<u>\$ (7,599)</u>
Basic and diluted denominator:		
Weighted-average common shares outstanding	217,876	162,442
Per share amount	\$ (0.04)	\$ (0.05)

In Fiscal 2021 and Fiscal 2020, the Company incurred net losses which cannot be diluted; therefore, basic and diluted loss per common share is the same. As of September 30, 2021 and 2020, shares issuable which could potentially dilute future earnings were as follows:

	September 30,	
	2021	2020
	(in thousands)	
Stock options	14,400	3,486
Restricted stock units	769	41
Shares excluded from the calculation of diluted loss per share	<u>15,169</u>	<u>3,527</u>

17. 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,	
	2021	2020
Research and development	\$ 110	\$ 47
General and administrative	711	304
Total	<u>\$ 821</u>	<u>\$ 351</u>

Stock Options

2008 Omnibus Equity Incentive Plan (the "2008 Plan")

On August 12, 2008, the Company adopted the 2008 Plan for employees, officers, directors and external service providers. The 2008 Plan provided that the Company could grant options to purchase stock and/or make awards of restricted stock. Stock options granted under the 2008 Plan could either be 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. On March 5, 2020 at the Company's 2019 Annual Meeting of Stockholders, the Company's stockholders approved an amendment to the 2018 Plan to increase the number of shares of common stock authorized for issuance thereunder from 3.5 million shares to 6.5 million shares and to incorporate changes to include restricted stock units and performance-based awards as grant types issuable under the 2018 Plan. The total number of shares of common stock reserved under the 2018 Plan is 6.5 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 was determined by the Board of Directors and stated in the award agreements. In general, vesting 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 was satisfied. The Company used historical data to estimate forfeiture rates. The 2018 Plan was terminated with the adoption of the iBio, Inc. 2020 Omnibus Equity Incentive Plan (see below).

iBio, Inc. 2020 Omnibus Equity Incentive Plan (the "2020 Plan")

On December 9, 2020, the Company's stockholders approved the 2020 Plan as a successor to the 2018 Plan. The total number of shares of common stock reserved under the 2020 Plan is 2 million shares of common stock for issuance pursuant to the grant of new awards under the 2020 Plan. The 2020 Plan allows for the award of stock options, stock appreciation rights, restricted stock, restricted stock units, unrestricted stock, cash-based awards, and dividend equivalent rights. The value of all awards awarded under the 2020 Plan and all other cash compensation paid by the Company to any non-employee director in any calendar year may not exceed \$500,000; provided, however, that such amount shall be \$750,000 for the calendar year in which the applicable non-employee director is initially elected or appointed to the Board of Directors and \$1,500,000 for any non-executive chair of our Board of Directors should one be appointed. Notwithstanding the foregoing, the independent members of the Board of Directors may make exceptions to such limits in extraordinary circumstances. The term of the 2020 Plan will expire on the tenth anniversary of the date the Plan is approved by the stockholders.

Stock options issued under the plans during the three months ended September 30, 2021 were as follows

- On July 12, 2021, the Company granted a stock option agreement to an employee to purchase 25,000 shares of the Company's common stock at an exercise price of \$1.35 per share. The option vests over a period of three years and expire on the tenth anniversary of the grant date.

- On July 19, 2021, the Company granted a stock option agreement to an employee to purchase 25,000 shares of the Company's common stock at an exercise price of \$1.41 per share. The option vests over a period of three years and expires on the tenth anniversary of the grant date.
- On August 23, 2021, the Company granted a stock option agreement to a new member of its Board of Directors to purchase 100,000 shares of the Company's common stock at an exercise price of \$1.26 per share. The option vests over a period of three years and expires on the tenth anniversary of the grant date.
- On August 23, 2021, the Company granted stock option agreements to various employees to purchase 3,937,191 shares of the Company's common stock at an exercise price of \$1.26 per share. The options vest over a period of three years and expire on the tenth anniversary of the grant date.
- On September 13, 2021, the Company granted a stock option agreement to an employee to purchase 50,000 shares of the Company's common stock at an exercise price of \$1.16 per share. The option vests over a period of three years and expires on the tenth anniversary of the grant date.
- On September 23, 2021, the Board of Directors approved an option grant award to Mr. Isett to purchase two million (2,000,000) shares of the Company's common stock with an exercise price of \$1.17, which vest in equal monthly installments over a 36-month period following the grant date.
- On September 30, 2021, the Company granted a stock option agreement to an employee to purchase 100,000 shares of the Company's common stock at an exercise price of \$1.06 per share. The option vests over a period of three years and expires on the tenth anniversary of the grant date.

The Company estimated the fair value of options granted using the Black-Scholes option pricing model with the following assumptions:

Weighted average risk-free interest rate	0.80% - 1.09 %
Dividend yield	0 %
Volatility	119.16 - 119.76 %
Expected term (in years)	6

Restricted Stock Units "RSUs":

On August 23, 2021, the Company issued RSUs to acquire 105,723 shares of common stock for various employees at a market value of \$1.26 per share. The RSUs vest over a four-year period. The grant-date fair value of the RSUs totaled approximately \$133,000.

18. Fraunhofer Settlement

On May 4, 2021, iBio, Inc. (the "Company") and Fraunhofer USA, Inc. ("FhUSA") entered into a Confidential Settlement Agreement and Mutual Release (the "Settlement Agreement") to settle all claims and counterclaims in the litigation captioned iBio, Inc. v. Fraunhofer USA, Inc. (Case No. 10256-VCF) in Delaware Chancery Court (the "Lawsuit"). The Settlement Agreement, among other things, resolves the Company's claims to ownership of certain plant-based technology developed by FhUSA from 2003 through 2014, and sets forth the terms of a license of intellectual property. The Lawsuit was commenced against FhUSA by the Company in March 2015 in the Court of Chancery of the State of Delaware and is described in more detail in the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2020. The Settlement Agreement is not an admission of liability or fault of the parties.

The terms of the Settlement Agreement provide for cash payments to the Company of \$28,000,000 as follows: (i) \$16,000,000 to be paid no later than May 14, 2021 (which is expected to be paid 0% to cover legal fees and expenses); (ii) two payments of \$5,100,000 payable by March 31, 2022 and 2023 and (iii) as additional consideration for a license agreement two payments of \$900,000 due on March 1, 2022 and 2023. The license provides for a nonexclusive, nontransferable, worldwide, fully paid-up license to all intellectual property rights in and to certain plant-based technology developed by FhUSA from 2003 through 2014 that were the subject of the Lawsuit. After payment of the fees and expenses of its attorneys and others retained by the Company, including the litigation funding company, the Company's estimated aggregate net cash recovery as a result of the Settlement Agreement will be approximately \$10,200,000.

As of June 30, 2021, the Company held receivables related to the settlement in the amount of \$0,200,000. This amount was recorded in the consolidated statement of operations and comprehensive loss as settlement income in Fiscal 2021. The Company will recognize the \$1.8 million of license revenue when it determines the collection of the license fees are reasonably assured in accordance with ASU 2014-09 *Revenue from Contracts with Customers (Topic 606)*. As of September 30, 2021, the receivables balance related to the settlement was \$10,200,000.

19. Related Party Transactions

Agreements with Eastern Capital Limited and its Affiliates

As more fully discussed in Note 15 - Stockholders' Equity, the Company entered into two share purchase agreements (the "Eastern Purchase Agreements") with Eastern and the Standstill Agreement. These agreements are described below however, on November 1, 2021, iBio acquired all of the equity owned by Bryan Capital in the Company and iBio CDMO, and otherwise terminated all agreements between the Company and Eastern Affiliates. As a result, the iBio CDMO and its intellectual property are now wholly-owned by iBio.

Eastern Purchase Agreements and Standstill Agreement

Concurrently with the execution of the Eastern Purchase Agreements, iBio entered into a contract manufacturing joint venture with 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. The terms of the sublease are described in Note 11 - Finance Lease Obligation.

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 which expired on June 26, 2020, 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 12 - Stockholders' Equity for further information.

On February 23, 2017, the Company entered into the Eastern 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 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 \$3 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. At any time, at the Company's election or the election of the Eastern Affiliate, the outstanding share of iBio CMO Preferred Tracking Stock may be exchanged for 29,990,000 units of limited liability company interests of iBio CDMO. Following such exchange, the Company would own 100% interest in iBio CDMO and the Eastern Affiliate would own a 30% interest.

KBI Consulting

On April 1, 2020, the Company entered into a consulting agreement with KBI Consulting for business support services provided by Mr. Isett's wife. Per the consulting agreement the business support services are billed at \$800 per month. The Company terminated its agreement with KBI consulting effective March 31, 2021, at which time Mr. Isett's wife became an employee of the Company. Consulting expenses totaled approximately \$ 17,000 for the three months ended September 30, 2020.

20. Income Taxes

The Company recorded no income tax expense for the three months ended September 30, 2021 because the estimated annual effective tax rate was zero. As of September 30, 2021, 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.

21. Contingencies

COVID-19

As a result of the pandemic, the Company has at times experienced reduced capacity to provide CDMO services as a result of instituting social distancing at work requirements in our Texas facility, restricting access to essential workers, as well as taking other precautions. The Company also experienced a full three-day operational shutdown in April 2020 for extensive facility cleaning following the discovery that an employee had contracted COVID-19, and successfully resumed operations on a reduced capacity basis.

The Company has ascertained that certain risks associated with further COVID-19 developments may adversely impact its operations and liquidity, and its business and share price may also be affected by the COVID-19 pandemic. However, the Company does not anticipate any significant threat to its operations at this point in time. Due to the general unknown nature surrounding the crisis, the Company cannot reasonably estimate the potential for any future impacts on its operations or liquidity.

The outbreak and spread of COVID-19 and continued progress in various countries around the world, including the United States, has led authorities around the globe to take various extraordinary measures to stem the spread of the disease, such as emergency travel and transportation restrictions, school closures, quarantines and social distancing measures. The outbreak of COVID-19 has had an adverse effect on global markets and may continue to affect the economy in the United States and globally, especially if new strains of SARS-CoV-2 emerge.

Agreements

See above for the various leases the Company entered into

22. 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, 2021 and 2020, employer contributions made to the Plan totaled approximately \$66,000 and \$32,000, respectively.

23. Segment Reporting

In accordance with FASB ASC 280, *Segment Reporting*, the Company discloses financial and descriptive information about its reportable segments. The Company operates into two segments, (i) its biologics development and licensing activities, conducted within iBio, Inc. and (ii) our CDMO segment, conducted within 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, 2021 (in thousands)	Biopharmaceuticals (iBio, Inc.)	Bioprocessing (iBio CDMO)	Eliminations	Total
Revenues - external customers	\$ 84	127	\$ —	\$ 211
Revenues - intersegment	82	455	(537)	—
Cost of goods sold	—	40	—	40
Gross profit	166	542	(537)	171
Research and development	1,521	1,467	(477)	2,511
General and administrative	3,484	3,210	(60)	6,634
Operating loss	(4,839)	(4,135)	—	(8,974)
Interest expense	—	(609)	—	(609)
Forgiveness of note payable and accrued interest	—	607	—	607
Interest and other income	36	—	—	36
Consolidated net loss	(4,802)	(4,138)	—	(8,940)
Total assets	176,682	37,335	(70,278)	143,739
Finance lease ROU assets	—	25,695	—	25,695
Operating lease ROU assets	3,487	—	—	3,487
Fixed assets, net	—	9,821	—	9,821
Intangible assets, net	5,164	—	—	5,164
Amortization of ROU assets	—	416	—	416
Depreciation expense	—	306	—	306
Amortization of intangible assets	88	—	—	88

Three Months Ended September 30, 2020 (in thousands)	Biopharmaceuticals (iBio, Inc.)	Bioprocessing (iBio CDMO)	Eliminations	Total
Revenues - external customers	\$ 207	\$ 203	\$ —	\$ 410
Revenues - intersegment	238	210	(448)	—
Cost of goods sold	54	53	—	107
Gross profit	338	413	(448)	303
Research and development	235	1,845	(218)	1,862
General and administrative	2,672	2,923	(230)	5,365
Operating loss	(2,569)	(4,355)	—	(6,924)
Interest expense	—	(614)	—	(614)
Interest and other income	3	1	—	4
Consolidated net loss	(2,566)	(4,968)	—	(7,534)
Total assets	132,207	33,320	(48,272)	117,255
Finance lease ROU assets	—	27,201	—	27,201
Fixed assets, net	—	3,834	—	3,834
Intangible assets, net	1,236	—	—	1,236
Amortization of ROU assets	—	415	—	415
Depreciation expense	—	97	—	97
Amortization of intangible assets	72	—	—	72

24. Disclosure of Correction of Immaterial Error

The Company reclassified certain expenses on its Condensed Consolidated Statement of Operations effective for the first quarter of Fiscal 2021. These changes in classification align the Company's external presentation of operating-related expenses with the way that the Company's chief operating decision maker (CODM) expects to assess spend and resource allocation decisions around the Company's operations as well as provide users of the financial statements with more information including separately stating cost of goods sold and classifying costs on the Statement of Operations according to their primary function (e.g. Research and development). The Company has reclassified these expenses for the prior period presented to provide comparable historical financial information. The Company intends to use this new presentation of operating-related expenses going forward.

The Company assessed the materiality of this error in accordance with SAB No. 99Materiality and Accounting Standards Codification 250, Accounting Changes and Error Corrections and determined that this was an immaterial error.

The reclassifications did not have any impact to consolidated operating income (loss), net income (loss), cash flows or earnings per share. The following tables illustrate the reclassifications and financial impact on the various line items impacted on the Condensed Consolidated Statement of Operations and Segment Reporting, as follows:

Statement of Operations Reclassifications

(In thousands)	Three Months Ended September 30, 2020			% Change
	As Reported	Adjustment	As Revised	
Operating expense:				
Cost of goods sold	\$ —	\$ 107	\$ 107	100 %
Research and development	1,762	100	1,862	6 %
General and administrative	5,572	(207)	5,365	(4)%
Total operating expenses	\$ 7,334		\$ 7,334	

Segment Reporting Reclassifications

As Reported:

For the Three Months Ended September 30, 2020 (in thousands)	iBio, Inc.	iBio CDMO	Eliminations	Total
Cost of goods sold	\$ —	\$ —	\$ —	\$ —
Research and development	342	1,638	(218)	1,762
General and administrative	2,672	3,130	(230)	5,572

As Revised:

For the Three Months Ended September 30, 2020 (in thousands)	iBio, Inc.	iBio CDMO	Eliminations	Total
Cost of goods sold	\$ 54	\$ 53	\$ —	\$ 107
Research and development	235	1,845	(218)	1,862
General and administrative	2,672	2,923	(230)	5,365

25. Subsequent Events

On November 1, 2021 the "Company" and "iBio CDMO", collectively with the Company, the "Purchaser" entered into a series of agreements (the "Transaction") with College Station Investors LLC ("College Station"), and Bryan Capital Investors LLC, each affiliates of Eastern Capital Limited ("Bryan Capital" and, collectively with College Station, "Seller") described in more detail below whereby in exchange for a certain cash payment and a warrant the Company:

- (i) acquired the Facility which is a 130,000 square-foot cGMP manufacturing facility in Bryan, Texas located at 8800 HSC Parkway, Bryan, Texas 77807 where iBio CDMO currently conducts business and the rights as the tenant in the Facility's ground lease,
- (ii) acquired all of the equity owned by Bryan Capital in the Company and iBio CDMO, and
- (iii) otherwise terminated all agreements between the Company and Seller.

The Facility is a Class A life sciences building located on land owned by the Board of Regents of the Texas A&M University System (“[Texas A&M](#)”) and is designed and equipped for the manufacture of plant-made biopharmaceuticals. iBio CDMO had held a sublease for the Facility through 2050, subject to extension until 2060 (the “[Sublease](#)”).

The Purchase and Sale Agreement

On November 1, 2021, the Purchaser entered into a Purchase and Sale Agreement (the “[Purchase and Sale Agreement](#)”) with the Seller pursuant to which: (i) the Seller sold to Purchaser all of its rights, title and interest as the tenant in the Ground Lease Agreement (the “[Ground Lease Agreement](#)”) that it entered into with Texas A&M (the “[Landlord](#)”) related to the property at which the Facility is located together with all improvements pertaining thereto (the “[Property](#)”) which previously had been the subject of the Sublease; (ii) the Seller sold to Purchaser all of its rights, title and interest to any tangible personal property owned by Seller and located on the Property including the Facility; (iii) the Seller sold to Purchaser all of its rights, title and interest to all licensed, permits and authorization for use of the Property; and (iv) College Station and iBio CDMO terminated the Sublease. The total purchase price for the Property, the termination of the Sublease and other agreements among the parties, and the equity described below is \$28,750,000, which was paid \$28,000,000 in cash and by the issuance to Seller of warrants (the “[Warrant](#)”) described below. As part of the transaction, iBio CDMO became the tenant under the Ground Lease Agreement for the Property until 2060 upon exercise of available extensions. The base rent payable under the Ground Lease Agreement is 6.5% of the Fair Market Value (as defined in the Ground Lease Agreement) of the Property, which was \$1,450 for the prior year. The Ground Lease Agreement includes various covenants, indemnities, defaults, termination rights, and other provisions customary for lease transactions of this nature.

The Equity Purchase Agreement

The Company also entered into an Equity Purchase Agreement with Bryan Capital on November 1, 2021 (the “[Equity Purchase Agreement](#)”) pursuant to which the Company acquired for \$50,000 cash, plus the Warrant, the one (1) share of iBio CMO Preferred Tracking Stock and the 0.01% interest in iBio CDMO owned by Bryan Capital. iBio CDMO is now a wholly-owned subsidiary of the Company.

The Credit Agreement

In connection with the Purchase and Sale Agreement, iBio CDMO entered into a Credit Agreement, dated November 1, 2021 (the “[Credit Agreement](#)”), with Woodforest National Bank (“[Woodforest](#)”) pursuant to which Woodforest National Bank provided iBio CDMO a \$22,375,000 secured term loan (the “[Term Loan](#)”) to purchase the Facility, which Term Loan is evidenced by a Term Note (the “[Term Note](#)”). The Term Loan was advanced in full on the closing date. The Term Loan bears interest at a rate of 3.25%, with higher interest rates upon an event of default, which interest is payable monthly beginning November 5, 2021. Principal on the Term Loan is payable on November 1, 2023 subject to early termination upon events of default. The Term Loan provides that it may be prepaid by iBio CDMO at any time and provides for mandatory prepayment upon certain circumstances.

The Credit Agreement contains customary events of default (which are in some cases subject to certain exceptions, thresholds, notice requirements and grace periods), including, but not limited to, nonpayment of principal or interest, failure to perform or observe covenants, breaches of representations and warranties, cross-defaults with certain other indebtedness, certain bankruptcy-related events or proceedings, final monetary judgments or orders and certain change of control events. The covenants include a prohibition on the incurrence of Debt (as defined in the Credit Agreement) except permitted Debt (as defined in the Credit Agreement) and Liens (as defined in the Credit Agreement) and termination of the Ground Lease. In addition, the Company must maintain unrestricted cash of no less than \$10,000,000 and provide an irrevocable letter of credit in favor of Woodforest of approximately \$5.5 million.

The proceeds of the Term Loan were used (a) to fund a portion of the purchase price under the Purchase Agreement, and (b) to pay closing costs in connection with the Credit Agreement. The term loan is secured by (a) a leasehold deed of trust on the Facility, (b) a letter of credit issued by JPMorgan Chase Bank, and (c) a first lien on all assets of iBio CDMO including the Facility.

Security and Pledge Agreements, Guaranties and Deed of Trust

iBio CDMO also entered into a Security Agreement on November 1, 2021 with Woodforest (the "Security Agreement") providing Woodforest a security interest in the following assets of iBio CDMO (subject to certain exclusions): all personal and fixture property of every kind and nature, including, without limitation, all goods (including, but not limited to, all equipment and any accessions thereto), all inventory, instruments (including promissory notes), documents, accounts, chattel paper (whether tangible or electronic), deposit accounts, securities accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), money, commercial tort claims, securities and all other investment property, supporting obligations, contracts, contract rights, other rights to the payment of money, insurance claims and proceeds, software, fixtures, vehicles and rolling stock (whether or not subject to a certificate of title statute), leasehold improvements, general intangibles (including all payment intangibles), and all of iBio CDMO's company and other business books, reports, memoranda, customer lists, credit files, data compilations, and computer software, in any form, including, without limitation, whether on tape, disk, card, strip, cartridge, or any other form, pertaining to any and all of the foregoing property, and all products and proceeds of the foregoing.

The Company also entered into a Guaranty for the benefit of Woodforest (the "Guaranty") pursuant to which it guaranteed all of the obligations of iBio CDMO to Woodforest.

In addition, iBio CDMO entered into a Leasehold Deed of Trust, Assignment of Rents, Security Agreement and UCC Financing Statement For Fixture Filing (the "Deed of Trust") with the trustee named therein and Woodforest as beneficiary, securing all of iBio CDMO's obligations to Woodforest by a senior priority security interest in the Property.

The Company and iBio CDMO also entered into an Environmental Indemnity Agreement in favor of Woodforest (the "Environmental Indemnity Agreement").

The Warrant

As part of the consideration for the purchase and sale of the rights set forth above, the Company issued to Bryan Capital a Warrant to purchase 289,581 shares of the common stock of the Company at an exercise price of \$1.33 per share. The Warrant expires October 10, 2026, provides that it is exercisable immediately, provides for a cashless exercise at any time and automatic cashless exercise on the expiration date if on such date the exercise price of the Warrant exceeds its fair market value as determined in accordance with the terms of the Warrant and adjustments in the case of stock dividends and stock splits. Of the shares issued under the Warrant, 289,581, which are valued at \$217,255, reflect the final payment of rent due under the Sublease.

The foregoing descriptions of the Term Note, the Warrant, the Purchase and Sale Agreement, the Equity Purchase Agreement, the Credit Agreement, the Guaranty, the Deed of Trust, the Security Agreement and the Environmental Indemnity Agreement do not purport to be complete and are qualified in their entirety by reference to the Term Note, the Warrant, the Purchase and Sale Agreement, the Equity Purchase Agreement, the Credit Agreement, the Guaranty, the Deed of Trust, the Security Agreement, the Environmental Indemnity Agreement and the Ground Lease Agreement, complete copies of which have been filed as Exhibits to this Quarterly Report on Form 10-Q and are incorporated herein by reference.

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 (this "Report") and in our Annual Report on Form 10-K for the year ended June 30, 2021 as filed with the SEC on September 28, 2021 (the "Annual Report"). Unless the context requires otherwise, references in this Report to "iBio," the "Company," "we," "us," or "our" and similar terms mean iBio, Inc.

Forward-Looking Statements

This Report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). 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 Report, as well as in the section titled "Risk Factors" in the Company's Annual Report. 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 Report as anticipated, believed, estimated or expected. The forward-looking statements contained in this Report represent our estimates as of the date of this Report (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 unless otherwise required by securities laws.

Overview

We are a developer of next-generation biopharmaceuticals and pioneer of the sustainable *FastPharming* Manufacturing System. The Company applies its licensed and owned technologies to develop novel products to treat or prevent fibrotic diseases, cancers, and infectious diseases. We use our *FastPharming* Manufacturing System ("*FastPharming*" or the "*FastPharming System*") and *Glycanengineering Services*™ to more rapidly build a portfolio of high quality biologic drug candidates in human clinical trials. We are also using the *FastPharming* System to create proteins for others by contract or via the Company's catalog.

We operate in two segments: (i) *Biopharmaceuticals*: which includes development and licensing in two business units; Therapeutics (focused on oncology, as well as fibrotic and infectious diseases) and Vaccines (human and animal health vaccines), and (ii) *Bioprocessing* which includes Services (*FastPharming* Process Development and Manufacturing, as well as Bioanalytical and other services) and Products (growth factors, lectins, and monoclonal antibodies) for research and further manufacturing uses, collectively known as our Research & Bioprocess products ("RBP").

Recent Developments

On August 23, 2021, we entered into a series of agreements with RubrYc Therapeutics, Inc. ("RubrYc") described in more detail below whereby in exchange for a \$5 million investment in RubrYc, a probable further investment of \$2.5 million, potential future milestones and royalties, we acquired:

- A worldwide exclusive license to certain antibodies that RubrYc develops under what it calls its RTX-003 campaign, which are promising immuno-oncology antibodies that bind to the CD25 protein without interfering with the IL-2 signaling pathway thereby potentially depleting T regulatory (T reg) cells while enhancing T effector (T eff) cells and encouraging the immune system to attack cancer cells
- Options for us to license additional antibodies developed using RubrYc's artificial intelligence-based antibody discovery platform
- Preferred stock in RubrYc

Pursuant to its new partnership with RubrYc Therapeutics, wherein artificial intelligence ("AI")-based antibody discovery technologies are deployed, iBio announced on November 15, 2021 that the first new target is now being optimized through the program. This result follows just two months after the joint discovery collaboration was initiated

On November 1, 2021, we purchased the manufacturing facility (the "Facility") we had previously operated under a lease from two affiliates of Eastern Capital Limited (the "Eastern Affiliates"). We also acquired the approximate 30% equity interest in iBio CDMO

held by the Eastern Affiliates, became the lessee under the ground lease for the property upon which the Facility is located and terminated the Sublease we had entered into with the Eastern Affiliates. As a result, the subsidiary and its intellectual property are now wholly-owned by us. The total purchase price for the Facility, the termination of the Sublease and other agreements among the parties, and the equity described below is \$28,750,000, which was paid \$28,000,000 in cash and by the issuance to Bryan Capital Investors LLC, an affiliate of the Eastern Affiliates a two-year warrant to purchase 1,289,581 shares of our common stock at an exercise price of \$1.33 per share. In connection with the purchase of the Facility, we entered into a Credit Agreement, dated November 1, 2021 (the "Credit Agreement"), with Woodforest National Bank ("Woodforest") pursuant to which Woodforest provided iBio CDMO a \$22,375,000 secured term loan (the "Term Loan") to purchase the Facility, which Term Loan is evidenced by a Term Note (the "Term Note"). The Term Loan was advanced in full on the closing date. The Term Loan bears interest at a rate of 3.25%, with higher interest rates upon an event of default, which interest is payable monthly beginning November 5, 2021. Principal on the Term Loan is payable on November 1, 2023 subject to early termination upon events of default. The Term Loan provides that it may be prepaid by iBio CDMO at any time and provides for mandatory prepayment upon certain circumstances. The Term Loan is secured by a lien on all of the assets of iBio CDMO and we guaranteed payments of the obligations owed under the Term Loan.

The Transaction is expected to immediately reduce our Facility related cash requirements by approximately 67% after taking into account interest payments owed under the Credit Agreement and provide us with the flexibility to explore potential longer-term financing options for our *FastPharming* Facility, including, but not limited to, a potential sale-leaseback transaction.

Taking into account these potential financing options, combined with the savings in the Facility related cash requirements expected to be achieved through this transaction, the Company continues to believe that its current cash position is sufficient to fund its operations through the third quarter of Fiscal 2023. If we cannot take advantage of the additional financial flexibility and based on the Company's working capital at September 30, 2021, management has concluded that there is sufficient liquidity to fund normal operations through at least the second quarter of Fiscal 2023.

On November 15, 2021, we announced that we entered into a collaboration with the University of Texas Southwestern ("UTSW") to jointly research the potential of iBio's IBIO-100 to treat solid tumors. Among all the stromal cells that present in the tumor microenvironment, cancer-associated fibroblasts ("CAFs") are one of the most abundant and critical components of tumor tissue, which provide physical support for tumor cells and can promote or retard tumorigenesis in a context-dependent manner. CAFs are also involved in the modulation of many components of the immune system, and recent studies have revealed their roles in immune evasion and poor responses to cancer immunotherapy.¹ In addition, CAF response to chemotherapy is highly variable.² Through a series of planned in vitro and in vivo studies, the collaboration will evaluate the potential of the anti-fibrotic effects of our endostatin E4 molecule to improve the efficacy of concomitant treatments, such as chemotherapy and immunotherapy, in cancer models with a fibrotic component. We are currently developing endostatin E4 as IBIO-100 for fibrotic diseases.

On November 15, 2021, iBio announced it has entered a collaboration with a leading innovator of microarray patch systems, which are a painless alternative to intramuscular ("IM") injections. The first objective of the collaboration is to evaluate feasibility of intradermal delivery of IBIO-202. If successful, the partnership has the potential to drive improved patient access, and possibly enable patient self-administration. This initiative is not expected to impact the clinical development timeline for IBIO-202.

Results of Operations - Comparison of the three months ended September 30, 2021 and 2020

Revenue

Revenues for the three months ended September 30, 2021 and 2020 were approximately \$0.21 million and \$0.41 million respectively, a decrease of approximately \$0.2 million. We expect revenue to be variable, quarter to quarter since we are currently dependent on a small number of customers and revenue recognition often occurs when a task or job is entirely complete. We recognized 100% of revenues from three customers in Q1 of 2021 compared to two in Q1 of 2020, however the size of the contracts in 2021 were smaller leading to a decrease in revenue compared to Q1 of 2020.

¹ Liu, T., Han, C., Wang, S. et al. Cancer-associated fibroblasts: an emerging target of anti-cancer immunotherapy. *J Hematol Oncol* 12, 86 (2019). <https://doi.org/10.1186/s13045-019-0770-1>

² Sonnenberg, M., van der Kuip, H., Haubeiß, S. et al. Highly variable response to cytotoxic chemotherapy in carcinoma-associated fibroblasts (CAFs) from lung and breast. *BMC Cancer* 8, 364 (2008). <https://doi.org/10.1186/1471-2407-8-364>

Gross Profit

Gross profit for the three months ended September 30, 2021 and 2020 was \$0.17 million and \$0.30 million, respectively, a decrease of approximately \$0.13 million. Gross profit percentage was 81.0% for the three months ended September 30, 2021 and 73.9% for the three months ended September 30, 2020. The increase in gross profit percentage was largely due to the completion in 2021 of a small number of higher gross profit projects.

Research and Development Expenses ("R&D")

Research and development expenses for the three months ended September 30, 2021 and 2020 were \$2.5 million and \$1.9 million, respectively, an increase of approximately \$0.6 million. The increase was primarily related to increases in personnel and other expenses to support the Company's development of a portfolio of proprietary therapeutics and vaccines.

General and Administrative Expenses ("G&A")

General and administrative expenses for the three months ended September 30, 2021 and 2020 were approximately \$6.6 million and \$5.4 million respectively, an increase of \$1.2 million. The increase resulted primarily from an increase in headcount and consulting costs to increase production capability and support the portfolio of proprietary therapeutics and vaccines.

Total Operating Expenses

Total operating expenses, consisting primarily of R&D and G&A expenses, for the three months ended September 30, 2021 were approximately \$9.1 million, compared with approximately \$7.2 million in the same period of 2021.

Total Other Income (Expense)

iBio CDMO's operations take place in a facility in Bryan, Texas. Until November 1, 2021, the Facility was operated under a 34-year lease (the "Sublease") with the second affiliate of another affiliate of Eastern Capital Limited ("Eastern"), a stockholder of the Company (the "Second Eastern Affiliate"). Such Sublease is accounted for as a finance lease and included in Other Income.

Total Other Income (expense) for the three months ended September 30, 2021 and 2020 was approximately \$0.03 million and (\$0.61) million, respectively. For the three months ended September 30, 2021, Total Other Income primarily included interest expense of approximately \$0.7 million incurred under the finance lease offset by \$0.6 million of Forgiveness of note payable and accrued interest and \$0.13 million of interest income. For the three months ended September 30, 2020, Total Other Expense primarily included interest expense of approximately \$0.6 million incurred under the finance lease.

Net Loss Attributable to Noncontrolling Interest

This represents the share of the loss in iBio CDMO for an affiliate of Eastern (the "Eastern Affiliate") for the three months ended September 30, 2021 and 2020.

Net Loss Attributable to iBio, Inc. Stockholders

Net loss attributable to iBio, Inc. stockholders for the three months ended September 30, 2021 was approximately (\$9) million, or (\$0.04) per share and includes preferred stock dividends for iBio CMO Tracking Stock of approximately \$66,000. Net loss available to iBio, Inc. stockholders for the three months ended September 30, 2020 was approximately (\$7.6) million, or (\$0.05) per share, and included preferred stock dividends for iBio CMO Tracking Stock of approximately \$66,000.

Liquidity and Capital Resources

As of September 30, 2021, we had cash and cash equivalents plus debt securities of approximately \$82.3 million as compared to \$97.0 million as of June 30, 2021.

As discussed above, on November 1, 2021, we purchased the manufacturing facility we had previously operated under a lease from the Eastern Affiliates. We also acquired the approximate 30% equity interest in iBio CDMO, LLC ("CDMO") held by the Eastern Affiliates. In order to finance these purchases, we borrowed \$22.375M under the terms of the Credit Agreement and used approximately \$6M of cash to pay the \$28,750,000 purchase price. Despite incurring additional interest payments under the Credit Agreement, the termination of the Sublease is expected to lower the cash requirements of the Facility by 67% (or approximately \$2M per year). In addition, the purchases provide us with the flexibility to explore potential longer-term financing options for our Facility, including, but not limited

to, a potential sale-leaseback transaction. Taking into account these potential financing options, combined with the savings in the Facility related cash requirements expected to be achieved through this transaction, the Company continues to believe that its current cash position is sufficient to fund its operations through the third quarter of Fiscal 2023. If we cannot take advantage of the additional financial flexibility and based on the Company's working capital at September 30, 2021, management has concluded that there is sufficient liquidity to fund normal operations through at least the second quarter of Fiscal 2023.

Net Cash Used in Operating Activities

Net cash used in operating activities was approximately \$ (9.3) million for the three months ended September 30, 2021. The use of cash was attributable to funding our net loss for the period.

Net Cash Used in Investing Activities

Net cash used in investing activities was approximately \$(5.1) million for the three months ended September 30, 2021. Net cash used in investing activities for the three months ended September 30, 2021 was mainly attributable to a series of agreements entered into with RubrYc Therapeutics, Inc. which resulted in the purchase of equity securities of \$ (1.2) million, additions of intangible assets of \$ (2.9) million and fixed assets attributable to iBio CDMO of \$(1.1) million. Refer to Note 5 – Significant Transaction for details.

Net Cash Used in Financing Activities

Net cash used in financing activities was approximately \$(0.1) million and represented the payment of finance lease obligations.

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, 2021, our accumulated deficit was approximately \$ (182.6) million and we used approximately \$(8.1) million of cash for operating activities during the three months ended September 30, 2021.

Taking into account the potential financing options following purchase of our Facility, combined with the savings in the Facility related cash requirements expected to be achieved, the Company continues to believe that its current cash position is sufficient to fund its operations through the third quarter of Fiscal 2023. If we cannot take advantage of the additional financial flexibility and based on the Company's working capital at September 30, 2021, management has concluded that there is sufficient liquidity to fund normal operations through at least the second quarter of Fiscal 2023.

We plan to fund our future business operations using existing cash and liquid resources, through proceeds realized in connection with the commercialization of our technologies and proprietary products, government grants, license and collaboration arrangements relating to the operation of iBio CDMO, and through proceeds from the sale of additional equity or other securities. Although we have been successful in raising capital during the past year, we cannot be certain that such funding will be available in the future on favorable terms or at all. We also plan to explore potential longer-term financing options for our Facility, including, but not limited to, a potential sale-leaseback transaction. We anticipate that expenses will increase as we further expand our operations, including our planned establishment of drug discovery capabilities in San Diego, California. In addition, further product development is also expected to increase expenses, including but not limited to the advancing IBIO-100, IBIO-101, IBIO-202, IBIO-400 and additional immune-oncology pipeline products in fiscal 2022. To the extent that we raise additional funds by issuing equity securities, our 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.

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, 2021, 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, 2021 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 3. Quantitative and Qualitative Disclosures About Market Risk.

As a smaller reporting company, we are not required to provide the information required by this Item 3.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, under the direction of our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as amended, as of September 30, 2021. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Company's disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to management to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on our evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2021.

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, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are not currently subject to any material legal proceedings.

Item 1A. Risk Factors

Our business is subject to risks and events that, if they occur, could adversely affect our financial condition and results of operations and the trading price of our securities. The following information updates, and should be read in conjunction with, the information disclosed in Part I, Item 1A, "Risk Factors," contained in the Annual Report. Except as described below, our risk factors as of the date of this Report have not changed materially from those described in "Part I, Item 1A. Risk Factors" of our Annual Report.

We have incurred significant losses since our inception. We expect to incur losses during our next fiscal year and may never achieve or maintain profitability.

Since our 2008 spinoff from Integrated BioPharma, we have incurred operating losses and negative cash flows from operations. Our net loss attributable to iBio Inc. was approximately \$23.2 million and \$16.4 million for 2021 and 2020 and approximately \$8.9 million and \$7.5 million for the three months ended September 30, 2021 and 2020, respectively. As of September 30, 2021, we had an accumulated deficit of approximately (\$182.6) million.

To date, we have financed our operations primarily through the sale of common stock, preferred stock and warrants. We have devoted substantially all of our efforts to research and development, including the development and validation of our technologies, our CDMO facilities, and the development of a proprietary therapeutic product against fibrosis and COVID-19 vaccines based upon our technologies. We have not completed development of or commercialized any vaccine or therapeutic product candidates. We expect to continue to incur significant expenses and may incur operating losses for at least the next year. We anticipate that our expenses and losses will increase substantially if we:

- initiate clinical trials of our product candidates;
- continue the research and development of our product candidates;
- seek to discover or license in additional product candidates; and
- add operational, financial and management information systems and personnel, including personnel to support our product development and manufacturing efforts.

Our profitability in large part depends on our research and development programs and our ability to successfully develop and commercialize our product candidates and to a lesser extent, our ability to generate revenue from our iBio CDMO services. This will require us, alone or with our licensees and collaborators, to be successful in a range of challenging activities, including completing preclinical testing and clinical trials of our product candidates, obtaining regulatory approval for these product candidates and manufacturing, marketing and selling those products for which regulatory approval is obtained or establishing collaborations with parties willing and able to provide necessary capital or other value. We may never succeed in these activities. We may never generate revenues that are significant or large enough to achieve profitability.

Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would diminish the value of our company and could impair our ability to raise capital, expand our business, diversify our product offerings or continue our operations. A decline in the value of our company could also cause you to lose all or part of your investment.

We need additional funding to fully execute our business plan, which funding may not be available on commercially acceptable terms or at all. If we are unable to raise capital when needed, we may be forced to delay, reduce or eliminate the commercialization of our development and manufacturing services and efforts for our product development programs.

We will need additional capital to fully implement our current long-term business, operating and development plans. To the extent that we initiate or continue clinical development without securing collaborator or licensee funding, our research and development expenses could increase substantially.

When we elect to raise additional funds or additional funds are required, we may raise such funds from time to time through public or private equity offerings, debt financings, corporate collaboration and licensing arrangements or other financing alternatives. Additional equity or debt financing or corporate collaboration and licensing arrangements may not be available on acceptable terms, if at all. We currently have no committed sources of funding. On November 25, 2020, we entered into a Controlled Equity Offering SM Sales Agreement (the "Sales Agreement") with Cantor Fitzgerald & Co. ("Cantor Fitzgerald") to sell shares of common stock, from time to time, through an "at the market offering" program having an aggregate offering price of up to \$100,000,000 through which Cantor Fitzgerald would act as sales agent (the "Sales Agent"). There can be no assurance that we will meet the requirements to be able to sell securities pursuant to the Sales Agreement, of if we meet the requirements that we will be able to raise sufficient funds on favorable terms. If we are unable to raise capital in sufficient amounts when needed or on attractive terms, we would be forced to delay, reduce or eliminate our research and development programs or commercialization efforts and our ability to generate revenues and achieve or sustain profitability will be substantially harmed.

Given that our total cash and investments in debt securities as of September 30, 2021 was approximately \$82.3 million, we believe we have adequate cash to support our current operations. 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 (which is not anticipated to be generated, if ever, in the near future), license and collaboration arrangements related to 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 we raise additional funds by issuing equity securities, our stockholders may experience significant dilution.

We have based this projection on assumptions that may prove to be wrong, in which case we may deplete our cash resources sooner than we currently anticipate. Our future capital requirements will depend on many factors, including:

- our ability to further obtain and retain developmental, manufacturing and facility build-out and technology transfer opportunities at iBio CDMO;
- the ability to generate and increase third-party client sales and realized revenue at iBio CDMO;
- our ability to attract additional licensees or other third parties willing to fund development and, if successful, commercialization of product candidates;
- the costs, timing and regulatory review of our own product candidates and preclinical and clinical trials;
- the costs of preparing, filing and prosecuting patent applications and maintaining, enforcing and defending intellectual property-related claims; and
- the extent to which we acquire or invest in businesses, products and technologies.

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.

We may not have an adequate number of shares of common stock authorized to enable us to complete future equity financing transactions or strategic transactions, which may adversely affect our ability to grow and develop.

We are authorized to issue 275,000,000 shares of common stock, of which approximately 217,957,594 shares of common stock were issued and outstanding as September 30, 2021. At September 30, 2021, 36 million common shares were reserved for issuance of shares upon exercise of outstanding options or reserved for future issuance of common shares under our equity incentive plans. If all of these securities were exercised it would leave 21 million authorized but unissued shares of common stock.

As a result of our limited number of our authorized and unissued shares of common stock, we may have insufficient shares of common stock available to issue in connection with any future equity financing transactions or strategic transactions we may seek to undertake.

Accordingly, we will likely take steps in the near future to increase our number of available shares, which may include seeking stockholder approval of an increase in our authorized number of shares of common stock or a reverse stock split. At our annual meeting of stockholders held on December 9, 2020, we sought but did not obtain approval of an increase in our authorized number of shares of common stock from 275,000,000 to 425,000,000. At our annual meeting of stockholders to be held on December 9, 2021, we are seeking approval of a reverse stock split which if effected would result in additional shares of unissued authorized common stock becoming available for issuance. There can be no assurance that we will be successful in seeking approval for such actions. If not, we may need to rely on debt for growth capital or take other steps necessary to raise capital or reduce operations.

Raising additional capital may cause dilution to our existing stockholders, restrict our operations or require us to relinquish rights to our technologies or product candidates.

Until such time as we can generate substantial development, manufacturing, license or product revenues, we expect to finance our cash needs through a combination of equity offerings, collaborations, strategic alliances, service contracts, manufacturing contracts, facility build-out and technology transfer contracts, licensing and other arrangements. Sources of funds may not be available or, if available, may not be available on terms satisfactory to us.

If we raise additional funds by issuing equity securities, our stockholders will experience dilution. Debt financing, if available, would result in increased fixed payment obligations and may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any debt financing or additional equity that we raise may contain terms, such as liquidation and other preferences, which are not favorable to us or our stockholders. If we raise additional funds through collaboration and licensing arrangements with third parties, it may be necessary to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favorable to us. Should the financing we require to sustain our working capital needs be unavailable or prohibitively expensive when we require it, our business, operating results, financial condition and prospects could be materially and adversely affected and we may be unable to continue our operations.

To the extent that we raise additional capital through a public or private offering and sale of equity securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a stockholder. We are authorized to issue 275,000,000 shares of common stock, of which at September 30, 2021, approximately 217,957,594 shares of common stock were issued and outstanding and 36 million common shares were reserved for issuance of shares upon exercise of outstanding options or reserved for future issuance of common shares under our equity incentive plans. If all of these securities were exercised it would leave 21 million authorized but unissued shares of common stock. Accordingly, we will be able to issue up to approximately 21 million additional shares of common stock and 999,999 shares of preferred stock based on our current authorized number of shares of common stock. Sales of our common stock offered through current or future equity offerings may result in substantial dilution to our stockholders. The sale of a substantial number of shares of our common stock to investors, or anticipation of such sales, could make it more difficult for us to sell equity or equity-related securities in the future at a time and at a price that we might otherwise wish to effect sales.

The failure to comply with the terms of the Credit Agreement could result in a default under the terms of the Credit Agreement and, if uncured, it could potentially result in action against our pledged assets.

There is no assurance that iBio CDMO or we will generate sufficient revenue or raise sufficient capital to be able to make the required principal payment under the Term Loan in the principal amount of \$22,375,000 that iBio CDMO entered into with Woodforest National Bank. The Term Loan with Woodforest National Bank is secured by (a) a leasehold deed of trust on our sole manufacturing facility (the "Facility"), (b) a letter of credit issued by JPMorgan Chase Bank and (c) a first lien on all assets of iBio CDMO including the Facility. We have also guaranteed the payment of all iBio CDMO's obligations under the Credit Agreement. If we or iBio CDMO fails to comply with the terms of the Term Loans and/or the related agreements, Woodforest National Bank could declare a default and if the default were to remain uncured, Woodforest National Bank would have the right to proceed against any or all of the collateral securing their Term Loan. Our failure to make such payments when due could result in our loss of the Facility, upon which our manufacturing is based. Any action to proceed against our assets would likely have a serious disruptive effect on our business operations, especially if the Facility were foreclosed upon.

The Credit Agreement requires that we pay a significant amount of cash to the lender. Our ability to generate sufficient cash to make all required payments under the Credit Agreement depends on many factors beyond our control.

Our ability to make payments on and to refinance the Term Loan, to fund planned capital expenditures and to maintain sufficient working capital depends on our ability to raise capital and generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We cannot assure you that our business will generate sufficient cash flow from operations or from other sources in an amount sufficient to enable us to service our

debt or to fund our other liquidity needs. To date, we have generated minimal revenue and have financed a significant portion our capital needs from sales of our equity and most recently the Term Loan. There can be no assurance that financing options will be available to us when needed to make payments under the Term Loan or if available, that they will be on favorable terms. If our cash flow and capital resources are insufficient to allow us to make payments due under the Term Loan, we may need to seek additional capital or restructure or refinance all or a portion of the Term Loan on or before the maturity thereof, any of which could have a material adverse effect on our business, financial condition or results of operations. Although we plan to explore potential longer-term financing options for our Facility, including, but not limited to, a potential sale-leaseback transaction, we cannot assure you that we will be able to enter in a sale-leaseback transaction or refinance the Term Loan on commercially reasonable terms or at all. If we are unable to generate sufficient cash flow to repay or refinance our debt on favorable terms, it could significantly adversely affect our financial condition. Our ability to restructure or refinance the Term Loan will depend on the condition of the capital markets and our financial condition. Any refinancing of the term Loan could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. There can be no assurance that we will be able to obtain any financing when needed.

Covenant restrictions in the Credit Agreement may limit our ability to operate our business.

The Credit Agreement contains, and our future indebtedness agreements may contain covenants that restrict our ability to finance future operations or capital needs or to engage in other business activities. The Credit Agreement restricts iBio CDMO's ability to:

- incur, assume or guarantee additional Debt (as defined in the Credit Agreement);
- repurchase capital stock;
- make other restricted payments including, without limitation, paying dividends and making investments;
- create Liens (as defined in the Credit Agreement);
- sell or otherwise dispose of assets;

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit No.	Description
3.1	Certificate of Incorporation of iBio, Inc., Certificate of Merger, Certificate of Ownership and Merger, Certificate of Amendment of the Certificate of Incorporation (incorporated herein by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 11, 2018 - File No. 001-35023)
3.2	Certificate of Amendment of the Certificate of Incorporation of iBio, Inc. (incorporated herein by reference to Exhibit 3.2 to the Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on February 14, 2018 - File No. 001-35023)
3.3	Certificate of Amendment of the Certificate of Incorporation of iBio, Inc. (incorporated herein by reference to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 8, 2018 - File No. 001-35023)
3.4	First Amended and Restated Bylaws of iBio, Inc. (incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 14, 2009 - File No. 000-53125)
10.1	Director Offer Letter (incorporated by reference herein to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-35023) filed by the Company with the Securities and Exchange Commission on August 26, 2021)
10.2#†	Collaboration, Option and License Agreement, Dated August 23, 2021, by and between iBio, Inc. and RubrYc Therapeutics, Inc.
10.3#†	Collaboration and License Agreement, dated August 23, 2021, by and between iBio, Inc. and RubrYc Therapeutics, Inc. (incorporated by reference herein to Exhibit 10.2 to the Current Report on Form 8-K (File No. 001-35023) filed by the Company with the Securities and Exchange Commission on August 27, 2021)
10.4#†	Stock Purchase Agreement, dated August 23, 2021, by and between iBio, Inc. and RubrYc Therapeutics, Inc. (incorporated by reference herein to Exhibit 10.3 to the Current Report on Form 8-K (File No. 001-35023) filed by the Company with the Securities and Exchange Commission on August 27, 2021)
10.5#†	Second Amended and Restated Investor Rights Agreement, dated August 23, 2021, by and among RubrYc Therapeutics, Inc. and certain investors (incorporated by reference herein to Exhibit 10.4 to the Current Report on Form 8-K (File No. 001-35023) filed by the Company with the Securities and Exchange Commission on August 27, 2021)
10.6#†	Second Amended and Restated Voting Agreement, dated August 23, 2021, by and among RubrYc Therapeutics, Inc. and certain investors (incorporated by reference herein to Exhibit 10.5 to the Current Report on Form 8-K (File No. 001-35023) filed by the Company with the Securities and Exchange Commission on August 27, 2021)
10.7#†	Second Amended and Restated Right of First Refusal and Co-Sale Agreement, dated August 23, 2021, by and among RubrYc Therapeutics, Inc. and certain investors (incorporated by reference herein to Exhibit 10.6 to the Current Report on Form 8-K (File No. 001-35023) filed by the Company with the Securities and Exchange Commission on August 27, 2021)
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 Principal 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 Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Third Amended and Restated Certificate of Incorporation of RubrYc Therapeutics, Inc. (incorporated by reference herein to Exhibit 99.1 to the Current Report on Form 8-K (File No. 001-35023) filed by the Company with the Securities and Exchange Commission on August 27, 2021)
101.INS	Inline XBRL Instance*
101.SCH	Inline XBRL Taxonomy Extension Schema*
101.CAL	Inline XBRL Taxonomy Extension Calculation*
101.DEF	Inline XBRL Taxonomy Extension Definition*
101.LAB	Inline XBRL Taxonomy Extension Labeled*
101.PRE	Inline XBRL Taxonomy Extension Presentation*
104	Cover page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

Schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally to the SEC a copy of any omitted schedule upon request

† The Company has omitted certain portions of the Collaboration, Option and License Agreement and the Collaboration and License Agreement, Stock Purchase Agreement, Investors' Rights Agreement, Voting Agreement, and Right of First Refusal and Co-Sale Agreement in accordance with Item 601(b)(10) of Regulation S-K. The Company agrees to furnish unredacted copies of these Exhibits to the SEC upon request.

SIGNATURES

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

Date:	November 15, 2021	iBio, Inc. (Registrant)
		<u>/s/ Thomas F. Isett 3rd</u> Thomas F. Isett 3 rd Chairman of the Board of Directors and Chief Executive Officer Principal Executive Officer
Date:	November 15, 2021	<u>/s/ Robert Lutz</u> Robert Lutz Chief Financial Officer Principal Financial Officer and Principal Accounting Officer

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

I, Thomas F. Isett 3rd, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 (the "report") 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 those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 15, 2021

By: /s/ Thomas F. Isett 3rd

Name: Thomas F. Isett 3rd

Title: Chairman of the Board of Directors and Chief Executive Officer
(Principal Executive Officer)

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

I, Robert Lutz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 (the "report") 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 those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 15, 2021

By: /s/ Robert Lutz

Name: Robert Lutz

Title: Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

**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, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas F. Isett 3rd, Chairman of the Board of Directors and Chief Executive 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 15, 2021

/s/ Thomas F. Isett 3rd

Thomas F. Isett 3rd
Chairman of the Board of Directors and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. §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, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert Lutz, Chief Financial Officer (Principal Financial Officer and Principal Accounting 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 15, 2021

/s/ Robert Lutz

Robert Lutz

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)
