

U. S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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, 2017**
- 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 001-36860

IOVANCE BIOTHERAPEUTICS, INC.

(Exact name of small business issuer as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

75-3254381
(I.R.S. employer
identification number)

999 Skyway Road, Suite 150, San Carlos, CA 94070
(Address of principal executive offices and zip code)

(650) 260-7120
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post 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 (Do not check if a smaller reporting company)

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

At October 31, 2017, the issuer had 72,632,717 shares of common stock, par value \$0.000041666 per share, outstanding.

IOVANCE BIOTHERAPEUTICS, INC.
FORM 10-Q
For the Quarter Ended September 30, 2017

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

IOVANCE BIOTHERAPEUTICS, INC.
Condensed Consolidated Balance Sheets
(in thousands, except share information)

	September 30, 2017 (unaudited)	December 31, 2016
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 163,380	\$ 106,717
Short-term investments	-	59,753
Prepaid expenses and other current assets	7,995	3,042
Total Current Assets	<u>171,375</u>	<u>169,512</u>
Property and equipment, net	2,595	2,374
Total Assets	<u>\$ 173,970</u>	<u>\$ 171,886</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 2,905	\$ 863
Accrued expenses	5,624	4,105
Total Current Liabilities	<u>8,529</u>	<u>4,968</u>
Commitments and contingencies (Note 9)		
Stockholders' Equity		
Series A Convertible Preferred stock, \$0.001 par value; 17,000 shares authorized, 1,694 shares issued and outstanding, as of September 30, 2017 and December 31, 2016, respectively (aggregate liquidation value of \$1,694)	-	-
Series B Convertible Preferred stock, \$0.001 par value; 11,500,000 shares authorized, 7,946,673 shares issued and outstanding as of September 30, 2017 and December 31, 2016, respectively (aggregate liquidation value of \$37,747)	8	8
Common stock, \$0.000041666 par value; 150,000,000 shares authorized, 71,954,843 and 62,248,074 shares issued and outstanding as of September 30, 2017 and December 31, 2016, respectively	3	3
Additional paid-in capital	388,756	323,994
Accumulated other comprehensive income	-	29
Accumulated deficit	(223,326)	(157,116)
Total Stockholders' Equity	<u>165,441</u>	<u>166,918</u>
Total Liabilities and Stockholders' Equity	<u>\$ 173,970</u>	<u>\$ 171,886</u>

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

IOVANCE BIOTHERAPEUTICS, INC.
Condensed Consolidated Statements of Operations
(unaudited; in thousands, except per share information)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues	\$ -	\$ -	\$ -	\$ -
Costs and expenses				
Research and development	17,753	8,481	54,029	17,200
General and administrative	4,590	10,498	12,777	20,517
Total costs and expenses	<u>22,343</u>	<u>18,979</u>	<u>66,806</u>	<u>37,717</u>
Loss from operations	(22,343)	(18,979)	(66,806)	(37,717)
Other income				
Interest income	194	221	596	511
Net Loss	\$ (22,149)	\$ (18,758)	\$ (66,210)	\$ (37,206)
Deemed dividend related to beneficial conversion feature of convertible preferred stock	-	(49,454)	-	(49,454)
Net Loss Attributable to Common Stockholders	<u>(22,149)</u>	<u>(68,212)</u>	<u>(66,210)</u>	<u>(86,660)</u>
Net Loss Per Common Share, Basic and Diluted	<u>\$ (0.35)</u>	<u>\$ (1.15)</u>	<u>\$ (1.06)</u>	<u>\$ (1.64)</u>
Weighted-Average Common Shares Outstanding, Basic and Diluted	<u>63,332</u>	<u>59,113</u>	<u>62,697</u>	<u>52,963</u>

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

IOVANCE BIOTHERAPEUTICS, INC.
Condensed Consolidated Statements of Comprehensive Loss
(unaudited; in thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Net Loss	\$ (22,149)	\$ (18,758)	\$ (66,210)	\$ (37,206)
Other comprehensive income:				
Unrealized (loss) gain on short-term investments	-	85	(29)	115
Comprehensive Loss	<u>\$ (22,149)</u>	<u>\$ (18,673)</u>	<u>\$ (66,239)</u>	<u>\$ (37,091)</u>

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

IOVANCE BIOTHERAPEUTICS, INC.
Condensed Consolidated Statements of Cash Flows
(unaudited; in thousands)

	Nine Months Ended September 30,	
	2017	2016
Cash Flows From Operating Activities		
Net loss	\$ (66,210)	\$ (37,206)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	710	688
Amortization of discount (premium) on investments	19	(69)
Stock-based compensation expense	9,208	15,781
Changes in assets and liabilities:		
Prepaid expenses and other current assets	(4,953)	(997)
Accounts payable	2,148	(730)
Accrued expenses	1,333	2,024
Net cash used in operating activities	<u>(57,745)</u>	<u>(20,509)</u>
Cash Flows From Investing Activities		
Purchase of short- term investments	-	(110,249)
Maturities of short- term investments	59,705	94,159
Purchase of property and equipment	(1,086)	(781)
Net cash provided by (used in) investing activities	<u>58,619</u>	<u>(16,871)</u>
Cash Flows From Financing Activities		
Tax payments related to shares withheld for vested restricted stock awards	(1,203)	(354)
Proceeds from the issuance of common stock upon exercise of warrants	388	879
Proceeds from the issuance of common stock upon exercise of options	2,554	478
Proceeds from the issuance of preferred stock and common stock, net	54,050	95,685
Net cash provided by financing activities	<u>55,789</u>	<u>96,688</u>
Net increase in cash and cash equivalents	<u>56,663</u>	<u>59,308</u>
Cash and Cash Equivalents, Beginning of Period	<u>106,717</u>	<u>33,587</u>
Cash and Cash Equivalents, End of Period	<u>\$ 163,380</u>	<u>\$ 92,895</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid for income taxes	\$ -	\$ -
Interest paid	-	-
Supplemental disclosure of non-cash investing and financing activities:		
Unrealized (loss) gain on short-term investments	\$ (29)	\$ 115
Acquisitions of property and equipment under accounts payable	(155)	-
Offering costs under accounts payable and accrued expenses	235	-
Deemed dividend related to a beneficial conversion feature	-	49,454
Conversion of convertible preferred stock to common stock	-	3

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

IOVANCE BIOTHERAPEUTICS, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 1. GENERAL ORGANIZATION AND BUSINESS

Iovance Biotherapeutics, Inc. (the “Company,” “we,” “us” or “our”) is a biopharmaceutical company focused on the development and commercialization of novel cancer immunotherapy products designed to harness the power of a patient’s own immune system to eradicate cancer cells. Our lead program is an adoptive cell therapy (ACT) utilizing tumor-infiltrating lymphocytes (TIL), which are T cells derived from patients’ tumors, for the treatment of metastatic melanoma. The TIL are extracted from the tumor tissue, expanded in our manufacturing suites and then infused back into the patient to fight their cancer. On June 1, 2017, the Company reincorporated to become a Company governed by Delaware corporation laws. On June 27, 2017, we changed our name to Iovance Biotherapeutics, Inc.

Basis of Presentation of Unaudited Condensed Consolidated Financial Information

The unaudited condensed consolidated financial statements of the Company for the three and nine months ended September 30, 2017 and 2016 have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Regulation S-K. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. However, such information reflects all adjustments (consisting solely of normal recurring adjustments), which are, in the opinion of management, necessary for the fair presentation of the financial position and the results of operations. Results shown for interim periods are not necessarily indicative of the results to be obtained for a full fiscal year. The balance sheet information as of December 31, 2016, was derived from the audited financial statements included in the Company’s financial statements as of and for the year ended December 31, 2016 included in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on March 8, 2017. These financial statements should be read in conjunction with that report.

Liquidity

The Company is currently engaged in the development of therapeutics to fight cancer, specifically solid tumors. We do not have any commercial products and have not yet generated any revenues from our business. We currently do not anticipate that we will generate any revenues during the upcoming 12 months, from the sale or licensing of any products. As shown in the accompanying financial statements, we have incurred a net loss of \$66.2 million for the nine months ended September 30, 2017 and used \$57.7 million of cash in our operating activities during the nine months ended September 30, 2017. As of September 30, 2017, we had \$163.4 million of cash and cash equivalents.

The Company expects to further increase its research and development activities, which will increase the amount of cash used during the remainder of 2017 and beyond. Specifically, we expect continued spending on clinical trials, continued and expansion of manufacturing activities, higher payroll expenses as we increase our professional and scientific staff and research and development activities. Based on the funds we have available, we believe that we have sufficient capital to fund our anticipated operating expenses for at least 12 months from the date that these financial statements are issued.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

Short-term Investments

The Company’s short-term investments are classified as “available-for-sale”. The Company includes these investments in current assets and carries them at fair value. Unrealized gains and losses on available-for-sale securities are included in accumulated other comprehensive income. The amortized cost of debt securities is adjusted for the amortization of premiums and accretion of discounts to maturity. Such amortization is included in interest income. Gains and losses on securities sold are recorded based on the specific identification method and are included in interest income in the statement of operations. We have not incurred any realized gains or losses from sales of securities to date.

Loss per Share

Basic net loss per share is computed using the weighted average number of common shares outstanding during the period. Diluted net loss per share is computed using the weighted average number of shares of common stock outstanding during the period increased to include the number of additional shares of common stock that would have been outstanding if the potentially dilutive securities had been issued.

At September 30, 2017 and 2016, the following outstanding common stock equivalents have been excluded from the calculation of net loss per share because their impact would be anti-dilutive.

	September 30,	
	2017	2016
Stock options	6,706,964	4,945,358
Warrants	6,411,216	6,808,216
Series A Convertible Preferred*	847,000	847,000
Series B Convertible Preferred*	7,946,673	7,946,673
Restricted stock awards	834	9,167
Restricted stock units	126,041	550,000
	22,038,728	21,106,414

* on an as-converted basis

The dilutive effect of potentially dilutive securities is reflected in diluted earnings per common share by application of the treasury stock method. Under the treasury stock method, an increase in the fair market value of the Company's common stock can result in a greater dilutive effect from potentially dilutive securities.

Fair Value Measurements

Under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, fair value is defined as the price at which an asset could be exchanged or a liability transferred in a transaction between knowledgeable, willing parties in the principal or most advantageous market for the asset or liability. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or parameters are not available, valuation models are applied.

Assets and liabilities recorded at fair value in our financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, are as follows:

Level 1—Inputs are unadjusted, quoted prices in active markets for identical assets at the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2—Are inputs, other than quoted prices included in Level 1, that are either directly or indirectly observable for the asset or liability through correlation with market data at the reporting date and for the duration of the instrument's anticipated life.

The fair valued assets we held and have held are generally assessed under Level 2 were corporate bonds and commercial paper. We utilize third party pricing services in developing fair value measurements where fair value is based on valuation methodologies such as models using observable market inputs, including benchmark yields, reported trades, broker/dealer quotes, bids, offers and other reference data. We use quotes from external pricing service providers and other on-line quotation systems to verify the fair value of investments provided by our third-party pricing service providers. We review independent auditor's reports from our third-party pricing service providers particularly regarding the controls over pricing and valuation of financial instruments and ensure that our internal controls address certain control deficiencies, if any, and complementary user entity controls are in place.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities and which reflect management's best estimate of what market participants would use in pricing the asset or liability at the reporting date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

We do not have fair valued assets classified under Level 3.

As of September 30, 2017, there were no financial assets measured at fair value.

Financial assets measured at fair value on a recurring basis are categorized in the tables below based upon the lowest level of significant input to the valuations (in thousands):

	Assets at Fair Value as of December 31, 2016			
	Level 1	Level 2	Level 3	Total
Commercial paper	\$ -	\$ 29,178	\$ -	\$ 29,178
Corporate debt securities	-	26,578	-	26,578
US Government agency securities	-	3,997	-	3,997
Total	\$ -	\$ 59,753	\$ -	\$ 59,753

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include valuation of short-term investments, accounting for potential liabilities, the valuation allowance associated with the Company's deferred tax assets, and the assumptions made in valuing stock instruments issued for services.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of Iovance Biotherapeutics, Inc. and its wholly-owned subsidiary, Iovance Biotherapeutics GmbH (formerly Lion Biotechnologies GmbH). All intercompany accounts and transactions have been eliminated. The U.S. dollar is the functional currency for all the Company's consolidated operations.

Stock-Based Compensation

The Company periodically grants stock options and warrants to employees and non-employees in non-capital raising transactions as compensation for services rendered. The Company accounts for stock option grants to employees based on the authoritative guidance provided by the FASB where the value of the award is measured on the date of grant and recognized over the vesting period. The Company accounts for stock option grants to non-employees in accordance with the authoritative guidance of the FASB where the value of the stock compensation is determined based upon the measurement date at either a) the date at which a performance commitment is reached, or b) at the date at which the necessary performance to earn the equity instruments is complete. Non-employee stock-based compensation charges generally are amortized over the vesting period on a straight-line basis. In certain circumstances where there are no future performance requirements by the non-employee, option grants are immediately vested and the total stock-based compensation charge is recorded in the period of the measurement date.

The fair value of the Company's common stock option grants is estimated using a Black-Scholes option pricing model, which uses certain assumptions related to risk-free interest rates, expected volatility, expected life of the common stock options, and future dividends. Compensation expense is recorded based upon the value derived from the Black-Scholes option pricing model, and based on actual experience. The assumptions used in the Black-Scholes option pricing model could materially affect compensation expense recorded in future periods.

The Company has in the past issued restricted shares of its common stock for share-based compensation programs. The Company measures the compensation cost with respect to restricted shares issued to employees based upon the estimated fair value of the equity instruments at the date of the grant, and is recognized as expense over the period which an employee is required to provide services in exchange for the award.

The fair value of restricted stock units is based on the closing price of the Company's common stock on the grant date.

Total stock-based compensation expense related to all our stock-based awards was recorded on the statements of operations as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Research and development	\$ 1,053	\$ 640	\$ 4,336	\$ 1,818
General and administrative	1,566	8,005	4,872	13,963
Total stock-based compensation expense	\$ 2,619	\$ 8,645	\$ 9,208	\$ 15,781

Total stock-based compensation broken down based on each individual instrument was as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Stock option expense	\$ 2,562	\$ 7,877	\$ 8,193	\$ 13,944
Restricted stock award expense	6	145	33	976
Restricted stock unit expense	51	623	982	861
Total stock-based compensation expense	<u>\$ 2,619</u>	<u>\$ 8,645</u>	<u>\$ 9,208</u>	<u>\$ 15,781</u>

Preferred Stock

The Company applies the accounting standards for distinguishing liabilities from equity when determining the classification and measurement of its preferred stock. Preferred shares subject to mandatory redemption are classified as liability instruments and are measured at fair value. Conditionally redeemable preferred shares (including preferred shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, preferred shares are classified as stockholders' equity.

Convertible Instruments

The Company applies the accounting standards for derivatives and hedging and for distinguishing liabilities from equity when accounting for hybrid contracts that feature conversion options. The accounting standards require companies to bifurcate conversion options from their host instruments and account for them as free-standing derivative financial instruments per certain criteria. The criteria includes circumstances in which (i) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (ii) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (iii) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. The derivative is subsequently marked to market at each reporting date based on current fair value, with the changes in fair value reported in results of operations.

Conversion options that contain variable settlement features such as provisions to adjust the conversion price upon subsequent issuances of equity or equity linked securities at exercise prices more favorable than that featured in the hybrid contract generally result in their bifurcation from the host instrument.

The Company also records, when necessary, deemed dividends for the intrinsic value of the conversion options embedded in preferred stock based upon the difference between the fair value of the underlying common stock at the commitment date of the transaction and the effective conversion price embedded in the preferred stock.

Recent Accounting Standards

In March 2016, the FASB issued ASU No. 2016-09, Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. This ASU identifies areas for simplification involving several aspects of accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, an option to recognize gross stock compensation expense with actual forfeitures recognized as they occur, as well as certain classifications on the statement of cash flows. This ASU will be effective for fiscal years beginning after December 15, 2016, and interim periods within those annual periods. The Company adopted this ASU and it did not have a material impact on the Company's disclosures in the footnotes to its financial statements.

In May 2017, the FASB issued ASU No. 2017-09, Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting, clarifying when a change to the terms or conditions of a share-based payment award must be accounted for as a modification. The new guidance requires modification accounting if the fair value, vesting condition or the classification of the award is not the same immediately before and after a change to the terms and conditions of the award. The new guidance is effective for the Company on a prospective basis beginning on January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact that ASU 2017-09 will have on its consolidated financial statements and related disclosures.

Subsequent Events

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the condensed consolidated financial statements.

Reclassifications

Certain amounts within the statements of cash flows for the prior periods have been reclassified to conform with the current period presentation. These reclassifications had no impact on the Company's previously reported financial position or cash flows for any of the periods presented.

NOTE 3. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Cash and cash equivalents and short-term investments consist of the following (in thousands):

	September 30, 2017	December 31, 2016
Cash - Demand deposits	\$ 72,286	\$ 76,071
Cash equivalents - Money market funds	91,094	30,646
Cash and cash equivalents total	\$ 163,380	\$ 106,717

	September 30, 2017	December 31, 2016
Commercial paper	\$ -	\$ 29,178
Corporate debt securities	-	26,578
US Government agency securities	-	3,997
Short-term investments total	\$ -	\$ 59,753

Money market funds and short-term investments include the following securities with gross unrealized gains and losses (in thousands):

As of September 30, 2017	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Money market funds	\$ 91,094	\$ -	\$ -	\$ 91,094

Unrealized gains and losses are included in Accumulated other comprehensive income.

As of December 31, 2016	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Money market funds	\$ 30,646	\$ -	\$ -	\$ 30,646
Commercial paper	29,118	60	-	29,178
Corporate debt securities	26,606	1	(29)	26,578
US Government agency securities	4,000	-	(3)	3,997
Total	\$ 90,370	\$ 61	\$ (32)	\$ 90,399

At September 30, 2017, the Company did not have any short-term investments.

The Company's investment policy limits investments to certain types of instruments such as certificates of deposit, money market instruments, obligations issued by the U.S. government and U.S. government agencies as well as corporate debt securities, and places restrictions on maturities and concentration by type and issuer.

NOTE 4. BALANCE SHEET COMPONENTS

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

	September 30, 2017	December 31, 2016
Lab equipment	\$ 3,064	\$ 2,405
Leasehold improvements	1,707	1,381
Computer equipment	331	245
Office furniture and equipment	179	148
Construction in progress	105	276
Total Property and equipment, cost	5,386	4,455
Less: Accumulated depreciation and amortization	(2,791)	(2,081)
Property and equipment, net	<u>\$ 2,595</u>	<u>\$ 2,374</u>

Accrued liabilities consist of the following (in thousands):

	September 30, 2017	December 31, 2016
Accrued payroll and employee related expenses	\$ 1,556	\$ 1,581
Legal and related services	1,236	927
Clinical related	735	614
Manufacturing related	1,352	437
Deferred rent	459	422
Accrued other	286	124
	<u>\$ 5,624</u>	<u>\$ 4,105</u>

NOTE 5. STOCKHOLDERS' EQUITY

Public Offering

On September 25, 2017, the Company sold 8,846,154 shares of its common stock in an underwritten public offering at \$6.50 per share for net proceeds of \$53.8 million after deducting underwriting discounts and expenses of the offering.

Preferred stock

The Company's certificate of incorporation authorizes the issuance of up to 50,000,000 shares of "blank check" preferred stock. At September 30, 2017 and December 31, 2016, 17,000 shares have been designated as Series A Convertible Preferred Stock and 11,500,000 designated as Series B Convertible Preferred Stock.

Series A Convertible Preferred Stock

A total of 17,000 shares of Series A Convertible Preferred Stock ("Series A Preferred Stock") have been authorized for issuance under the Certificate of Designation of Preferences and Rights of Series A Convertible Preferred Stock. The shares of Series A Preferred Stock have a stated value of \$1,000 per share and are initially convertible into shares of common stock at a price of \$2.00 per share, subject to adjustment.

The Series A Preferred Stock may, at the option of each investor, be converted into fully paid and non-assessable shares of common stock. The holders of shares of Series A Preferred Stock do not have the right to vote on matters that come before stockholders. In the event of any dissolution or winding up of the Company, proceeds shall be paid pari passu among the holders of the shares of common stock and preferred stock, pro rata based on the number of shares held by each holder. The Company may not declare, pay or set aside any dividends on shares of capital stock of the Company (other than dividends on shares of common stock payable in shares of common stock) unless the holders of the Series A Preferred Stock shall first receive an equal dividend on each outstanding share of Series A Preferred Stock. The common shares issued were determined on a formula basis of 500 common shares for each share of Series A Preferred Stock converted. During the three and nine months ended September 30, 2017 and 2016, no Series A Preferred stock was converted into common stock, respectively.

Series B Preferred Stock

In June 2016, the Company created a new class of Preferred Stock designated as Series B Convertible Preferred Stock (the “Series B Preferred”). The rights of the Series B Preferred are set forth in the Certificate of Designation of Rights, Preferences and Privileges of Series B Preferred Stock (the “Series B Certificate of Designation”). A total of 11,500,000 shares of Series B Preferred are authorized for issuance under the Series B Certificate of Designation. The shares of Series B Preferred have a stated value of \$4.75 per share and are convertible into shares of common stock at an initial conversion price of \$4.75 per share.

Holders of the Series B Preferred are entitled to dividends on an as-if-converted basis in the same form as any dividends actually paid on shares of the Company’s Series A Preferred Stock or the Company’s common stock. So long as any Series B Preferred remains outstanding, the Company may not redeem, purchase or otherwise acquire any material amount of our Series A Preferred Stock or any junior securities.

During the three and nine months ended September 30, 2017 and 2016, zero and 3,421,960 Series B Preferred were converted into common stock. At September 30, 2017, 7,946,673 shares of Series B Preferred Stock remained outstanding.

Warrants

The following table summarizes the Company’s stock warrant activity for the nine months ended September 30, 2017:

	Shares Under Warrants	Weighted Average Exercise Price
Outstanding at January 1, 2017	6,566,216	\$ 2.51
Issued	-	-
Exercised	(155,000)	2.50
Expired/Cancelled	-	-
Outstanding at September 30, 2017	<u>6,411,216</u>	<u>\$ 2.51</u>

The warrants have a weighted average remaining life of 1.1 years at September 30, 2017.

NOTE 6. STOCK BASED COMPENSATION

Stock Plans

On September 19, 2014, the Company’s Board of Directors adopted the Iovance Biotherapeutics, Inc. 2014 Equity Incentive Plan (the “2014 Plan”). The 2014 Plan was approved by our stockholders at the annual meeting of stockholders held in November 2014. The 2014 Plan as approved by the stockholders authorized the issuance up to an aggregate of 2,350,000 shares of common stock. On April 10, 2015, the Board amended the 2014 Plan to increase the total number of shares that can be issued under the 2014 Plan by 1,650,000 from 2,350,000 shares to 4,000,000 shares. The increase in shares available for issuance under the 2014 Plan was approved by stockholders on June 12, 2015.

On August 16, 2016, the stockholders approved the increase the total number of shares that can be issued under the 2014 Plan by 5,000,000 from 4,000,000 shares to 9,000,000 shares. At September 30, 2017, 2,608,830 shares were available for grant under the Company’s 2014 Plan.

Restricted Stock Units

On June 1, 2016, the Company entered into a restricted stock unit agreement with the Company’s Chief Executive Officer (Maria Fardis, Ph.D.) pursuant to which the Company granted Dr. Fardis 550,000 non-transferrable restricted stock units at fair market value of \$5.87 per share as an inducement of employment pursuant to the exception to The NASDAQ Global Market rules that generally require stockholder approval of equity incentive plans. Of the 550,000 restricted stock units 137,500 restricted stock units vested on the first anniversary of the effective date of Dr. Fardis’ employment agreement, and 275,000 restricted stock units vested in 2017 upon the satisfaction of certain clinical trial and manufacturing milestones. The remaining 137,500 restricted stock units will vest in equal monthly installments over the 36-month period that commenced on June 1, 2017 (the first anniversary of the effective date of Dr. Fardis’ employment), provided that Dr. Fardis has been continuously employed with the Company as of such vesting dates. As of September 30, 2017, 126,041 restricted stock units remained unvested.

Stock-based compensation expense for restricted stock units is measured based on the closing fair market value of the Company’s common stock on the date of grant. The stock compensation expense was \$0.1 million and \$0.6 million for the three months ended September 30, 2017 and 2016, respectively and was \$1.0 million and \$0.9 million for the nine months ended September 30, 2017 and 2016, respectively.

As of September 30, 2017, there is \$0.7 million of total unrecognized compensation expense related to the restricted stock units to be recognized over a weighted average period of 2.7 years.

Stock Options

The following table summarizes the Company's stock options activity for the nine months ended September 30, 2017:

	Number of Options	Weighted Average Exercise Price
Outstanding at January 1, 2017	6,233,150	\$ 7.24
Granted	2,044,400	6.59
Exercised	(484,850)	5.27
Expired/Forfeited	(1,085,736)	6.36
Outstanding at September 30, 2017	<u>6,706,964</u>	<u>\$ 7.33</u>

The Company recorded stock-based compensation costs related to options of \$2.6 million and \$7.9 million for the three months ended September 30, 2017 and 2016, respectively and \$8.2 million and \$13.9 million for the nine months ended September 30, 2017 and 2016, respectively. As of September 30, 2017, there was \$22.1 million of total unrecognized compensation expense related to the options to be recognized over a weighted average period of 2.0 years.

The weighted-average grant date fair value per share of options granted under the Plan was \$5.81 and \$8.97 for the three months ended September 30, 2017 and 2016, respectively and was \$6.46 and \$6.75 for the nine months ended September 30, 2017 and 2016, respectively.

Restricted Common Stock Awards

The following table summarizes the Company's restricted common stock awards activity for the nine months ended September 30, 2017:

	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested shares, January 1, 2017	7,084	\$ 6.48
Granted	-	-
Vested	(6,250)	6.53
Forfeited	-	-
Non-vested shares, September 30, 2017	<u>834</u>	<u>\$ 6.10</u>

The Company recorded stock compensation costs related to restricted stock awards of \$0.0 million and \$0.2 million for the three months ended September 30, 2017 and 2016, respectively and was \$0.0 million and \$1.0 million for the nine months ended September 30, 2017 and 2016, respectively. As of September 30, 2017, the amount of unvested compensation related to the unvested outstanding shares of restricted common stock was immaterial.

NOTE 7. AGREEMENTS

National Institutes of Health (NIH) and the National Cancer Institute (NCI)

Cooperative Research and Development Agreement (CRADA)

In August 2011, the Company signed a five-year CRADA with the NCI to work with Dr. Steven Rosenberg on developing adoptive cell immunotherapies that are designed to destroy metastatic melanoma cells using a patient's tumor infiltrating lymphocytes.

In January 2015, the Company executed an amendment (the "Amendment") to the CRADA to include four new indications. As amended, in addition to metastatic melanoma, the CRADA included the development of TIL therapy for the treatment of patients with bladder, lung, triple-negative breast, and HPV-associated cancers.

In August 2016, the NCI and the Company entered into a second amendment to the CRADA. The principal changes effected by the second amendment included (i) extending the term of the CRADA by another five years to August 2021, and (ii) modifying the focus on the development of unmodified TIL as a stand-alone therapy or in combination with U.S. Food and Drug Administration ("FDA") licensed products and commercially available reagents routinely used for adoptive cell therapy. The parties will continue the development of improved methods for the generation and selection of TIL with anti-tumor reactivity in metastatic melanoma, bladder, lung, breast, and HPV-associated cancers.

Pursuant to the terms of the CRADA, we are currently required to make quarterly payments of \$0.5 million to the NCI for support of research activities. To the extent we license patent rights relating to a TIL-based product candidate, we will be responsible for all patent-related expenses and fees, past and future, relating to the TIL-based product candidate. In addition, we may be required to supply certain test articles, including TIL, grown and processed under cGMP conditions, suitable for use in clinical trials, where we hold the investigational new drug application for such clinical trial. The extended CRADA has a five-year term expiring in August 2021. The Company or the NCI may unilaterally terminate the CRADA for any reason or for no reason at any time by providing written notice at least 60 days before the desired termination date. The Company recorded costs associated with the CRADA of \$0.5 million for the three months ended September 30, 2017 and 2016, respectively and was \$1.5 million for the nine months ended September 30, 2017 and 2016, respectively. These costs were recorded as research and development expenses.

Patent License Agreement Related to the Development and Manufacture of TIL

Effective October 5, 2011, the Company entered into a Patent License Agreement with the National Institutes of Health, an agency of the United States Public Health Service within the Department of Health and Human Services (NIH), which Patent License Agreement was subsequently amended on February 9, 2015 and October 2, 2015. Pursuant to the Patent License Agreement as amended, the NIH granted the Company licenses, including exclusive, co-exclusive, and non-exclusive licenses, to certain technologies relating to autologous tumor infiltrating lymphocyte adoptive cell therapy products for the treatment of metastatic melanoma, lung, breast, bladder and HPV-positive cancers. The Patent License Agreement requires the Company to pay royalties based on a percentage of net sales (which percentage is in the mid-single digits), a percentage of revenues from sublicensing arrangements, and lump sum benchmark royalty payments on the achievement of certain clinical and regulatory milestones for each of the various indications and other direct costs incurred by the NIH pursuant to the agreement.

Exclusive Patent License Agreement Related to TIL Selection

On February 10, 2015, the Company entered into an Exclusive Patent License Agreement with the NIH under which the Company received an exclusive license to the NIH's rights to patent-pending technologies related to methods for improving adoptive cell therapy through more potent and efficient production of TIL from melanoma tumors by selecting for T-cell populations that express various inhibitory receptors. Unless terminated sooner, the license shall remain in effect until the last licensed patent right expires.

In consideration for the exclusive rights granted under the Exclusive Patent License Agreement, the Company agreed to pay the NIH a non-refundable upfront licensing fee in the amount of \$0.8 million. The Company also agreed to pay customary royalties based on a percentage of net sales of a licensed product (which percentage is in the mid-single digits), a percentage of revenues from sublicensing arrangements, and lump sum benchmark payments upon the successful completion of clinical studies involving licensed technologies, the receipt of the first FDA approval or foreign equivalent for a licensed product or process resulting from the licensed technologies, the first commercial sale of a licensed product or process in the United States, and the first commercial sale of a licensed product or process in any foreign country. The Company will also be responsible for all costs associated with the preparation, filing, maintenance and prosecution of the patent applications and patents covered by the License. The costs associated with this agreement were immaterial for the three and nine month periods.

H. Lee Moffitt Cancer Center

Research Collaboration and Clinical Grant Agreements with Moffitt

In September 2014, we entered into a research collaboration agreement with Moffitt to jointly engage in translational research and development of adoptive tumor-infiltrating lymphocyte cell therapy with improved anti-tumor properties and process.

In December 2016, we entered into a new three-year Sponsored Research Agreement with Moffitt (the "Moffitt SRA"). At the same time, we entered into a Clinical Grant Agreement with Moffitt to support an ongoing clinical trial at Moffitt that combines TIL therapy with Opdivo® (nivolumab) for the treatment of patients with metastatic melanoma. In June 2017, we entered into a second Clinical Grant Agreement with Moffitt to support a new clinical trial at Moffitt that combines TIL therapy with Opdivo for the treatment of patients with non-small cell lung cancer.

Exclusive License Agreement with Moffitt

The Company entered into a license agreement with Moffitt (the "Moffitt License"), effective as of June 28, 2014, under which the Company received a world-wide license to Moffitt's rights to patent-pending technologies related to methods for improving TIL for adoptive cell therapy. Unless earlier terminated, the term of the license extends until the earlier of the expiration of the last issued patent related to the licensed technology or 20 years after the effective date of the license agreement.

Pursuant to the Moffitt License, the Company paid an upfront licensing fee in the amount of \$0.1 million. A patent issuance fee will also be payable under the Moffitt License, upon the issuance of the first U.S. patent covering the subject technology. In addition, the Company agreed to pay milestone license fees upon completion of specified milestones, customary royalties based on a specified percentage of net sales (which percentage is in the low single digits) and sublicensing payments, as applicable, and annual minimum royalties beginning with the first sale of products based on the licensed technologies, which minimum royalties will be credited against the percentage royalty payments otherwise payable in that year. The Company will also be responsible for all costs associated with the preparation, filing, maintenance and prosecution of the patent applications and patents covered by the Moffitt License related to the treatment of any cancers in the United States, Europe and Japan and in other countries designated by the Company in agreement with Moffitt. The Company recorded costs associated with Moffitt of \$2.0 million and \$0.0 million for the three months ended September 30, 2017 and 2016, respectively and \$4.3 million and \$0.4 million for the nine months ended September 30, 2017 and 2016, respectively. These costs were recorded as research and development expenses.

PolyBioCept and Karolinska University Hospital

PolyBioCept Exclusive and Co-Exclusive License Agreement

On September 14, 2016, the Company entered into an Exclusive and Co-Exclusive License Agreement (the “PolyBioCept Agreement”) with PolyBioCept AB, a corporation organized under the laws of Sweden (“PolyBioCept”). PolyBioCept has filed two patent applications with claims related to a cytokine cocktail for use in expansion of lymphocytes, one of which has been abandoned. Under the PolyBioCept Agreement, the Company received the exclusive right and license to PolyBioCept’s intellectual property to develop, manufacture, market and genetically engineer TIL produced by expansion, selection and enrichment using a proprietary cytokine cocktail. The Company also received a co-exclusive license (with PolyBioCept) to develop, manufacture and market genetically engineered TIL under the same intellectual property. The licenses are for the use in all cancers and are worldwide in scope, with the exception that the uses in melanoma are not included for certain countries of the former Soviet Union.

The Company paid PolyBioCept a total of \$2.5 million as an up-front exclusive license payment. The Company will also have to make additional milestone payments to PolyBioCept under the PolyBioCept Agreement if, and when, (i) certain product development milestones are achieved, (ii) certain regulatory approvals have been obtained from the FDA and/or the European Medicines Agency, and (iii) certain product sales targets are achieved. The milestone payments will be payable both in cash (U.S. dollars) and in shares of the Company’s common stock. If all of the foregoing product development, regulatory approval and sales milestone payments are met, the Company will have to pay PolyBioCept an additional \$8.7 million and will have to issue to PolyBioCept a total 2,219,376 shares of unregistered common stock. In addition to these potential payments, the Company will reimburse PolyBioCept up to \$0.2 million in expenses related to the transfer of know-how and will pay PolyBioCept \$0.1 million as a clinical trials management fee. The Company also separately engaged PolyBioCept as a consultant to provide certain product development and research related services in a one-year agreement for up to \$0.2 million, subject to the consent of the Karolinska Institute to the services to be performed by its employees thereunder. The PolyBioCept Agreement has an initial term of 30 years, and may be extended for additional five-year periods. The Company recorded costs associated with the PolyBioCept of \$0.0 million and \$2.4 million for the three months ended September 30, 2017 and 2016, respectively and \$0.2 million and \$2.5 million for the nine months ended September 30, 2017 and 2016, respectively. These costs were recorded as research and development expenses.

Karolinska University Hospital and Karolinska Institute Agreements

In connection with the execution of the PolyBioCept Agreement, the Company also (i) entered into a clinical trials agreement with the Karolinska University Hospital to conduct clinical trials in glioblastoma and pancreatic cancer at the Karolinska University Hospital, and (ii) agreed to enter into a sponsored research agreement with the Karolinska Institute for the research of the cytokine cocktail in additional indications. The Company agreed to enter into the sponsored research agreement within 90 days after the date of the PolyBioCept Agreement, which date has been extended by amendments to the PolyBioCept Agreement. Failure to enter into the sponsored research agreement or further amend the PolyBioCept Agreement will give PolyBioCept the right to terminate the PolyBioCept Agreement (and the Company shall have the right to repayment of \$2.2 million of the payments it made). The Company will pay the Karolinska Institute an additional \$2.6 million in connection with these other related agreements. In 2016 the Company paid Karolinska University Hospital \$1.6 million under this agreement to conduct the clinical trials. The \$1.6 million payment has been classified as prepaid expense and will be expensed in accordance with the Company’s Research and Development Expense significant accounting practices. The Company had no costs associated with the Karolinska University Hospital for the three months ended September 30, 2017 and 2016, respectively and was \$0.7 million and \$0.0 million for the nine months ended September 30, 2017 and 2016, respectively. These costs were recorded as research and development expenses.

M.D. Anderson Cancer Center

Strategic Alliance Agreement

On April 17, 2017, the Company entered into a Strategic Alliance Agreement (the “SAA”) with M.D. Anderson Cancer Center (“M.D. Anderson”) under which the Company and M.D. Anderson agreed to conduct clinical and preclinical research studies. The Company agreed in the SAA to provide total funding not to exceed approximately \$14.2 million for the performance of the multi-year studies under the SAA. In return, we will acquire all rights to inventions resulting from the studies and have been granted a non-exclusive, sub-licensable, royalty-free, and perpetual license to specified background intellectual property of M.D. Anderson reasonably necessary to exploit, including the commercialization of, any invention. We have also been granted certain rights in clinical data generated by M.D. Anderson outside of the clinical trials to be performed under the SAA. The SAA’s term shall continue in effect until the later of the fourth anniversary of the SAA or the completion or termination of the research and receipt by us of all deliverables due from M.D. Anderson thereunder. As of September 30, 2017, the Company had paid \$1.4 million under this agreement. This amount has been recorded as a prepaid asset, and will be amortized to research and development expenses based on enrollment and other factors. The Company has not recorded any expense associated with the M.D. Anderson SAA for the three and nine months ended September 30, 2017.

MedImmune

In December 2015, the Company entered into a collaboration to conduct clinical and preclinical research in immuno-oncology with MedImmune, the global biologics research and development arm of AstraZeneca. Under the terms of the agreement, the Company will fund and conduct at least one Phase 2a clinical trial combining MedImmune's PD-L1 inhibitor, IMFINZI™ (durvalumab) with TIL for the treatment of patients. MedImmune will supply IMFINZI for the clinical trials. The purpose of the studies is to establish a dosing regimen for this combination therapy and assess its safety and efficacy.

NOTE 8. LEGAL PROCEEDINGS

Class Action Lawsuits. On April 10, 2017, the SEC announced settlements with us and with other public companies and unrelated parties in the *In the Matter of Certain Stock Promotion* investigation. Our settlement with the SEC is consistent with our previous disclosures (including in our Form 10-K that we filed with the SEC on March 9, 2017). On April 14, 2017, a purported shareholder filed a class action complaint in the United States District Court, Northern District of California for violations of the federal securities laws (*Leonard DeSilvio v. Lion Biotechnologies, Inc., et al., case no: 3:17cv2086*) against our company and three of our former officers and directors. On April 19, 2017, a second class action complaint (*Amra Kuc vs. Lion Biotechnologies, Inc., et al., case no: 3:17cv2086*) was filed in the same court. Both complaints allege, among other things, that the defendants violated the federal securities laws by making materially false and misleading statements, or by failing to make certain disclosures, regarding the actions taken by Manish Singh, our former CEO, and our former investor relations firm that were the subject of the *In the Matter of Certain Stock Promotions* SEC investigation. On July 20, 2017 the plaintiff in the *Kuc* case filed a notice to voluntarily dismiss that case. The Court entered an order dismissing the *Kuc* complaint on July 21, 2017. On July 26, 2017, the court appointed a movant as lead plaintiff. On September 8, 2017, the lead plaintiff filed an amended complaint that alleges, among other things, that the defendants violated the federal securities laws by making materially false and misleading statements, or by failing to make certain disclosures, regarding the actions taken by Manish Singh and our former investor relations firm that were the subject of the *In the Matter of Certain Stock Promotions* SEC investigation. On October 6, 2017, the court entered an order setting a schedule for the case, which includes a briefing schedule for motions to dismiss and a hearing date of December 22, 2017.

We intend to vigorously defend against the foregoing complaints. Based on the very early stage of the litigation, it is not possible to estimate the amount or range of possible loss that might result from an adverse judgment or a settlement of these matters.

Solomon Capital, LLC. On April 8, 2016, a lawsuit titled *Solomon Capital, LLC, Solomon Capital 401(K) Trust, Solomon Sharbat and Shelhav Raff v. Lion Biotechnologies, Inc.* was filed by Solomon Capital, LLC, Solomon Capital 401(k) Trust, Solomon Sharbat and Shelhav Raff against the Company in the Supreme Court of the State of New York, County of New York (index no. 651881/2016). The plaintiffs allege that, between June and November 2012 they provided to the Company \$0.1 million and that they advanced and paid on our behalf an additional \$0.2 million. The complaint further alleges that the Company agreed to (i) provide them with promissory notes totaling \$0.2 million, plus interest, (ii) issue a total of 111,425 shares to the plaintiffs (before the 1-for-100 reverse split of our common stock effected in September 2013), and (iii) allow the plaintiffs to convert the foregoing funds into our securities in the next transaction. The plaintiffs allege that they should have been able to convert their advances and payments into shares of the Company's common stock in the restructuring that was effected in May 2013. Based on the foregoing, the plaintiffs allege causes for breach of contract and unjust enrichment and demand judgment against the Company in an unspecified amount exceeding \$1.5 million, plus interest and attorneys' fees.

On June 3, 2016, the Company filed an answer and counterclaims in the lawsuit. In its counterclaims, the Company alleges that the plaintiffs misrepresented their qualifications to assist it in fundraising and that they failed to disclose that they were under investigation for securities laws violations. The Company is seeking damages in an amount exceeding \$0.5 million and an order rescinding any and all agreements that the plaintiffs contend entitled them to obtain stock in the Company.

On April 19, 2017, the Court granted plaintiffs' counsel's motion to withdraw from the case. On May 25, 2017, plaintiffs filed a notice that they had hired new counsel. On June 7, 2017, the judge presiding over the case recused herself because of a conflict of interest arising from her relationship with plaintiffs' new attorneys. The case has been assigned to a new judge, but the court has not yet scheduled a status conference or otherwise set a schedule for the case.

The Company intends to vigorously defend the complaint and pursue its counterclaims.

Litigation Involving Dr. Steven Fischkoff. On June 13, 2017, in an action titled *Steven Fischkoff v. Lion Biotechnologies, Inc. and Maria Fardis*, Dr. Steven Fischkoff, our former Vice President and Chief Medical Officer, filed a lawsuit against the Company in the Supreme Court of the State of New York County of New York. Dr. Fischkoff was dismissed by the Company on March 28, 2017. Dr. Fischkoff was terminated "for cause" as that term is defined in his employment agreement. In his complaint, Dr. Fischkoff alleges breaches of his employment agreement and violation of New York Labor Law for failure to pay monies purportedly owed to him, and seeks to recover amounts including severance pay and retention bonus (totaling \$300,000), a prorated incentive bonus, and amounts relating to unvested options to 150,000 shares of our common stock, together with prejudgment interest, costs, expenses and attorneys' fees. On July 5, 2017, the Company filed a removal petition and removed the lawsuit to the United States District Court for the Southern District of New York, where the case has been assigned case no. 17-cv-05041. On July 14, 2017, the Company filed a partial answer and counterclaims against Dr. Fischkoff, denying his allegations, and alleging breach of contract and related claims, breach of fiduciary duty, and state and federal trade secret misappropriation and related claims, and sought a temporary restraining order and preliminary injunction against Dr. Fischkoff. On July 18, 2017, the court issued a temporary restraining order against Dr. Fischkoff requiring him to return Company materials, prohibiting him from disclosing or using Company materials, and granting expedited discovery, which is currently proceeding.

We intend to vigorously defend against Dr. Fischkoff's lawsuit and pursue the Company's counterclaims. Based on the very early stage of the litigation, it is not possible to estimate the amount or range of (i) a possible loss that might result from an adverse judgment or settlement of this action, or (ii) the potential recovery that might result from a favorable judgment or a settlement of this action.

Other Matters. During the second quarter of 2016, warrants representing 128,500 shares were exercised. The 128,500 shares of common stock had previously been registered for re-sale. However, we believe that these 128,500 warrant shares were sold by the holders in open market transactions in May 2016 at a time when the registration statement was ineffective. Accordingly, those sales were not made in accordance with Sections 5 and 10(a)(3) of the Securities Act, and the purchasers of those shares may have rescission rights (if they still own the shares) or claims for damages (if they no longer own the shares). The amount of any such liability is uncertain and as such, an accrual for any potential loss has not been made. The Company believes that any claims brought against it would not result in a material impact to the Company's financial position or results of operations. The Company has not accrued a loss for a potential claim associated with this matter as it is unable to estimate any at this time.

The Company may be involved, from time to time, in legal proceedings and claims arising in the ordinary course of its business. Such matters are subject to many uncertainties and outcomes are not predictable with assurance. The Company accrues amounts, to the extent they can be reasonably estimated, that it believes are adequate to address any liabilities related to legal proceedings and other loss contingencies that the Company believes will result in a probable loss. While there can be no assurances as to the ultimate outcome of any legal proceeding or other loss contingency involving the Company, management does not believe any pending matter will be resolved in a manner that would have a material adverse effect on the Company's financial position, results of operations or cash flows.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Facilities Leases

Tampa Lease

In December 2014, the Company commenced a five-year non-cancellable operating lease with the University of South Florida Research Foundation for a 5,115 square foot facility located in Tampa, Florida. The facility is part of the University of South Florida research park and is used as the Company's research and development facilities. The Company has the option to extend the lease term of this facility for an additional five-year period on the same terms and conditions, except that the base rent for the renewal term will be increased in accordance with the applicable consumer price index.

In April 2015, the Company amended the original lease agreement to increase the rentable space to 6,043 square feet. In September 2016, the Company further increased the rentable space to 8,673 square feet. The per square foot cost and term of the lease were unchanged.

San Carlos Lease

On August 4, 2016, the Company entered into an agreement to lease 8,733 square feet in San Carlos, California. The term of the lease is 54 months subsequent to the commencement date, and total expected rental payments under the lease are expected to be \$2.1 million.

On April 28, 2017, the Company entered into a sublease agreement with Teradata US, Inc., pursuant to which the Company agreed to sublease certain office space located adjacent to the Company's headquarters in San Carlos, California. The space consists of approximately 11,449 rentable square feet in the building located in San Carlos, California and will expire on October 31, 2018.

New York Lease

The Company leases office space in New York for a monthly rental of approximately \$18,000 a month through July 2017. On June 5, 2017, the Company entered into an agreement whereby the Company will lease office space from August 1, 2017 to July 31, 2018 for approximately \$9,000 a month.

The Company recognizes rental expense on the facilities on a straight-line basis over the lease term. Differences between the straight-line rent expense and rent payments are classified as deferred rent liability on the balance sheet. As of September 30, 2017, the Company's future minimum lease payments under non-cancelable operating leases are as follows (in thousands):

Year	Operating Lease Commitments
2017 (remaining three months)	\$ 276
2018	1,023
2019	700
2020	495
2021	169
	<u>\$ 2,663</u>

Rent expense was \$0.3 million and \$0.2 million for the three months ended September 30, 2017 and 2016, respectively and was \$0.7 million and \$0.4 million for the nine months ended September 30, 2017 and 2016, respectively.

NOTE 10. RELATED PARTY TRANSACTIONS

Sanford J. Hillsberg, one of the Company's directors, is an attorney at TroyGould PC. TroyGould PC rendered and continues to render legal services to the Company. The Company paid TroyGould PC \$0.1 million and \$0.4 million for the three months ended September 30, 2017 and 2016, respectively and \$0.5 million and \$0.7 million for the nine months ended September 30, 2017 and 2016, respectively. Mr. Hillsberg did not directly provide any legal services to the Company during the periods noted. As of September 30, 2017, the Company had \$0.1 million in liabilities owing to TroyGould PC related to legal services.

On September 14, 2017, we entered into a three-year consulting agreement with Iain Dukes, D. Phil, the Chairman of our Board of Directors. As compensation for his consulting services, we granted Dr. Dukes a stock option to purchase up to 150,000 shares of our common stock, at an exercise price of \$7.30 per share. Under the Consulting Agreement, Dr. Dukes agreed to provide the Company with services regarding business development opportunities, licensing transactions and technology acquisitions by the Company, and any such strategic initiatives appropriate for the Company that Dr. Dukes may identify. The granted stock options vest in 12 quarterly installments (with 1/12th of the option shares having vested on the date of grant). The vesting of the granted stock options will accelerate, and the entire award will become fully vested upon the closing of a significant licensing transaction, a material product acquisition, a material strategic transaction, or upon a Change of Control transaction. The Company recognized \$0.1 million for the three months ended September 30, 2017, and \$0.1 million for the nine months ended September 30, 2017.

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

In this section, "we," "our," "ours" and "us" refer to Iovance Biotherapeutics, Inc.

This management's discussion and analysis of financial condition as of September 30, 2017 and results of operations for the three and nine months ended September 30, 2017 and 2016, should be read in conjunction with management's discussion and analysis of financial condition and results of operations included in our Annual Report on Form 10-K for the year ended December 31, 2016 which was filed with the SEC on March 8, 2017.

Forward-Looking Statements

The discussion below includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors. We use words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions to identify forward-looking statements. All forward-looking statements included in this Quarterly Report are based on information available to us on the date hereof and, except as required by law, we assume no obligation to update any such forward-looking statements. For a discussion of some of the factors that may cause actual results to differ materially from those suggested by the forward-looking statements, please read carefully the information in the "Risk Factors" section in our Form 10-K for the year ended December 31, 2016. The identification in this Quarterly Report of factors that may affect future performance and the accuracy of forward-looking statements is meant to be illustrative and by no means exhaustive. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

Background on the Company

We are a clinical-stage biopharmaceutical company focused on the development and commercialization of novel cancer immunotherapy products designed to harness the power of a patient's own immune system to eradicate cancer cells. Our lead program is an adoptive cell therapy utilizing tumor-infiltrating lymphocytes (TIL), which are T cells derived from patients' tumors, for the treatment of metastatic melanoma as a lead indication as well as other cancer types.

A patient's immune system, particularly their TIL, can play an important role in identifying and killing cancer cells. TIL consist of a polyclonal population of T cells that can recognize a wide variety of cancer-specific antigens. TIL therapy involves growing a patient's TIL in special culture conditions outside of the patient's body, or ex vivo, and then infusing the T cells back into the patient followed by infusion of up to six doses of interleukin-2 (IL-2). By expanding a patient's TIL ex vivo, away from the immunosuppressive tumor microenvironment, the T cells can rapidly proliferate in the presence of IL-2. As a result, billions of TIL, when infused back into the patient subsequent to administration of non-myeloablative chemotherapy to remove the patient's hostile microenvironment, are expected to be better able to potentially eradicate the tumor.

We have an on-going Phase 2 clinical trial of our lead product candidate, autologous TIL product (LN-144), for the treatment of metastatic melanoma. This three-arm study is enrolling patients with melanoma whose disease has progressed following treatment with at least one systemic therapy which include anti-PD-1 and if BRAF mutated, a BRAF inhibitor. The trial opened for enrollment during the second half of 2015 and is being conducted at eleven U.S. sites. The purpose of the study is to evaluate the efficacy, as defined by overall response rate (ORR), as a primary endpoint, and to evaluate safety and efficacy as secondary endpoints. An interim update from cohort one of this Phase 2 trial was presented at the American Society of Clinical Oncology (ASCO) 2017 conference. In June 2017, we reported data from 16 patients enrolled in the first cohort of this study. The data reported showed clinically-meaningful outcomes of the evaluable patients, with a 29% ORR (per RECIST v1.1) including one complete response continuing beyond 15 months post-administration of a single TIL treatment, and 77% of patients had reduction in target tumor size. The Phase 2 study was conducted in a heavily pre-treated patient group, all of which had received prior anti-PD-1 therapy and 88% of which had received prior anti-CTLA-4 checkpoint inhibitors, with a median of three prior therapies. The most common treatment emergent serious adverse events observed were febrile neutropenia and decreases in neutrophil count and platelet count.

During 2015, we received an orphan drug designation for LN-144 in the United States to treat malignant melanoma stages IIB-IV. This designation provides seven years of market exclusivity in the United States, subject to certain limited exceptions. However, the orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review or approval process.

We are pursuing metastatic melanoma as our first target indication because of the promising initial results in this indication generated by Dr. Steven Rosenberg, M.D., Ph.D., Chief of the Surgery Branch of the National Cancer Institute (NCI) and the commercial opportunity inherent in the significant unmet need of this patient population. Melanoma is a common type of skin cancer, accounting for approximately 87,110 patients diagnosed and 9,730 deaths in 2017 in the United States according to the American Cancer Society's Cancer Estimates for 2017. According to the NCI's Surveillance, Epidemiology and End Results (SEER) program, about 2-5% of patients with melanoma have metastatic disease. Patients with metastatic melanoma following treatment under the current standards of care have a particularly dire prognosis with very few curative treatment options.

In addition to our ongoing trial in metastatic melanoma, we have initiated clinical trials of TIL therapy in recurrent, metastatic, or persistent cervical cancer and in recurrent and/or metastatic squamous cell carcinoma of the head and neck. In the future, we plan to initiate clinical studies in additional indications by the company as well as through collaborations.

Our current product candidate pipeline is summarized in the graphic below:



TIL product is manufactured using Iovance manufacturing methods for the Iovance-sponsored trials (blue box) as well as for one of the MDA Collaboration studies. Results from third-party sponsored studies (shown outside the blue box) may not be representative of Iovance's results.

Recent Events Affecting our Financial Condition and Operations

On April 17, 2017, we entered into a Strategic Alliance Agreement (the “SAA”) with M.D. Anderson Cancer Center (“M.D. Anderson”) under which we and M.D. Anderson agreed to conduct clinical and preclinical research studies. Initially, we plan to conduct multi-arm clinical trials to evaluate tumor-infiltrating lymphocyte, or TIL, technology in several different cancers using two different TIL manufacturing processes. We have agreed in the SAA to provide total funding not to exceed approximately \$14.2 million for the performance of the multi-year studies under the SAA.

On June 1, 2017, we reincorporated from a Nevada corporation to a Delaware corporation.

On June 27, 2017, we changed our name from “Lion Biotechnologies, Inc.” to “Iovance Biotherapeutics, Inc.”

On August 31, 2017, we were granted Fast Track designation by the U.S. Food and Drug Administration (FDA) for LN-144, TIL in advanced melanoma.

On September 7, 2017, we entered into a preclinical research collaboration with The Ohio State University Comprehensive Cancer Center – Arthur G. James Cancer Hospital and Richard J. Solove Research Institute (OSUCCC – James) focused on TIL, marrow-infiltrating lymphocyte (MIL) and peripheral blood-associated lymphocyte technologies. The collaboration will initially focus on hematologic malignancies in areas of poor prognostic cancers with high unmet medical need, which include acute myeloid leukemia (AML) and chronic lymphocytic leukemia (CLL).

In September 2017, we completed an underwritten public offering, in which we sold 8,846,154 shares of common stock at a public offering price of \$6.50 per share. We received gross proceeds of approximately \$57.5 million and net proceeds of approximately \$54 million, net of underwriting discounts and offering expenses.

The Company has previously disclosed its clinical trials agreement to conduct clinical trials in glioblastoma and pancreatic cancer at Karolinska University Hospital. As a result of personnel changes at the Karolinska University Hospital, the Company expects that the start of those clinical trials will be delayed to dates that have not yet been determined.

Results of Operations

Revenues

As a development stage company that is currently engaged in the development of novel cancer immunotherapy products, we have not yet generated any revenues from our biotechnology business or otherwise since our formation. We currently do not anticipate that we will generate any revenues during 2017 from the sale or licensing of our products. Our ability to generate revenues in the future will depend on our ability to complete the development of our product candidates and to obtain regulatory approval for them.

Research and Development (in thousands)

	Three months ended September 30,		Increase (Decrease)		Nine months ended September 30,		Increase (Decrease)	
	2017	2016	\$	%	2017	2016	\$	%
Research and development	\$ 17,753	\$ 8,481	9,272	109%	\$ 54,029	\$ 17,200	36,829	214%
Stock-based compensation expense included in research and development expense	1,053	640	413	65%	4,336	1,818	2,518	139%

Research and development expense for the three months ended September 30, 2017 increased by \$9.3 million, or 109%, compared to the three months ended September 30, 2016. The increase was primarily attributable to a \$6.7 million increase in drug manufacturing costs related to the addition of capacity, an increase of \$1.7 million related to consultants and outside services contracted with to perform research and development activities on our behalf, \$0.9 million increase in payroll and related expenses primarily due to an increase in headcount, and \$0.4 million increase in stock-based compensation expense, offset by a \$0.2 million decrease in costs related to our clinical trials.

Research and development expense for the nine months ended September 30, 2017 increased by \$36.8 million, or 214%, compared to the nine months ended September 30, 2016. The increase was primarily attributable to a \$18.3 million increase in drug manufacturing costs, an increase of \$6.5 million related to consultants and outside services contracted with to perform research and development activities on our behalf, a \$5.9 million increase in payroll and related expenses primarily due to an increase in headcount, a \$3.9 million increase in costs related to our clinical trials, and a \$2.5 million increase in stock-based compensation expense.

Research and development activities are central to our business model. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect our research and development expenses to increase over the next several years as we continue to conduct our clinical trial for our products and as we increase our research and development efforts in other cancer indications. However, it is difficult to determine with certainty the duration and completion costs of our current or future preclinical programs and clinical trials of our product candidates.

The duration, costs and timing of our clinical trials and development of our product candidates will depend on a number of factors that include, but are not limited to, the number of patients that enroll in the trial, per patient trial costs, number of sites included in the trial, discontinuation rates of patients, duration of patient follow-up, efficacy and safety profile of the product candidate, the cost to manufacture product and other drugs used in the clinical trial and the length of time required to enroll eligible patients. Additionally, the probability of success for our product candidate will depend on a number of factors, including competition, manufacturing capability and cost efficiency, and commercial viability.

General and Administrative (in thousands)

	Three months ended September 30,		Increase (Decrease)		Nine months ended September 30,		Increase (Decrease)	
	2017	2016	\$	%	2017	2016	\$	%
General and administrative	\$ 4,590	\$ 10,498	(5,908)	-56%	\$ 12,777	\$ 20,517	(7,740)	-38%
Stock-based compensation expense included in general and administrative	1,566	8,005	(6,439)	-80%	4,872	13,963	(9,091)	-65%

General and administrative expense for the three months ended September 30, 2017 decreased by \$5.9 million, or 56%, compared to the three months ended September 30, 2016, inclusive of stock-based compensation. The change was primarily attributable to a \$6.4 million decrease in stock-based compensation expense, driven by expense incurred in connection with the separation of the previous CFO from the Company in August 2016, and a \$0.2 million decrease in payroll, offset by a \$0.7 million increase in consulting and legal related expenses.

General and administrative expense for the nine months ended September 30, 2017 decreased by \$7.7 million, or 38%, compared to the nine months ended September 30, 2016, inclusive of stock-based compensation. The change was primarily attributable to a \$0.5 million decrease in payroll and a \$9.1 million decrease in stock-based compensation expense, driven by expense incurred in connection with the separation of the previous CEO and CFO from the Company in June and August of 2016, , offset by a \$1.8 million increase in consulting and legal related expenses.

General and administrative expenses include personnel costs for our employees engaged in general and administrative activities, legal fees, audit and tax fees, consultants and professional services, and general corporate expenses.

Interest Income (in thousands)

	Three months ended September 30,		Increase (Decrease)		Nine months ended September 30,		Increase (Decrease)	
	2017	2016	\$	%	2017	2016	\$	%
Interest Income	\$ 194	\$ 221	(27)	-12%	\$ 596	\$ 511	85	17%

Interest income results from our interest-bearing cash and investment balances. Interest income for the three months ended September 30, 2017 decreased due to lower cash balances held compared to the same period in 2016. Interest income for the nine-months ended September 30, 2017 increased compared to the nine months ended September 30, 2016 due to funds received from a \$100 million financing transaction that closed in early June 2016.

Net Loss

We had a net loss of \$22.2 million and \$66.2 million for the three and nine months ended September 30, 2017, respectively. The increase in our net losses in 2017 are due to the continued expansion of our research and development activities, increased clinical trials and manufacturing activities, and the overall growth of our corporate infrastructure. We anticipate that we will continue to incur net losses in the future as we further invest in our research and development activities, including our clinical development.

Liquidity and Capital Resources

Corporate Capitalization. As of September 30, 2017, we had outstanding 71,954,843 shares of our \$0.000041666 par value common stock, 1,694 shares of our \$0.001 par value Series A Convertible Preferred Stock, and 7,946,673 shares of our \$0.001 par value Series B Convertible Preferred Stock. The outstanding shares of Series A Convertible Preferred Stock are currently convertible into 847,000 shares of our common stock, and the outstanding shares of Series B Convertible Preferred Stock are currently convertible into 7,946,673 shares of our common stock. The shares of Series A Convertible Preferred Stock and Series B Convertible Preferred Stock do not have voting rights or accrue dividends.

Our major sources of funding have been proceeds from various public and private offerings of our equity securities (both common stock and preferred stock), from option and warrant exercises, and from interest income.

On December 23, 2016, we filed a shelf registration statement with the Securities and Exchange Commission, or SEC, for the issuance of common stock, preferred stock, warrants, rights, debt securities and units up to an aggregate amount of \$100 million, which we refer to as the 2016 Shelf Registration Statement. On January 11, 2017, the 2016 Shelf Registration Statement was declared effective by the SEC. We completed an offering of common stock in September 2017 utilizing the 2016 Shelf Registration Statement (see below). In the future, we may also periodically offer one or more of these securities in amounts, prices and terms to be announced when and if the securities are offered. At the time, any of the securities covered by the 2016 Shelf Registration Statement are offered for sale, a prospectus supplement will be prepared and filed with the SEC containing specific information about the terms of any such offering.

In September 2017, we sold 8,846,154 shares of its common stock in an underwritten public offering at a public offering price of \$6.50 per share. We received gross proceeds of approximately \$57.5 million and net proceeds of approximately \$53.8 million, after deducting underwriting discounts and offering expenses.

We are currently engaged in the development of therapeutics to fight cancer. We do not have any commercial products and have not yet generated any revenues from our biopharmaceutical business. We currently do not anticipate that we will generate any revenues during 2017 from the sale or licensing of any products. We have incurred a net loss of \$66.2 million for the nine months ended September 30, 2017 and used \$57.7 million of cash in our operating activities during the nine months ended September 30, 2017. As of September 30, 2017, we had \$163.4 million of cash and cash equivalents and short-term investments, stockholders' equity of \$165.4 million and had working capital of \$162.8 million.

We expect to further increase our research and development activities, which will increase the amount of cash we will use during the remainder of 2017 and beyond. Specifically, we expect increased spending on clinical trials, research and development activities, higher payroll expenses as we increase our professional and scientific staff and continued and expansion of manufacturing activities. However, based on the funds we have available; we believe that we have sufficient capital to fund our anticipated operating expenses for at least 12 months from the date of filing this quarterly report.

Off-Balance Sheet Arrangements

At September 30, 2017, we had no obligations that would require disclosure as off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our condensed financial statements and accompanying notes, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. When making these estimates and assumptions, we consider our historical experience, our knowledge of economic and market factors and various other factors that we believe to be reasonable under the circumstances. Actual results may differ under different estimates and assumptions.

The accounting estimates and assumptions discussed in this section are those that we consider to be the most critical to an understanding of our financial statements because they inherently involve significant judgments and uncertainties. There were no significant changes to our critical accounting policies from those disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Inflation

Inflation and changing prices have had no effect on our continuing operations over our two most recent fiscal years.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk is limited primarily to interest income sensitivity, which is affected by changes in the general level of U.S. interest rates, particularly because a significant portion of our investments are in short-term debt securities issued by the U.S. government, corporations and institutional money market funds. The primary objective of our investment activities is to preserve principal. Due to the nature of our marketable securities, we believe that we are not exposed to any material market risk. We do not have any derivative financial instruments or foreign currency instruments. If interest rates had varied by 10% in the three and nine months ended September 30, 2017, it would not have had a material effect on our results of operations or cash flows for that period.

Item 4. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Exchange Act as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report.

Changes in Internal Controls Over Financial Reporting

There have not been any changes in the Company's 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, 2017 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Class Action Lawsuits . On April 10, 2017, the SEC announced settlements with us and with other public companies and unrelated parties in the *In the Matter of Certain Stock Promotion* investigation. Our settlement with the SEC is consistent with our previous disclosures (including in our Form 10-K that we filed with the SEC on March 9, 2017). On April 14 2017, a purported shareholder filed a class action complaint in the United States District Court, Northern District of California for violations of the federal securities laws (*Leonard DeSilvio v. Lion Biotechnologies, Inc., et al., case no: 3:17cv2086*) against our company and three of our former officers and directors. On April 19, 2017, a second class action complaint (*Amra Kuc vs. Lion Biotechnologies, Inc., et al., case no: 3:17cv2086*) was filed in the same court. Both complaints allege, among other things, that the defendants violated the federal securities laws by making materially false and misleading statements, or by failing to make certain disclosures, regarding the actions taken by Manish Singh, our former CEO, and our former investor relations firm that were the subject of the *In the Matter of Certain Stock Promotions* SEC investigation. On July 20, 2017 the plaintiff in the *Kuc* case filed a notice to voluntarily dismiss that case. The Court entered an order dismissing the *Kuc* complaint on July 21, 2017. On July 26, 2017, the court appointed a movant as lead plaintiff. On September 8, 2017, the lead plaintiff filed an amended complaint that alleges, among other things, that the defendants violated the federal securities laws by making materially false and misleading statements, or by failing to make certain disclosures, regarding the actions taken by Manish Singh and our former investor relations firm that were the subject of the *In the Matter of Certain Stock Promotions* SEC investigation. On October 6, 2017, the court entered an order setting a schedule for the case, which includes a briefing schedule for motions to dismiss and a hearing date of December 22, 2017.

We intend to vigorously defend against the foregoing complaints. Based on the very early stage of the litigation, it is not possible to estimate the amount or range of possible loss that might result from an adverse judgment or a settlement of these matters.

Solomon Capital, LLC. On April 8, 2016, a lawsuit titled *Solomon Capital, LLC, Solomon Capital 401(K) Trust, Solomon Sharbat and Shelhav Raff v. Lion Biotechnologies, Inc.* was filed by Solomon Capital, LLC, Solomon Capital 401(k) Trust, Solomon Sharbat and Shelhav Raff against the Company in the Supreme Court of the State of New York, County of New York (index no. 651881/2016). The plaintiffs allege that, between June and November 2012 they provided to the Company \$0.1 million and that they advanced and paid on our behalf an additional \$0.2 million. The complaint further alleges that the Company agreed to (i) provide them with promissory notes totaling \$0.2 million, plus interest, (ii) issue a total of 111,425 shares to the plaintiffs (before the 1-for-100 reverse split of our common stock effected in September 2013), and (iii) allow the plaintiffs to convert the foregoing funds into our securities in the next transaction. The plaintiffs allege that they should have been able to convert their advances and payments into shares of the Company's common stock in the restructuring that was effected in May 2013. Based on the foregoing, the plaintiffs allege causes for breach of contract and unjust enrichment and demand judgment against the Company in an unspecified amount exceeding \$1.5 million, plus interest and attorneys' fees.

On June 3, 2016, the Company filed an answer and counterclaims in the lawsuit. In its counterclaims, the Company alleges that the plaintiffs misrepresented their qualifications to assist it in fundraising and that they failed to disclose that they were under investigation for securities laws violations. The Company is seeking damages in an amount exceeding \$0.5 million and an order rescinding any and all agreements that the plaintiffs contend entitled them to obtain stock in the Company.

On April 19, 2017, the Court granted plaintiffs' counsel's motion to withdraw from the case. On May 25, 2017, plaintiffs filed a notice that they had hired new counsel. On June 7, 2017, the judge presiding over the case recused herself because of a conflict of interest arising from her relationship with plaintiffs' new attorneys. The case has been assigned to a new judge, but the court has not yet scheduled a status conference or otherwise set a schedule for the case.

The Company intends to vigorously defend the complaint and pursue its counterclaims.

Litigation Involving Dr. Steven Fischkoff. On June 13, 2017, in an action titled *Steven Fischkoff v. Lion Biotechnologies, Inc. and Maria Fardis*, Dr. Steven Fischkoff, our former Vice President and Chief Medical Officer, filed a lawsuit against the Company in the Supreme Court of the State of New York County of New York. Dr. Fischkoff was dismissed by the Company on March 28, 2017. Dr. Fischkoff was terminated "for cause" as that term is defined in his employment agreement. In his complaint, Dr. Fischkoff alleges breaches of his employment agreement and violation of New York Labor Law for failure to pay monies purportedly owed to him, and seeks to recover amounts including severance pay and retention bonus (totaling \$300,000), a prorated incentive bonus, and amounts relating to unvested options to 150,000 shares of our common stock, together with prejudgment interest, costs, expenses and attorneys' fees. On July 5, 2017, the Company filed a removal petition and removed the lawsuit to the United States District Court for the Southern District of New York, where the case has been assigned case no. 17-cv-05041. On July 14, 2017, the Company filed a partial answer and counterclaims against Dr. Fischkoff, denying his allegations, and alleging breach of contract and related claims, breach of fiduciary duty, and state and federal trade secret misappropriation and related claims, and sought a temporary restraining order and preliminary injunction against Dr. Fischkoff. On July 18, 2017, the court issued a temporary restraining order against Dr. Fischkoff requiring him to return Company materials, prohibiting him from disclosing or using Company materials, and granting expedited discovery, which is currently proceeding.

We intend to vigorously defend against Dr. Fischkoff's lawsuit and pursue the Company's counterclaims. Based on the very early stage of the litigation, it is not possible to estimate the amount or range of (i) a possible loss that might result from an adverse judgment or settlement of this action, or (ii) the potential recovery that might result from a favorable judgment or a settlement of this action.

Other Matters. During the second quarter of 2016, warrants representing 128,500 shares were exercised. The 128,500 shares of common stock had previously been registered for re-sale. However, we believe that these 128,500 warrant shares were sold by the holders in open market transactions in May 2016 at a time when the registration statement was ineffective. Accordingly, those sales were not made in accordance with Sections 5 and 10(a)(3) of the Securities Act, and the purchasers of those shares may have rescission rights (if they still own the shares) or claims for damages (if they no longer own the shares). The amount of any such liability is uncertain and as such, an accrual for any potential loss has not been made. The Company believes that any claims brought against it would not result in a material impact to the Company's financial position or results of operations. The Company has not accrued a loss for a potential claim associated with this matter as it is unable to estimate any at this time.

The Company may be involved, from time to time, in legal proceedings and claims arising in the ordinary course of its business. Such matters are subject to many uncertainties and outcomes are not predictable with assurance. The Company accrues amounts, to the extent they can be reasonably estimated, that it believes are adequate to address any liabilities related to legal proceedings and other loss contingencies that the Company believes will result in a probable loss. While there can be no assurances as to the ultimate outcome of any legal proceeding or other loss contingency involving the Company, management does not believe any pending matter will be resolved in a manner that would have a material adverse effect on the Company's financial position, results of operations or cash flows.

Item 1A. Risk Factors

Information regarding risk factors appears under “Risk Factors” included in Item 1A, Part I, and under Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations, of our Annual Report on Form 10-K for the year ended December 31, 2016. Except as follows, there have been no material changes from the risk factors previously disclosed in the above-mentioned periodic report.

We will need to obtain additional financing to fund our operations and, if we are unable to obtain such financing, we may be unable to complete the development and commercialization of our product candidates.

Our operations have consumed substantial amounts of cash since inception. From our inception to September 30, 2017, we have cumulative net cash flows used by operating activities of \$130.2 million. We will need to obtain additional financing to fund our future operations, including completing the development and commercialization of our product candidates. We will need to obtain additional financing to conduct additional trials for the approval of our product candidates if requested by regulatory authorities, and to complete the development of any additional product candidates we might acquire. Moreover, our fixed expenses such as rent, minimum payments to our contract manufacturers, and other contractual commitments, including those for our research collaborations, are substantial and are expected to increase in the future.

Our future funding requirements will depend on many factors, including, but not limited to:

- Progress, timing, scope and costs of our clinical trials, including the ability to timely initiate clinical sites, enroll subjects and manufacture TIL for treatment for patients in our ongoing, planned and potential future clinical trials;
- Time and cost necessary to obtain regulatory approvals that may be required by regulatory authorities to execute clinical trials or commercialize our product;
- Our ability to successfully commercialize our product candidates, if approved;
- Our ability to have clinical and commercial product successfully manufactured consistent with FDA and EMA regulations;
- Amount of sales and other revenues from product candidates that we may commercialize, if any, including the selling prices for such potential products and the availability of adequate third-party coverage and reimbursement for patients;
- Sales and marketing costs associated with commercializing our products, if approved, including the cost and timing of building our marketing and sales capabilities;
- Terms and timing of our current and any potential future collaborations, licensing or other arrangements that we have established or may establish;
- Cash requirements of any future acquisitions or the development of other product candidates;
- Costs of operating as a public company;
- Time and cost necessary to respond to technological, regulatory, political and market developments;
- Costs of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights; and
- Costs associated with any potential business or product acquisitions, strategic collaborations, licensing agreements or other arrangements that we may establish.

Until we can generate a sufficient amount of revenue, we may finance future cash needs through public or private equity offerings, license agreements, debt financings, collaborations, strategic alliances and marketing or distribution arrangements. Additional funds may not be available when we need them on terms that are acceptable to us, or at all. If adequate funds are not available, we may be required to delay or reduce the scope of or eliminate one or more of our research or development programs or our commercialization efforts. We may seek to access the public or private capital markets whenever conditions are favorable, even if we do not have an immediate need for additional capital at that time. In addition, if we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams or product candidates or to grant licenses on terms that may not be favorable to us.

Our management will have broad discretion in the use of the net proceeds from our capital raises, including our recently completed public offering, and may not use them effectively.

Our management will have discretion in the application of the net proceeds from our capital raises, including our recently completed public offering, and our stockholders will not have the opportunity as part of their investment decision to assess whether the net proceeds from those capital raises are being used appropriately. You may not agree with our decisions, and our use of the proceeds from our capital raises may not yield any return to stockholders. Because of the number and variability of factors that will determine our use of the net proceeds from our capital raises, including our recently completed public offering, their ultimate use may vary substantially from their currently intended use. Our failure to apply the net proceeds of our capital raises, including our recently completed public offering, effectively could compromise our ability to pursue our growth strategy and we might not be able to yield a significant return, if any, on our investment of those net proceeds. Stockholders will not have the opportunity to influence our decisions on how to use our net proceeds from capital raises, including our recently completed public offering. Pending their use, we may invest the net proceeds from our capital raises, including our recently completed public offering, in short-term, investment-grade, interest-bearing instruments and U.S. government securities. These temporary investments are not likely to yield a significant return.

The use of our net operating loss carryforwards and research tax credits may be limited.

Our net operating loss carryforwards and any future research and development tax credits may expire and not be used. As of December 31, 2016, we had U.S. net operating loss carryforwards of approximately \$62.0 million. Our net operating loss carryforwards will begin expiring in 2027 if we have not used them prior to that time. Additionally, our ability to use any net operating loss and credit carryforwards to offset taxable income or tax, respectively, in the future will be limited under Internal Revenue Code Sections 382 and 383, respectively, if we have a cumulative change in ownership of more than 50% within a three-year period. The May 2013 recapitalization and 2014 private placement, together with our recently completed public offering, private placements and other transactions that have occurred, may trigger, or may have already triggered, such an ownership change. In addition, since we will need to raise substantial additional funding to finance our operations, we may undergo further ownership changes in the future. We have never completed an analysis as to whether such a change of ownership has occurred, but in such an event, we will be limited regarding the amount of net operating loss carryforwards and research tax credits that could be utilized annually in the future to offset taxable income or tax, respectively. Any such annual limitation may significantly reduce the utilization of the net operating loss carryforwards and research tax credits before they expire. In addition, certain states have suspended use of net operating loss carryforwards for certain taxable years, and other states are considering similar measures. As a result, we may incur higher state income tax expense in the future. Depending on our future tax position, continued suspension of our ability to use net operating loss carryforwards in states in which we are subject to income tax could have an adverse impact on our results of operations and financial condition.

The SEC has issued an administrative order against us that may make it more difficult for us to raise capital in the future.

On April 10, 2017, the SEC issued an administrative order that requires us to cease and desist from committing or causing any violations and any future violations of Sections 5(b), 17(a), and 17(b) of the Securities Act of 1933, and of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The order was entered into as part of our settlement with the SEC in the investigation titled *In the Matter of Certain Stock Promotion*. The SEC's investigation, in part, involved the conduct of our former Chief Executive Officer, Manish Singh, during the period between September 2013 and April 2014, and the failure by authors of certain articles about this company to disclose that they were compensated by one of our former investor relations firms. The foregoing order may negatively impact our reputation with current and future investors, will disqualify us from effecting private placement transactions in reliance upon any of the exemptions from Securities Act registration afforded by Regulation D, and will limit our ability to make certain communications in future public offerings. As a result, the SEC's order will make it more difficult for us to raise capital in future private and public offerings. We currently anticipate that we will have to raise additional capital in the future to fund our future research, development and commercialization efforts.

We are, and in the future may be, subject to Federal securities legal actions that could adversely affect our results of operations and our business.

Shortly after the SEC announced settlements with us, with other public companies, and with unrelated parties in the *In the Matter of Certain Stock Promotion* investigation, two securities class action complaints were filed in the U.S. District Court for the Northern District of California against our company, Manish Singh, and two of our other former officers. On July 20, 2017, the plaintiff in one of the cases filed a notice to voluntarily dismiss that case, and the Court entered an order dismissing the complaint on July 21, 2017. On July 26, 2017, the court appointed a movant as lead plaintiff. On September 8, 2017, the lead plaintiff, individually and on behalf of all others similarly situated, filed an amended class action complaint in the United States District Court, Northern District of California (*Jay Rabkin v. Lion Biotechnologies, Inc., et al., case no. 3:17cv0286-SJ*) against us, two of our former officers, and the managing member of our former investor relations firm. The amended complaint alleges, among other things, that the defendants violated various provisions of the Securities Exchange Act of 1934 by making materially false and misleading statements, or by failing to make certain disclosures, regarding the actions taken by Manish Singh, our former Chief Executive Officer and a former director, and our former investor relations firm that were the subject of the *In the Matter of Certain Stock Promotions* SEC investigation. We intend to vigorously defend against the class action case. However, based on the very early stage of the aforementioned litigation, it is not possible to estimate the amount or range of possible loss that might result from an adverse judgment or a settlement of these matters. Furthermore, litigation is inherently uncertain, and there is no assurance as to the outcome of this, or other future cases. We could incur substantial unreimbursed legal fees, settlements, judgments and other expenses in connection with these or other legal and regulatory proceedings that may not qualify for coverage under, or may exceed the limits of, our applicable directors and officers liability insurance policies and could have a material adverse effect on our financial condition, liquidity and results of operations. The currently pending case also may distract the time and attention of our officers and directors or divert our other resources away from our ongoing commercial and development programs. An unfavorable outcome in this matter could damage our business and reputation or result in additional claims or proceedings against us.

Provisions in our corporate charter documents and under Delaware law may prevent or frustrate attempts by our stockholders to change our management and hinder efforts to acquire a controlling interest in us, and the market price of our common stock may be lower as a result.

There are provisions in our certificate of incorporation and amended and restated bylaws that may make it difficult for a third party to acquire, or attempt to acquire, control of our company, even if a change in control was considered favorable by you and other stockholders. For example, our board of directors will have the authority to issue up to 50,000,000 shares of preferred stock and to fix the price, rights, preferences, privileges, and restrictions of the preferred stock without any further vote or action by our stockholders. The issuance of shares of preferred stock may delay or prevent a change in control transaction. As a result, the market price of our common stock and the voting and other rights of our stockholders may be adversely affected. An issuance of shares of preferred stock may result in the loss of voting control to other stockholders.

In addition, we are subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law, which regulates corporate acquisitions by prohibiting Delaware corporations from engaging in specified business combinations with particular stockholders of those companies. These provisions could discourage potential acquisition proposals and could delay or prevent a change in control transaction. They could also have the effect of discouraging others from making tender offers for our common stock, including transactions that may be in your best interests. These provisions may also prevent changes in our management or limit the price that investors are willing to pay for our stock.

Our certificate of incorporation designates the state or federal courts located in the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our certificate of incorporation provides that, subject to limited exceptions, the state and federal courts located in the State of Delaware will be the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (3) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or our amended bylaws, or (4) any other action asserting a claim against us that is governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of our certificate of incorporation described above. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage such lawsuits against us and our directors, officers, and employees. Alternatively, if a court were to find these provisions of our certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

Item 2. Unregistered Sales of Securities and Use of Proceeds.

Nothing to report.

Item 3. Defaults Upon Senior Securities.

Nothing to report.

Item 4. Mine Safety Disclosures

Nothing to report.

Item 5. Other Information.

Nothing to report.

Item 6. Exhibits

Exhibit Number	Description of Exhibit
2.1	Plan of Conversion (incorporated herein by reference to Exhibit 2.1 to Registrant's Current Report on Form 8-K filed with the Commission on June 2, 2017.)
3.1	Articles of Conversion (incorporated herein by reference to Exhibit 3.1 to Registrant's Current Report on Form 8-K filed with the Commission on June 2, 2017.)
3.2	Certificate of Conversion (incorporated herein by reference to Exhibit 3.2 of Registrant's Current Report on Form 8-K filed with the Commission on June 2, 2017.)
3.3	Certificate of Incorporation of Registrant (incorporated herein by reference to Exhibit 3.3 of Registrant's Current Report on Form 8-K filed with the Commission on June 2, 2017.)
3.4	Certificate of Designations of Rights, Preferences and Privileges of Series A Convertible Preferred Stock (incorporated herein by reference to Exhibit 3.4 of Registrant's Registration Statement on Form S-3 filed with the Commission on July 31, 2017.)
3.5	Certificate of Designations of Rights, Preferences and Privileges of Series B Preferred Stock (incorporated herein by reference to Exhibit 3.5 of Registrant's Registration Statement on Form S-3 filed with the Commission on July 31, 2017.)
3.6	Certificate of Amendment of Certificate of Incorporation of Registrant (incorporated herein by reference to Exhibit 3.1 of Registrant's Current Report on Form 8-K filed with the Commission on June 27, 2017.)
3.7	Bylaws of Registrant (incorporated herein by reference to the Exhibit 3.4 to Registrant's Current Report on Form 8-K filed with the Commission on June 2, 2017.)
3.8	Amendment to the Bylaws of Registrant (incorporated herein by reference to the Exhibit 3.2 to Registrant's Current Report on Form 8-K filed with the Commission on June 27, 2017.)
10.1	Executive Employment Agreement, effective August 14, 2017, between Timothy E. Morris and Registrant.*+
10.2	Consulting Agreement, dated as of September 8, 2017, between Registrant and Iain Dukes, D. Phil. (incorporated herein by reference from Registrant's Current Report on Form 8-K filed with the Commission on September 15, 2017.)+
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended.
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer).
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith.

+ Management contract or compensatory plan or arrangement.

SIGNATURES

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

Iovance Biotherapeutics, Inc.

November 2, 2017

By: /s/ Maria Fardis
Maria Fardis
Chief Executive Officer (Principal Executive Officer)

November 2, 2017

By: /s/ Timothy E. Morris
Timothy E. Morris
Chief Financial Officer (Principal Financial Officer)

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (the “**Agreement**”) is entered into as of August 4, 2017, by and between Iovance Biotherapeutics, Inc., a Delaware corporation (the “**Company**”), and Timothy Morris (“**Executive**”) (either party individually, a “**Party**”; collectively, the “**Parties**”).

WHEREAS, the Company desires to employ Executive to serve as the Company’s Chief Financial Officer;

WHEREAS, the Parties desire to enter into this Agreement to set forth the terms and conditions of Executive’s employment by the Company and to address certain matters related to Executive’s employment with the Company;

WHEREAS, both the Company and the Executive have read and understood the terms and provisions set forth in this Agreement, and Executive acknowledges Executive has been afforded a reasonable opportunity to review this Agreement with Executive’s legal counsel to the extent desired;

NOW, THEREFORE, in consideration of the foregoing, the promises and obligations set forth below and for other good and valuable consideration, the receipt of which is hereby acknowledged by the Parties, the Company and Executive agree and intend to be legally bound, as follows:

1. Effective Date. Effective August 14, 2017 (the “Effective Date”), the Company hereby employs Executive, and Executive hereby accepts such employment, upon the terms and conditions set forth herein.

2. Position and Duties.

2.1 Position. The Company agrees to employ Executive in the position of Chief Financial Officer reporting to the Chief Executive Officer. The Executive shall have the duties and responsibilities consistent with the office of a Chief Financial Officer of a publicly traded corporation, and such other duties and responsibilities as determined from time to time by the Company, including but not limited to the Chief Executive Officer. Executive shall perform faithfully and diligently such duties as are reasonable and customary for Executive’s position, as well as such other duties as the Company and/or Chief Executive Officer shall reasonably assign from time to time. Executive shall perform his duties in the Company’s offices in San Carlos, California subject to customary travel as reasonably required.

2.2 Best Efforts/Full-Time.

2.2(a) Executive understands and agrees that Executive will faithfully devote Executive’s best efforts and substantially all of his time during normal business hours to the faithful and loyal performance of his job duties to the Company (except for permitted vacation periods and reasonable periods of illness or other incapacity). Executive will abide by all policies duly adopted by the Company, as well as all applicable federal, state and local laws, regulations or ordinances. Executive will act in a manner that Executive reasonably believes to be in the best interest of the Company at all times. Executive further understands and agrees that Executive has a fiduciary duty of loyalty to the Company to the extent provided by applicable law and that Executive will take no action which materially harms the business, business interests, or reputation of the Company.

2.2(b) Executive agrees that Executive shall not, directly or indirectly, (i) engage or participate in any outside activity that would, or may be perceived to, conflict with the best interests of the Company or Executive's duties to the Company, or (ii) provide services to or invest in any corporation or entity that competes or intends to compete with the business of the Company.

2.2(c) Notwithstanding the foregoing, nothing herein shall prohibit Executive from (i) serving, with the prior written consent of the Company, as a member of the board of directors of an entity engaged solely in charitable activities or community affairs, provided that, such activity shall be limited by Executive so as not to interfere with the performance of Executive's duties and responsibilities hereunder; (ii) owning, as a passive investment, less than 1% of capital stock of any corporation listed on the national securities exchange or a publicly traded over-the-counter market; or (iii) engaging in any other manner of employment, consulting or other business activity with the written consent of the Company, the Chief Executive Officer, or as approved by the Company's Board of Directors or a committee thereof (collectively, the "**Board**"). The parties agree that during the term of this Agreement, Executive may serve as a board member of two organizations other than the Company, provided that such service does not require him to perform more than 16 hours of work per month including travel or preparation for such board meetings. The Executive's service on such other board is subject to the Executive disclosing the name of the organization for which he serves as a board member to the Company. Such service is subject to the approval of the Company's Chief Executive Officer, and/or the Board. To the extent Executive wishes to serve on an organization's board where he currently does not serve, he must obtain agreement from the Company's Chief Executive Office and/or the Board.

3. At-Will Employment. Executive's employment with the Company will be "at-will" and will not be for any specific period of time. As a result, Executive is free to resign at any time, for any or no reason, as Executive deems appropriate. The Company will have a similar right and may terminate Executive's employment at any time, with or without cause. Executive's and the Company's respective rights and obligations at the time of termination are outlined below in Section 6 of this Agreement.

4. Compensation.

4.1 Base Salary. As compensation for the performance of all duties to be performed by Executive hereunder, the Company shall pay to Executive a base salary of \$450,000 per year, less applicable deductions for state and federal withholding tax, social security and all other employment taxes and authorized payroll deductions, payable on a prorated basis as it is earned, in accordance with the normal payroll practices of the Company (the "**Base Salary**").

4.2 Stock Options. As of the Effective Date, Executive shall receive stock options to purchase an aggregate of 250,000 shares of the Company's common stock. To the extent legally permitted, the stock options shall be incentive stock options. The stock options will have an exercise price equal to the closing trading price of the common stock on the Effective Date. Provided that Executive is still employed with the Company on the following dates, the foregoing stock options will vest in installments as follows: (i) Options for the purchase of one-third of the 250,000 shares shall vest on one year anniversary of the Effective Date; and (ii) the remaining stock options shall vest as to one-twelfth of 250,000 shares at the end of each quarter over the next two years, commencing with the first quarter following the first anniversary of the Effective Date. Upon the termination of Executive's employment with the Company, except as provided herein, the unvested options will be forfeited and returned to the Company.

4 . 3 Incentive Compensation. Executive will be eligible to participate in the Company's annual incentive compensation program ("**Incentive Plan**") applicable to executive employees, as approved by the Board (the year in which the program is implemented, the "**Plan Year**"). The Incentive Compensation shall be paid in accordance with the terms and conditions outlined in the Incentive Plan and based upon the achievement of certain goals, objectives, and other metrics as decided by the Board. The maximum potential amount payable to Executive under the Incentive Plan, if earned, shall be 40% of Executive's Base Salary earned during the applicable calendar year. Compensation under the Incentive Plan ("**Incentive Compensation**") will be conditioned on the satisfaction of individual and Company objectives, as established in writing by the Company. No Incentive Compensation will be payable to Executive to the extent Executive is not employed on the Incentive Compensation payment date. The payment of any Incentive Compensation pursuant to this Section 4.3 is in the sole discretion of the Board, in accordance with the Incentive Plan, and shall be made in accordance with the normal payroll practices of the Company, less required deductions for state and federal withholding tax, social security and all other employment taxes and authorized payroll deductions.

4 . 4 Performance Review. The Company will periodically review Executive's performance on no less than an annual basis and may increase (but not decrease) Executive's salary or other compensation, as it deems appropriate in its sole and absolute discretion and with any necessary Board approval requirements.

4.5 Customary Fringe Benefits. Executive understands and agrees that certain employee benefits may be provided to the Executive by the Company incident to the Executive's employment. Executive will be eligible for all customary and usual fringe benefits generally available to executive employees and all other employees of the Company subject to the terms and conditions of the Company's benefit plan documents. Executive understands and agrees that any employee benefits provided to the Executive by the Company incident to the Executive's employment (other than Base Salary, Incentive Compensation and any applicable Severance Payment) are provided solely at the discretion of the Company and may be modified, suspended or revoked at any time, without notice or the consent of the Executive, unless otherwise provided by law. Moreover, to the extent that these benefits are provided pursuant to policies or plan documents adopted by the Company, Executive acknowledges and agrees that these benefits shall be governed by the applicable employment policies or plan documents. The benefits to be provided to Executive shall include group health insurances and participation in a 401(k) plan. Executive will be eligible to receive paid time off benefits in the form of vacation, sick and holidays. The amount, eligibility and extent of these benefits shall be governed by the Company's applicable policy in effect and as amended from time to time and in compliance with applicable law.

4.6 Business Expenses. Executive will be reimbursed for all reasonable and necessary out- of-pocket business expenses incurred in the performance of Executive's duties on behalf of the Company, including travel-related expenses. To obtain reimbursement, Executive shall provide the Company with reasonable documentation and receipts establishing the amount and nature of such expenses. Executive shall comply with such reasonable budget limitations and pre-approval, approval, and reporting requirements with respect to expenses as the Company may establish from time to time.

5 . Confidentiality and Proprietary Agreement. Executive agrees to abide by the Company's Employee Proprietary Information and Inventions Agreement (the "**Non-Disclosure Agreement**"), which Executive has signed and is incorporated herein by reference.

6. Termination of Executive's Employment.

6 . 1 Termination for Cause by the Company. The Company may terminate Executive's employment immediately at any time and without notice for "Cause." For purposes of this Agreement, "Cause" shall mean (i) a material breach by Executive of this Agreement or the Non-Disclosure Agreement; (ii) the death of Executive or his disability resulting in his inability to perform his reasonable duties assigned hereunder for a period of 180 days; (iii) Executive's theft, dishonesty, or falsification of any Company documents or records; (iv) Executive's improper use or disclosure of the Company's confidential or proprietary information; (v) Executive's conviction (including any plea of guilty or nolo contendere) of any criminal act which impairs Executive's ability to perform his duties hereunder or which in the Board's judgment may materially damage the business or reputation of the Company; (vi) failure or refusal to comply with reasonable and lawful Company policies and procedures; or (vii) Executive's failure and/or inability to comply with or meet the requirements of any performance improvement plan reasonably provided to Executive by the Chief Executive Officer and/or the Board; provided, however, that prior to termination for cause arising under clause (i), Executive shall have a period of ten days after written notice from the Company to cure the event or grounds constituting such cause. Any notice of termination provided by Company to Executive under this Section 6.1 shall identify the events or conduct constituting the grounds for termination with sufficient specificity so as to enable Executive to take steps to cure, if curable, the same if such default is a material breach by Executive of this Agreement or the Non-Disclosure Agreement. In the event Executive's employment is terminated in accordance with this subsection 6.1, Executive shall be entitled to receive only the Base Salary, prorated to the date of termination. All other obligations of the Company to Executive pursuant to this Agreement will be automatically terminated and completely extinguished.

6.2 Termination Without Cause by The Company/Separation Package. The Company may terminate Executive's employment under this Agreement without Cause (as defined in Section 6.1 above) at any time on thirty (30) days' advance written notice to Executive. In the event of such termination, Executive will receive Executive's Base Salary through the date of termination. Upon such termination of employment without Cause, Executive will be eligible to receive a "**Severance Payment**" equivalent to six months of Executive's then Base Salary, payable in full within thirty (30) days after termination, provided that Executive first satisfies the Severance Conditions. For purposes of this Agreement, the "**Severance Conditions**" are defined as (1) Executive's execution and non- revocation of a full general release, and such release has become effective in accordance with its terms prior to the 30th day following the termination date; and (2) Executive's reaffirmation of Executive's commitment to comply, and actual compliance, with all surviving provisions of this Agreement, as well as any other agreements concerning his employment with and separation from employment, including without limitation, and confidentiality and proprietary information agreements. Following payment of the Severance Payment, Base Salary, and any benefits required to be paid in accordance with applicable benefit plans through the date of termination, all other obligations of the Company to Executive pursuant to this Agreement will be automatically terminated and completely extinguished.

6 . 3 Termination Upon a Change of Control. For purposes of this Agreement, “**Change of Control**” shall mean: (1) a merger or consolidation or the sale or exchange by the stockholders of the Company of capital stock of the Company, where the stockholders of the Company immediately before such transaction do not obtain or retain, directly or indirectly, at least a majority of the beneficial interest in the voting stock or other voting equity of the surviving or acquiring corporation or other surviving or acquiring entity, in substantially the same proportion as before such transaction; (2) any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company’s voting power is transferred; or (3) the sale or exchange of all or substantially all of the Company’s assets (other than a sale or transfer to a subsidiary of the Company as defined in section 424(f) of the Internal Revenue Code of 1986, as amended (the “**Code**”)), where the stockholders of the Company immediately before such sale or exchange do not obtain or retain, directly or indirectly, at least a majority of the beneficial interest in the voting stock or other voting equity of the corporation or other entity acquiring the Company’s assets, in substantially the same proportion as before such transaction; provided, however, that a Change of Control shall not be deemed to have occurred pursuant to any transaction or series of transactions relating to a public or private financing or re-financing, the principal purpose of which is to raise money for the Company’s working capital or capital expenditures and which does not result in a change in a majority of the members of the Board. If, within six (6) months immediately preceding a Change of Control or within twelve (12) months immediately following a Change of Control, the Executive’s employment is terminated by the Company for any reason other than Cause, then the Executive shall be entitled to receive the following compensation, provided that Executive first satisfies the Severance Conditions: (i) the Severance Payment set forth in Section 6.2, (ii) a second severance payment equal to six months of Executive’s then Base Salary and the Executive’s prorated Incentive Compensation, payable in full within thirty (30) days after termination, and (iii) any then time-based unvested stock options granted to Executive by the Company will become fully vested on the last day of Executive’s employment with the Company, and Executive shall have three months from the date for termination within which to exercise his vested options. Following payment of the Severance Payment, Base Salary, and any benefits required to be paid in accordance with applicable benefit plans through the date of termination, all other obligations of the Company to Executive pursuant to this Agreement will be automatically terminated and completely extinguished.

6.4 Resignation. Executive shall have the right to terminate this Agreement at any time, for any reason, by providing the Company with thirty (30) days written notice, provided, however, that subsequent to Executive’s resignation, Executive shall be required to comply with all surviving provisions of this Agreement. Executive shall not be entitled to any Severance Pay. Executive will only be entitled to receive Executive’s Base Salary earned up to the date of termination. Notwithstanding the foregoing, Executive has the right upon thirty (30) days written notice to the Company to terminate Executive’s employment for “Good Reason” due to occurrence of any of the following: (i) a material adverse change in Executive’s title, duties or responsibilities; (ii) any failure by the Company to pay, or any reduction by Company of, the base salary or any failure by Company to pay any Incentive Compensation to which Executive is entitled pursuant to Section 4; (iii) the Company creates a work environment designed to constructively terminate Executive or to unlawfully harass or retaliate against Executive; or (iv) a Change of Control occurs in which the Company is not the surviving entity and the surviving entity fails to offer Executive an executive position at a compensation level at least equal to Executive’s then compensation level under this Agreement. In the event that Executive terminates his employment for Good Reason, then Executive shall be entitled to receive the Base Salary, and Severance Payment as if Executive were terminated by the Company without Cause under Section 6.2, subject to Executive’s compliance with all of the Severance Conditions.

6.5 Application of Section 409A.

6.5(a) Notwithstanding anything set forth in this Agreement to the contrary, no amount payable pursuant to this Agreement which constitutes a “deferral of compensation” within the meaning of the Treasury Regulations issued pursuant to Section 409A of the Code (the “**Section 409A Regulations**”) shall be paid unless and until Executive has incurred a “separation from service” within the meaning of the Section 409A Regulations.

6.5(b) Company intends that income provided to Executive pursuant to this Agreement will not be subject to taxation under Section 409A of the Code. The provisions of this Agreement shall be interpreted and construed in favor of satisfying any applicable requirements of Section 409A of the Code. **However, Company does not guarantee any particular tax effect for income provided to Executive pursuant to this Agreement.** In any event, except for Company’s responsibility to withhold applicable income and employment taxes from compensation paid or provided to Executive, Company shall not be responsible for the payment of any applicable taxes on compensation paid or provided to Executive pursuant to this Agreement.

6.5(c) Furthermore, to the extent that Executive is a “specified employee” within the meaning of the Section 409A Regulations as of the date of Executive’s separation from service, no amount that constitutes a deferral of compensation which is payable on account of Executive’s separation from service shall be paid to Executive before the date (the “**Delayed Payment Date**”) which is first day of the seventh month after the date of Executive’s separation from service or, if earlier, the date of Executive’s death following such separation from service. All such amounts that would, but for this Section, become payable prior to the Delayed Payment Date will be accumulated and paid on the Delayed Payment Date.

6.5(d) Notwithstanding anything herein to the contrary, the reimbursement of expenses or in-kind benefits provided pursuant to this Agreement shall be subject to the following conditions: (i) the expenses eligible for reimbursement or in-kind benefits in one taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits in any other taxable year; (ii) the reimbursement of eligible expenses or in-kind benefits shall be made promptly, subject to Company’s applicable policies, but in no event later than the end of the year after the year in which such expense was incurred; and (iii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

6.5(e) For purposes of Section 409A of the Code, the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

7. Employment and Post-Employment Covenants.

7.1 Non-Solicitation. Executive agrees that during a period of 12 months following the termination of the Executive’s employment (the “**Restrictive Period**”), Executive shall not (a) solicit or in any manner encourage, either directly or indirectly, any existing employee of the Company to leave the Company for any reason; nor will he interfere in any other manner with the employment or business relationships at the time existing between the Company and its current or prospective employees or consultants; or (b) induce or attempt to induce any customer, supplier, distributor, licensee or other business affiliate of the Company to cease doing business with the Company or in any way interfere with the existing business relationship between any customer, supplier, distributor, licensee or other business affiliate and the Company.

7.2 Non-Disparagement. Executive agrees, at all times following the Effective Date, not to, directly or indirectly, on his behalf or on behalf of any other person or entity, (a) take any action which is intended, or could reasonably be expected, to harm, disparage, defame, slander, or lead to unwanted or unfavorable publicity for the Company, its subsidiaries or any of their respective affiliates, or its or their respective equity holders, directors, officers, members, managers, partners, employees, representatives or agents, or otherwise take any action which could reasonably be expected to detrimentally affect the reputation, image, relationships or public view of any such person or entity or (b) attempt to do any of the foregoing, or assist, entice, induce or encourage any other person or entity to do or attempt to do any activity which, were it done by Executive, would violate any provision of this Section 7.2; provided, however, that Executive shall not be prohibited by this Section 7.2 from making truthful statements (i) when required by order of a court or other body of competent jurisdiction or as required by law or (ii) solely within the context of seeking judicial enforcement of legal or contractual rights against a person or entity.

7.3 Remedies. Executive acknowledges that the duration of the Restrictive Period is fair is reasonably required for the protection of the Company's business interests, including its goodwill. The Executive (a) acknowledges that his failure to comply with any requirement of this Section 7 this Agreement will cause the Company irreparable harm and that a remedy at law for such a failure would be an inadequate remedy; and (b) consents to the Company's obtaining from a court having jurisdiction specific performance, an injunction, a restraining order or any other equitable relief in order to enforce any such provision. The right to obtain such equitable relief shall be in addition to, and not in lieu of, any other remedy to which the Company is entitled under applicable law (including, but not limited to, monetary damages).

8. General Provisions.

8.1 Successors and Assigns. The rights and obligations of the Company under this Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of the Company. Executive shall not be entitled to assign any of Executive's rights or obligations under this Agreement.

8.2 Waiver. Either party's failure to enforce any provision of this Agreement shall not in any way be construed as a waiver of any such provision, or prevent that party thereafter from enforcing each and every other provision of this Agreement.

8.3 Attorney's Fees. In the event of any dispute or claim relating to or arising out of Executive's employment relationship with Company, this Agreement, or the termination of Executive's employment with Company for any reason, the prevailing party in any such dispute or claim shall be entitled to recover its reasonable attorney's fees and costs.

8.4 Severability. In the event any provision of this Agreement is found to be unenforceable by an arbitrator or court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to allow enforceability of the provision as so limited, it being intended that the parties shall receive the benefit contemplated herein to the fullest extent permitted by law. If a deemed modification is not satisfactory in the judgment of such arbitrator or court, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby.

8.5 Interpretation; Construction. The headings set forth in this Agreement are for convenience only and shall not be used in interpreting this Agreement. Executive has participated in the negotiation of the terms of this Agreement. Furthermore, Executive acknowledges that Executive has had an opportunity to review and revise the Agreement and have it reviewed by legal counsel, if desired, and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

8.6 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the United States and the internal laws of the State of California.

8.7 Notices. Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (a) by personal delivery when delivered personally; (b) by overnight courier upon written verification of receipt; (c) by telecopy, facsimile transmission, or electronic transmission such as e-mail, upon acknowledgment of receipt of electronic transmission; or (d) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent to the addresses set forth below each party's signature, or such other address as either party may specify in writing.

8.8 Entire Agreement. This Agreement constitutes the entire agreement between the Parties relating to this subject matter and supersedes all prior or simultaneous representations, discussions, negotiations, and agreements, whether written or oral. This Agreement may be amended or modified only with the written consent of Executive and the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

[Execution Page Follows]

THE PARTIES TO THIS AGREEMENT HAVE READ THE FOREGOING AGREEMENT AND FULLY UNDERSTAND EACH AND EVERY PROVISION CONTAINED HEREIN. WHEREFORE, THE PARTIES HAVE EXECUTED THIS AGREEMENT AS SHOWN BELOW.

EXECUTIVE:

/s/ TIMOTHY MORRIS

Timothy Morris

Address:

Danville, CA

COMPANY:

Iovance Biotherapeutics, Inc.

By: /s/ MARIA FARDIS

Maria Fardis
President & Chief Executive Officer
999 Skyway Road, Suite 150
San Carlos, CA 94070

CERTIFICATION

I, Maria Fardis, Chief Executive Officer of Iovance Biotherapeutics, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Iovance Biotherapeutics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am 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 my 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 my 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 my 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on my 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.

Dated: November 2, 2017

By: /s/ Maria Fardis
Maria Fardis
Chief Executive Officer

CERTIFICATION

I, Timothy E. Morris, Chief Financial Officer of Iovance Biotherapeutics, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Iovance Biotherapeutics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am 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 my 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 my 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 my 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on my 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.

Dated: November 2, 2017

By: /s/ Timothy E. Morris

Timothy E. Morris
Chief Financial Officer (Principal Financial 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 Iovance Biotherapeutics, Inc. (the "Company") for the quarter ended September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Maria Fardis, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (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.

Dated: November 2, 2017

By: /s/ Maria Fardis

Maria Fardis
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**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 Iovance Biotherapeutics, Inc. (the "Company") for the quarter ended September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Timothy E Morris, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (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.

Dated: November 2, 2017

By: /s/ Timothy E. Morris
Timothy E. Morris
Chief Financial Officer (Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
