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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2021
OR

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

For the transition period from _____ to _____

Commission File Number: 001-37471

PIERIS PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Nevada	**30-0784346**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
255 State Street 9th Floor **Boston, MA** **United States**	**02109**
(Address of principal executive offices)	**(Zip Code)**

857-246-8998

Registrant's telephone number, including area code

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

Title of Each Class	**Trading Symbol**	**Name of Each Exchange on Which Registered**
Common Stock, $0.001 par value per share	**PIRS**	**The Nasdaq Capital Market**

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

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

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

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

As of August 2, 2021, the registrant had 66,710,712 shares of common stock outstanding.

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Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, that involve risks and uncertainties, principally in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations." All statements other than statements of historical fact contained in this Quarterly Report on Form 10-Q, including statements regarding future events, our future financial performance, expectations for growth and revenues, anticipated timing and amounts of milestone and other payments under collaboration agreements, business strategy and plans, objectives of management for future operations, timing and outcome of legal and other proceedings, and our ability to finance our operations are forward-looking statements. We have attempted to identify forward-looking statements by terminology including "anticipates," "believes," "can," "continue," "look forward," "ongoing," "could," "estimates," "expects," "intends," "may," "appears," "suggests," "future," "likely," "plans," "potential," "possibly," "projects," "predicts," "seek," "should," "target," "would" or "will" or the negative of these terms or other comparable terminology. Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks outlined under "Risk Factors" or elsewhere in our most recent Annual Report on Form 10-K or Quarterly Reports on Form 10-Q, which may cause our or our industry's actual results, levels of activity, performance or achievements expressed or implied by these forward-looking statements to differ materially.

Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time, and it is not possible for us to predict all risk factors, nor can we address the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause our actual results to differ materially from those contained in any forward-looking statements. Actual results could differ materially from our forward-looking statements due to a number of factors, including, without limitation, risks related to: the results of our research and development activities, including uncertainties relating to the discovery of potential drug candidates and the preclinical and ongoing or planned clinical testing of our drug candidates; the early stage of our drug candidates presently under development; our ability to obtain and, if obtained, maintain regulatory approval of our current drug candidates and any of our other future drug candidates; our need for substantial additional funds in order to continue our operations and the uncertainty of whether we will be able to obtain the funding we need; our future financial performance; our ability to retain or hire key scientific or management personnel; our ability to protect our intellectual property rights that are valuable to our business, including patent and other intellectual property rights; our dependence on third-party manufacturers, suppliers, research organizations, testing laboratories and other potential collaborators; the success of our collaborations with third parties; our ability to meet milestones; our ability to successfully market and sell our drug candidates in the future as needed; the size and growth of the potential markets for any of our approved drug candidates and the rate and degree of market acceptance of any of our approved drug candidates; competition in our industry; regulatory developments in the United States and foreign countries, including with respect to the U.S. Food and Drug Administration, or FDA; our ability to advance our phase 2 study for cinrebafusp alfa, or PRS-343; the expected impact of new accounting standards; and the length and severity of the pandemic relating to SARS-CoV-2 (severe acute respiratory syndrome coronavirus 2), or coronavirus, which causes coronavirus disease 2019, or COVID-19, which could have an impact on our research, development, supply chain and clinical trials.

You should not place undue reliance on any forward-looking statement(s), each of which applies only as of the date of this Quarterly Report on Form 10-Q. Before you invest in our securities, you should be aware that the occurrence of the events described in Part I, Item 1A (Risk Factors) of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 filed with the Securities and Exchange Commission, or SEC, on March 31, 2021, could negatively affect our business, operating results, financial condition and stock price. All forward-looking statements included in this document are based on information available to us on the date hereof, and except as required by law, we undertake no obligation to update or revise publicly any of the forward-looking statements after the date of this Quarterly Report on Form 10-Q to conform our statements to actual results or changed expectations.

Currency Presentation and Currency Translation

Unless otherwise indicated, all references to "dollars," "$," "U.S. $" or "U.S. dollars" are to the lawful currency of the United States. All references in this Quarterly Report on Form 10-Q to "euro" or "€" are to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended. We prepare our financial statements in U.S. dollars.

The functional currency for our operations is primarily the euro. With respect to our financial statements, the translation from the euro to U.S. dollars is performed for balance sheet accounts using exchange rates in effect at the balance sheet date and for revenue and expense accounts using a weighted average exchange rate during the period. The resulting translation adjustments are recorded as a component of accumulated other comprehensive income/loss.

Where in this Quarterly Report on Form 10-Q we refer to amounts in euros, we have for your convenience also, in certain cases, provided a conversion of those amounts to U.S. dollars in parentheses. Where the numbers refer to a specific balance sheet account date or financial statement account period, we have used the exchange rate that was used to perform the conversions in connection with the applicable financial statement. In all other instances, unless otherwise indicated, the conversions have been made using the noon buying rate of €1.00 to U.S. $1.1884 based on information provided by Refinitiv as of June 30, 2021.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

PIERIS PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited, in thousands)

	June 30, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 119,097	$ 70,436
Accounts receivable	2,803	1,706
Prepaid expenses and other current assets	5,773	3,579
Total current assets	127,673	75,721
Property and equipment, net	20,373	22,046
Operating lease right-of-use assets	3,861	3,934
Other non-current assets	3,123	3,309
Total assets	$ 155,030	$ 105,010
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 2,310	$ 1,787
Accrued expenses and other current liabilities	16,082	7,731
Deferred revenues, current portion	25,536	12,627
Total current liabilities	43,928	22,145
Deferred revenue, net of current portion	49,421	35,900
Operating lease liabilities	14,960	15,932
Other long-term liabilities	—	6
Total liabilities	108,309	73,983
Stockholders' equity:		
Preferred stock	—	—
Common stock	67	56
Additional paid-in capital	277,496	242,672
Accumulated other comprehensive loss	234	(295)
Accumulated deficit	(231,076)	(211,406)
Total stockholders' equity	46,721	31,027
Total liabilities and stockholders' equity	$ 155,030	$ 105,010

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

PIERIS PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(unaudited)

(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue				
Customer revenue	$ 2,540	$ 10,930	$ 17,406	$ 19,815
Collaboration revenue	745	316	1,512	4,692
Total revenue	3,285	11,246	18,918	24,507
Operating expenses				
Research and development	15,800	11,333	32,362	24,091
General and administrative	4,246	4,568	8,376	8,927
Total operating expenses	20,046	15,901	40,738	33,018
Loss from operations	(16,761)	(4,655)	(21,820)	(8,511)
Other income (expense)				
Interest income	3	129	6	448
Grant income	796	—	796	—
Other income (expense)	464	(424)	1,348	(484)
Net loss	$ (15,498)	$ (4,950)	$ (19,670)	$ (8,547)
Other comprehensive income:				
Foreign currency translation	40	178	529	830
Unrealized gain on available-for-sale securities	—	(15)	—	101
Comprehensive loss	$ (15,458)	$ (4,787)	$ (19,141)	$ (7,616)
Net loss per share				
Basic and diluted	$ (0.25)	$ (0.09)	$ (0.33)	$ (0.16)
Weighted average number of common shares outstanding				
Basic and diluted	61,905	52,371	59,116	53,792

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

PIERIS PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(unaudited, in thousands)

For the Three Months Ended June 30, 2020 and 2021

	Preferred shares		Common shares		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total Stockholders' equity
	No. of shares	Share capital	No. of shares	Share capital				
Balance as of March 31, 2020	11	$ —	55,212	$ 55	$ 228,751	$ (1,227)	$ (177,773)	$ 49,806
Net loss	—	—	—	—	—	—	(4,950)	(4,950)
Foreign currency translation adjustment	—	—	—	—	—	178	—	178
Unrealized gain on investments	—	—	—	—	—	(15)	—	(15)
Stock based compensation expense	—	—	—	—	1,237	—	—	1,237
Issuance of common stock resulting from exercise of stock options	—	—	139	—	271	—	—	271
Issuance of common stock resulting from purchase of employee stock purchase plan shares	—	—	47	—	145	—	—	145
Preferred stock conversion (Series D)	3	$ —	(3,000)	$ (3)	$ 3	$ —	$ —	$ —
Balance as of June 30, 2020	14	$ —	52,399	$ 52	$ 230,407	$ (1,064)	$ (182,723)	$ 46,672
Balance as of March 31, 2021	14	$ —	59,719	$ 60	$ 253,560	$ 194	$ (215,578)	$ 38,236
Net loss	—	—	—	—	—	—	(15,498)	(15,498)
Foreign currency translation adjustment	—	—	—	—	—	40	—	40
Stock based compensation expense	—	—	—	—	1,326	—	—	1,326
Issuance of common stock resulting from exercise of stock options	—	—	129	—	272	—	—	272
Issuance of common stock resulting from purchase of employee stock purchase plan shares	—	—	40	—	96	—	—	96
Issuance of common stock resulting from exercise of warrants	—	—	1,391	1	836	—	—	837
Issuance of common stock resulting from conversion of preferred stock	(4)	—	3,812	4	(4)	—	—	—
Preferred stock conversion (Series E)	5	—	(5,000)	(5)	5	—	—	—
Issuance of common stock pursuant to at the market offering program, net of $0.4 million in offering costs	—	—	3,004	3	12,169	—	—	12,172
Issuance of common stock pursuant to private placement offering, net of $0.1 million in offering costs	—	—	3,584	4	9,236	—	—	9,240
Balance as of June 30, 2021	16	$ —	66,679	$ 67	$ 277,496	$ 234	$ (231,076)	$ 46,721

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

PIERIS PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(unaudited, in thousands)

For the Six Months Ended June 30, 2020 and 2021

	Preferred shares		Common shares		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total Stockholders' equity
	No. of shares	Share capital	No. of shares	Share capital				
Balance as of December 31, 2019	11	$ —	55,212	$ 55	$ 227,468	$ (1,995)	$ (174,176)	$ 51,352
Net loss	—	—	—	—	—	—	(8,547)	(8,547)
Foreign currency translation adjustment	—	—	—	—	—	830	—	830
Unrealized gain on investments	—	—	—	—	—	101	—	101
Stock based compensation expense	—	—	—	—	2,520	—	—	2,520
Issuance of common stock resulting from exercise of stock options	—	—	139	—	271	—	—	271
Issuance of common stock resulting from purchase of employee stock purchase plan shares	—	—	47	—	145	—	—	145
Preferred stock conversion (Series D)	3	$ —	(3,000)	$ (3)	$ 3	$ —	$ —	$ —
Balance as of June 30, 2020	14	$ —	52,399	$ 52	$ 230,407	$ (1,064)	$ (182,723)	$ 46,672
Balance as of December 31, 2020	14	$ —	56,003	$ 56	$ 242,672	$ (295)	$ (211,406)	$ 31,027
Net loss	—	—	—	—	—	—	(19,670)	(19,670)
Foreign currency translation adjustment	—	—	—	—	—	529	—	529
Stock based compensation expense	—	—	—	—	2,525	—	—	2,525
Issuance of common stock resulting from exercise of stock options	—	—	139	—	292	—	—	292
Issuance of common stock resulting from purchase of employee stock purchase plan shares	—	—	40	—	96	—	—	96
Issuance of common stock resulting from exercise of warrants	—	—	1,391	1	836	—	—	837
Issuance of common stock resulting from conversion of preferred stock	(4)	—	3,812	4	(4)	—	—	—
Preferred stock conversion (Series E)	5	—	(5,000)	(5)	5	—	—	—
Issuance of common stock pursuant to at the market offering program, net of $0.4 million in offering costs	—	—	3,004	3	12,169	—	—	12,172
Issuance of common stock pursuant to private placement offering, net of $0.1 million in offering costs	—	—	7,290	8	18,905	—	—	18,913
Balance as of June 30, 2021	16	$ —	66,679	$ 67	$ 277,496	$ 234	$ (231,076)	$ 46,721

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

PIERIS PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in thousands)

	Six Months Ended June 30,	
	2021	**2020**
Operating activities:		
Net loss	$ (19,670)	$ (8,547)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	1,242	869
Right-of-use asset amortization	(48)	156
Stock-based compensation	2,525	2,520
Other non-cash transactions	(14)	343
Changes in operating assets and liabilities	33,733	(20,250)
Net cash provided by (used in) operating activities	17,768	(24,909)
Investing activities:		
Purchases of property and equipment	(257)	(2,988)
Proceeds from maturity of investments	—	47,523
Purchases of investments	—	(38,525)
Net cash (used in)/provided by investing activities	(257)	6,010
Financing activities:		
Proceeds from exercise of stock options	292	271
Proceeds from exercise of warrants	837	—
Proceeds from employee stock purchase plan	96	145
Proceeds from issuance of common stock from private placement, net of issuance costs	18,913	—
Proceeds from issuance of common stock resulting from ATM sales, net of $0.4M in transaction costs	12,172	—
Net cash provided by financing activities	32,310	416
Effect of exchange rate change on cash and cash equivalents	(1,160)	525
Net increase (decrease) in cash and cash equivalents	48,661	(17,958)
Cash and cash equivalents at beginning of period	70,436	62,260
Cash and cash equivalents at end of period	$ 119,097	$ 44,302
Supplemental cash flow disclosures:		
Net unrealized gain on investments	$ —	$ 31
Property and equipment included in accounts payable	$ —	$ 329

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

PIERIS PHARMACEUTICALS, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Corporate Information

Pieris Pharmaceuticals, Inc. was founded in May 2013, and acquired 100% interest in Pieris Pharmaceuticals GmbH (formerly Pieris AG, a German company that was founded in 2001) in December 2014. Pieris Pharmaceuticals, Inc. and its wholly-owned subsidiaries, hereinafter collectively Pieris, or the Company, is a clinical-stage biopharmaceutical company that discovers and develops Anticalin-based drugs to target validated disease pathways in unique and transformative ways. Pieris' corporate headquarters is located in Boston, Massachusetts and its research facility is located in Hallbergmoos, Germany.

Pieris' clinical pipeline includes an inhaled IL-4Rα antagonist Anticalin protein to treat moderate-to-severe asthma and an immuno-oncology, or IO, bispecific targeting 4-1BB and HER2.

The Company's core Anticalin technology and platform was developed in Germany, and the Company has partnership arrangements with several major multi-national pharmaceutical companies.

The Company is subject to risks common to companies in the biotechnology industry, including but not limited to, the need for additional capital, risks of failure of preclinical studies and clinical trials, the need to obtain marketing approval and reimbursement for any drug product candidate that it may identify and develop, the need to successfully commercialize and gain market acceptance of its product candidates, dependence on key personnel, protection of proprietary technology, compliance with government regulations, development of technological innovations by competitors, reliance on third-party manufacturers and the ability to transition from pilot-scale production to large-scale manufacturing of products.

As of June 30, 2021, cash and cash equivalents were $119.1 million. The Company's net loss was $15.5 million and $5.0 million for the quarters ended June 30, 2021 and 2020, respectively. The Company has incurred net losses since inception and had an accumulated deficit of $231.1 million as of June 30, 2021. Net losses and negative cash flows from operations have had, and will continue to have, an adverse effect on the Company's stockholders' equity and working capital. The Company expects to continue to incur operating losses for at least the next several years.

The future success of the Company is dependent on its ability to identify and develop its product candidates, expand its corporate infrastructure and ultimately upon its ability to attain profitable operations. The Company has devoted substantially all of its financial resources and efforts to research and development and general and administrative expenses to support such research and development. The Company has several research and development programs underway in varying stages of development, and it expects that these programs will continue to require increasing amounts of cash for development, conducting clinical trials, and testing and manufacturing of product material. Cash necessary to fund operations will increase significantly over the next several years as the Company continues to conduct these activities necessary to pursue governmental regulatory approval of clinical-stage programs and other product candidates.

The Company plans to raise additional capital to fulfill its operating and capital requirements through public or private equity financings, utilization of its curren"at the market offering" program, or ATM Program, strategic collaborations, licensing arrangements and/or the achievement of milestones under its collaborative agreements. The funding requirements of the Company's operating plans, however, are based on estimates that are subject to risks and uncertainties and may change as a result of many factors currently unknown. Although management continues to pursue these funding plans, there is no assurance that the Company will be successful in obtaining sufficient funding on terms acceptable to the Company to fund continuing operations, if at all. Until such time that the Company can generate substantial product revenues, if ever, the Company expects to finance its cash needs through a combination of equity offerings, debt financings, strategic partnerships, licensing arrangements and government grants. The terms of any future financing may adversely affect the holdings or the rights of the Company's existing stockholders.

The Company believes that its currently available funds will be sufficient to fund the Company's operations through at least the next twelve months from the issuance of this Quarterly Report on Form 10-Q. The Company's belief with respect to its ability to fund operations is based on estimates that are subject to risks and uncertainties. If actual results are different from management's estimates, the Company may need to seek additional funding. If the Company is unable to obtain additional funding on acceptable terms when needed, it may be required to defer or limit some or all of its research, development and/or clinical projects.

2. Summary of Significant Accounting Policies

The Company's significant accounting policies are described in Note 2—Summary of Significant Accounting Policies, in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020. There has been one material addition to the significant accounting policies pertaining to the Company's policy on government grant income during the six months ended June 30, 2021.

Unaudited Interim Financial Information

The accompanying unaudited condensed consolidated financial statements included herein have been prepared by the Company in accordance with accounting principles generally accepted in the United States, or U.S. GAAP, for interim financial information and pursuant to the rules and regulations of the SEC. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments, consisting of normal recurring adjustments, and disclosures considered necessary for a fair presentation of interim period results have been included. Interim results for the three and six months ended June 30, 2021 are not necessarily indicative of results that may be expected for the year ending December 31, 2021. For further information, refer to the financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, which was filed with the SEC on March 31, 2021.

Basis of Presentation and Use of Estimates

The accompanying condensed consolidated financial statements of Pieris Pharmaceuticals, Inc. and its wholly-owned subsidiaries were prepared in accordance with U.S. GAAP. The condensed consolidated financial statements include the accounts of all subsidiaries. All intercompany balances and transactions have been eliminated.

The preparation of the financial statements in accordance with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and the related disclosures at the date of the financial statements and during the reporting period. Significant estimates are used for, but are not limited to, revenue recognition; deferred tax assets, deferred tax liabilities and valuation allowances; determination of the incremental borrowing rate to calculate right-of-use assets and lease liabilities; beneficial conversion features; fair value of stock options, preferred stock, and warrants; and various accruals. Management evaluates its estimates on an ongoing basis. Actual results and outcomes could differ materially from management's estimates, judgments and assumptions.

Cash, Cash Equivalents and Investments

The Company determines the appropriate classification of its investments at the time of purchase. All liquid investments with original maturities of 90 days or less from the purchase date and for which there is an active market are considered to be cash equivalents. The Company's investments are comprised of money market, asset backed securities, government treasuries and corporate bonds that are classified as available-for-sale in accordance with Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, 320, *Investments—Debt and Equity Securities*. The Company classifies investments available to fund current operations as current assets on its balance sheets.

Available-for-sale investments are recorded at fair value, with unrealized gains or losses included in accumulated other comprehensive loss on the Company's balance sheets. Realized gains and losses are determined using the specific identification method and are included as a component of other income.

The Company reviews investments for other-than-temporary impairment whenever the fair value of an investment is less than the amortized cost and evidence indicates that an investment's carrying amount is not recoverable within a reasonable period of time. To determine whether an impairment is other-than temporary, the Company considers its intent to sell or whether it is more likely than not that the Company will be required to sell the investment before recovery of the investment's amortized cost basis. Evidence considered in this assessment includes reasons for the impairment, the severity and the duration of the impairment and changes in value subsequent to period end.

Concentration of Credit Risk and Off-Balance Sheet Risk

The Company has no financial instruments with off-balance sheet risk such as foreign exchange contracts, option contracts or other foreign hedging arrangements. Financial instruments that subject Pieris to concentrations of credit risk include cash and cash equivalents, investments, and accounts receivable. The Company's cash, cash equivalents, and investments are held in accounts with financial institutions that management believes are creditworthy. The Company's investment policy includes guidelines on the quality of the institutions and financial instruments and defines allowable investments that the Company believes minimizes the exposure to concentration of credit risk. The Company has not experienced any credit losses in such

accounts and does not believe it is exposed to any significant credit risk on these funds. Accounts receivable primarily consist of amounts due under strategic partnership and other license agreements with major multi-national pharmaceutical companies for which the Company does not obtain collateral.

Fair Value Measurement

The Company is required to disclose information on all assets and liabilities reported at fair value that enables an assessment of the inputs used in determining the reported fair values. FASB ASC Topic 820, *Fair Value Measurement and Disclosures*, established a hierarchy of inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the financial instrument based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the inputs that market participants would use in pricing the financial instrument and are developed based on the best information available in the circumstances. The fair value hierarchy applies only to the valuation inputs used in determining the reported or disclosed fair value of the financial instruments and is not a measure of the investment credit quality. Fair value measurements are classified and disclosed in one of the following three categories:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 utilizes quoted market prices in markets that are not active, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency.
- Level 3 inputs are unobservable inputs for the asset or liability in which there is little, if any, market activity for the asset or liability at the measurement date.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Financial instruments measured at fair value on a recurring basis include cash equivalents (see Note 4).

An entity may elect to measure many financial instruments and certain other items at fair value at specified election dates. Subsequent unrealized gains and losses on items for which the fair value option has been elected will be reported in net loss. The Company did not elect to measure any additional financial instruments or other items at fair value.

Property and Equipment

Property and equipment are recorded at acquisition cost, less accumulated depreciation and impairment. Depreciation on property and equipment is calculated using the straight-line method over the remaining estimated useful lives of the assets. Maintenance and repairs to these assets are charged to expenses as occurred. The estimated useful life of the different groups of property and equipment is as follows:

Asset Classification	Estimated useful life (in years)
Leasehold improvements	shorter of useful life or remaining life of the lease
Laboratory furniture and equipment	8 - 14
Office furniture and equipment	5 - 13
Computer and equipment	3 - 7

Revenue Recognition

The Company has entered into several licensing agreements with collaboration partners for the development of Anticalin therapeutics against a variety of targets. The terms of these agreements provide for the transfer of multiple goods or services which may include: (i) licenses, or options to obtain licenses, to the Company's Anticalin technology and/or specific programs and (ii) research and development activities to be performed on behalf of or with a collaborative partner. Payments to Pieris under these agreements may include upfront fees (which include license and option fees), payments for research and development activities, payments based upon the achievement of certain milestones and royalties on product sales. There are no

performance, cancellation, termination or refund provisions in any of the arrangements that could result in material financial consequences to Pieris.

Collaborative Arrangements

The Company considers the nature and contractual terms of an arrangement and assesses whether the arrangement involves a joint operating activity pursuant to which it is an active participant and exposed to significant risks and rewards with respect to the arrangement. If the Company is an active participant and exposed to the significant risks and rewards with respect to the arrangement, it accounts for these arrangements pursuant to ASC 808, *Collaborative Arrangements*, or ASC 808, and applies a systematic and rational approach to recognize revenue. The Company classifies payments received as revenue and payments made as a reduction of revenue in the period in which they are earned. Revenue recognized under a collaborative arrangement involving a participant that is not a customer is presented as Collaboration Revenue in the Statement of Operations.

Revenue from Contracts with Customers

In accordance with ASC 606, revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled in exchange for these goods and services. To achieve this core principle, the Company applies the following five steps: 1) identify the customer contract; 2) identify the contract's performance obligations; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations; and 5) recognize revenue when or as a performance obligation is satisfied.

The Company evaluates all promised goods and services within a customer contract and determines which of such goods and services are separate performance obligations. This evaluation includes an assessment of whether the good or service is capable of being distinct and whether the good or service is separable from other promises in the contract. In assessing whether promised goods or services are distinct, the Company considers factors such as the stage of development of the underlying intellectual property and the capabilities of the customer to develop the intellectual property on their own or whether the required expertise is readily available.

Licensing arrangements are analyzed to determine whether the promised goods or services, which often include licenses, research and development services and governance committee services, are distinct or whether they must be accounted for as part of a combined performance obligation. If the license is considered not to be distinct, the license would then be combined with other promised goods or services as a combined performance obligation. If the Company is involved in a governance committee, it assesses whether its involvement constitutes a separate performance obligation. When governance committee services are determined to be separate performance obligations, the Company determines the fair value to be allocated to this promised service.

Certain contracts contain optional and additional items, which are considered marketing offers and are accounted for as separate contracts with the customer if such option is elected by the customer, unless the option provides a material right which would not be provided without entering into the contract. An option that is considered a material right is accounted for as a separate performance obligation.

The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring goods and services to the customer. A contract may contain variable consideration, including potential payments for both milestone and research and development services. For certain potential milestone payments, the Company estimates the amount of variable consideration by using the most likely amount method. In making this assessment, the Company evaluates factors such as the clinical, regulatory, commercial and other risks that must be overcome to achieve the milestone. Each reporting period the Company re-evaluates the probability of achievement of such variable consideration and any related constraints. Pieris will include variable consideration, without constraint, in the transaction price to the extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. For potential research and development service payments, the Company estimates the amount of variable consideration by using the expected value method, including any approved budget updates arising from additional research or development services.

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price among the performance obligations on a relative standalone selling price basis unless a portion of the transaction price is variable and meets the criteria to be allocated entirely to a performance obligation or to a distinct good or service that forms part of a single performance obligation.

The Company allocates the transaction price based on the estimated standalone selling price of the underlying performance obligations or in the case of certain variable consideration to one or more performance obligations. The Company must develop assumptions that require judgment to determine the stand-alone selling price for each performance obligation identified in the contract. The Company utilizes key assumptions to determine the stand-alone selling price, which may include other comparable transactions, pricing considered in negotiating the transaction and the estimated costs to complete the respective performance obligation. Certain variable consideration is allocated specifically to one or more performance obligations in a contract when the terms of the variable consideration relate to the satisfaction of the performance obligation and the resulting amounts allocated to each performance obligation are consistent with the amount the Company would expect to receive for each performance obligation.

When a performance obligation is satisfied, revenue is recognized for the amount of the transaction price, excluding estimates of variable consideration that are constrained, that is allocated to that performance obligation on a relative standalone selling price basis. Significant management judgment is required in determining the level of effort required under an arrangement and the period over which the Company is expected to complete its performance obligations under an arrangement.

For performance obligations consisting of licenses and other promises, the Company utilizes judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue from non- refundable, up-front fees. The Company evaluates the measure of progress each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition. If the license to the Company's intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, the Company will recognize revenue from non-refundable, up-front fees allocated to the license when the license is transferred to the customer and the customer is able to use and benefit from the license.

Revenue recognized under an arrangement involving a participant that is a customer is presented as Customer Revenue.

Milestones and Royalties

The Company aggregates milestones into four categories: (i) research milestones, (ii) development milestones, (iii) commercial milestones, and (iv) sales milestones. Research milestones are typically achieved upon reaching certain success criteria as defined in each agreement related to developing an Anticalin protein against the specified target. Development milestones are typically reached when a compound reaches a defined phase of clinical research or passes such phase or upon gaining regulatory approvals. Commercial milestones are typically achieved when an approved pharmaceutical product reaches the status for commercial sale, including regulatory approval. Sales milestones are certain defined levels of net sales by the licensee, such as when a product first achieves global sales or annual sales of a specified amount.

There is uncertainty that the events to obtain the research and development milestones will be achieved given the nature of clinical development and the stage of the Company's technology. The Company has thus determined that all research and development milestones will be constrained until it is deemed probable that a significant revenue reversal will not occur. For revenues from research and development milestones, payments will be recognized consistent with the recognition pattern of the performance obligation to which they relate.

For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and for which the license is deemed to be the predominant item to which the royalties relate, the Company recognizes revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied). Commercial milestones and sales royalties are determined by sales or usage-based thresholds and will be accounted for under the royalty recognition constraint as constrained variable consideration.

Contract Balances

The Company recognizes a contract asset when the Company transfers goods or services to a customer before the customer pays consideration or before payment is due, excluding any amounts presented as a receivable (i.e., accounts receivable). A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. The contract liabilities (i.e., deferred revenue) primarily relate to contracts where the Company has received payment but has not yet satisfied the related performance obligations.

In the event of an early termination of a collaboration agreement, any contract liabilities would be recognized in the period in which all Company obligations under the agreement have been fulfilled.

Costs to Obtain and Fulfill a Contract with a Customer

Certain costs to obtain customer contracts, including success-based fees paid to third-party service providers, and costs to fulfill customer contracts are capitalized in accordance with FASB ASC 340, *Other Assets and Deferred Costs*, or ASC 340. These costs are amortized to expense on a systemic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The Company will expense the amortization of costs to obtain customer contracts to general and administrative expense and costs to fulfill customer contracts to research and development expense.

Government Grants

The Company recognizes grants from governmental agencies when there is reasonable assurance that the Company will comply with the conditions attached to the grant arrangement and the grant will be received. The Company evaluates the conditions of each grant as of each reporting period to evaluate whether the Company has reached reasonable assurance of meeting the conditions of each grant arrangement and that it is expected that the grant will be received as a result of meeting the necessary conditions. Grants are recognized in the consolidated statements of operations on a systematic basis over the periods in which the Company recognizes the related costs for which the government grant is intended to compensate. Specifically, grant income related to research and development costs is recognized as such expenses are incurred. Grant income is included as a separate caption within Other income (expense), net in the consolidated statements of operations.

Leases

In accordance with ASU No. 2016-2, Leases (Topic 842), or ASC 842, and for each of the Company's leases, the following is recognized: (i) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis and (ii) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term for all leases (with the exception of short-term leases) at the commencement date.

The Company determines if an arrangement is a lease at inception. The Company's contracts are determined to contain a lease within the scope of ASC 842 when all of the following criteria based on the specific circumstances of the arrangement are met: (1) there is an identified asset for which there are no substantive substitution rights; (2) the Company has the right to obtain substantially all of the economic benefits from the identified asset; and (3) the Company has the right to direct the use of the identified asset.

At the commencement date, operating lease liabilities and their corresponding right-of-use assets are recorded based on the present value of future lease payments over the expected lease term. The Company's lease agreements do not provide an implicit rate. As a result, the Company utilizes an estimated incremental borrowing rate to discount lease payments, which is based on the rate of interest the Company would have to pay to borrow a similar amount on a collateralized basis over a similar term and based on observable market data points. Certain adjustments to the right-of-use asset may be required for items such as initial direct costs paid or lease incentives received. Operating lease cost is recognized over the expected term on a straight-line basis.

The Company typically only includes an initial lease term in its assessment of a lease agreement. Options to renew a lease are not included in the Company's assessment unless there is reasonable certainty that the Company will renew. The expected lease term includes noncancellable lease periods and, when applicable, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option, as well as periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

Assumptions made by the Company at the commencement date are re-evaluated upon occurrence of certain events, including a lease modification. A lease modification results in a separate contract when the modification grants the lessee an additional right of use not included in the original lease and when lease payments increase commensurate with the standalone price for the additional right of use. When a lease modification results in a separate contract, it is accounted for in the same manner as a new lease.

Recent Accounting Pronouncement Adopted

In December 2019, the FASB issued ASU No. 2019-12,*Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*which amends and aims to simplify accounting disclosure requirements regarding a number of topics including intraperiod tax allocation, accounting for deferred taxes when there are changes in consolidation of certain investments, tax basis step up in an acquisition and the application of effective rate changes during interim periods, among other improvements.

This standard is effective for fiscal years beginning after December 15, 2020 and was adopted by the Company on January 1, 2021. Adoption of this new standard did not have a material impact on the Company.

Recent Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU No. 2016-13,*Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements,* or ASU 2016-13. ASU 2016-13 significantly changes the impairment model for most financial assets and certain other instruments. The new standard requires that expected credit losses relating to financial assets measured on an amortized cost basis and available-for-sale debt securities be recorded through an allowance for credit losses. It also limits the amount of credit losses to be recognized for available-for-sale debt securities to the amount by which carrying value exceeds fair value, and requires the reversal of previously recognized credit losses if fair value increases. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset.

Subsequently, in November 2018, the FASB issued ASU No. 2018-19,*Codification Improvements to Topic 326, Financial Instruments-Credit Losses*, which clarifies codification and corrects unintended application of the guidance. In November 2019, the FASB issued ASU No. 2019-11, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses*, which clarifies or addresses specific issues about certain aspects of ASU 2016-13. In November 2019 the FASB also issued ASU No. 2019-10, *Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*, which delays the effective date of ASU 2016-13 by three years for certain smaller reporting companies such as the Company. The guidance in ASU 2016-13 is effective for the Company for financial statements issued for fiscal years beginning after December 15, 2022 and interim periods within those fiscal years, with early adoption permitted. The Company is still evaluating the impact of the adoption of this standard.

The Company has considered other recent accounting pronouncements and concluded that they are either not applicable to the business or that the effect is not expected to be material to the unaudited condensed consolidated financial statements as a result of future adoption.

3. Revenue

General

The Company has not generated revenue from product sales. The Company has generated revenue from contracts with customers and revenue from collaboration agreements, which include upfront payments for licenses or options to obtain licenses, payments for research and development services and milestone payments.

The Company recognized revenue from the following strategic partnerships and other license agreements (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Seagen	$ 338	$ 8,512	$ 704	$ 8,960
AstraZeneca	2,202	2,334	16,702	5,045
Servier	745	400	1,512	10,502
Total Revenue	$ 3,285	$ 11,246	$ 18,918	$ 24,507

Under the Company's existing strategic partnerships and other license agreements, the Company could receive the following potential milestone payments (in millions):

	Research, Development, Regulatory & Commercial Milestones	Sales Milestones
AstraZeneca	$ 1,096	$ 4,275
Servier	239	214
Seagen	754	450
Boston Pharmaceuticals	88	265
Genentech	834	600
Total potential milestone payments	$ 3,011	$ 5,804

Strategic Partnerships

Genentech

On May 19, 2021, the Company and Genentech, Inc., or Genentech, entered into a Research Collaboration and License Agreement, or the Genentech Agreement, to discover, develop and commercialize locally delivered respiratory and ophthalmology therapies that leverage the Company's proprietary Anticalin technology. Upon signing the Genentech Agreement, Genentech paid the Company a $20 million upfront fee. In addition, the Company may be eligible to receive up to approximately $1.4 billion in additional milestone payments across multiple programs, as well as tiered royalty payments on net sales at percentages ranging from the mid-single to low double-digits, subject to certain standard reductions and offsets.

Under the terms of the Genentech Agreement, the Company will be responsible for discovery and preclinical development of two initial programs. The Company will be responsible for research activities following target nomination through the late-stage research go decision. The parties will then collaborate on drug candidate characterization until the development go decision. After the development go decision, Genentech will be responsible for pursing the preclinical and clinical development of each program, and there after, the commercialization efforts. Each party will be responsible for the costs incurred to perform their respective responsibilities. Genentech has an option to expand the collaboration to encompass two additional programs with the payment of a $10 million fee per additional program. If Genentech exercises its option to start additional programs, payment to the Company of additional fees, milestone payments and royalties would result.

Unless earlier terminated, the term of the Genentech Agreement continues until no royalty or other payment obligations are or will become due under the Genentech Agreement. The Genentech Agreement may be terminated (i) by either party based on insolvency or breach by the other party and such insolvency proceeding is not dismissed or such breach is not cured within 90 days; or (ii) after 9 months from the effective date of the Genentech Agreement, by Genentech as a whole or on a product-by-product and/or country-by-country basis upon 90 days prior written notice before the first commercial sale of a product or upon180 days prior written notice after the first commercial sale of a product.

While the Genentech Agreement allows for up to four research programs, only two research programs are initially identified in the Genentech Agreement. To reach a total of up to four research programs, the Company has granted Genentech options to nominate an additional two collaboration targets of their choosing, subject to the legal availability of the target to be researched. Genentech will have three years after the effective date to nominate the subsequent targets. The Company has also granted Genentech options to replace any of the collaboration targets identified with another target. However, at no point will there be more than four identified collaboration targets for which there are ongoing research programs.

The arrangement with Genentech provides for the transfer of the following goods or services: (i) exclusive research and commercial license for the collaboration programs, (ii) a non-exclusive platform improvement license, (iii) research and development services, (iv) participation in a governance committee, and (v) replacement target options on the first two programs upon a screening failure which were assessed as material rights.

Management evaluated all of the promised goods or services within the contract and determined which such goods and services were separate performance obligations. The Company determined that the licenses granted, at arrangement inception, should be combined with the research and development services to be provided for the related target programs as they are not capable of being distinct. A third party would not be able to provide the research and development services due to the specific nature of the intellectual property and knowledge required to perform the services, and Genentech could not benefit from the licenses without the corresponding services. The Company determined that the participation in the governance committees was distinct as the services could be performed by an outside party.

As a result, management concluded there werefive separate performance obligations at the inception of the Genentech Agreement: (i) two combined performance obligations, each comprised of an exclusive research and commercial license, a non-exclusive platform improvement license, and research and development services for the first two Genentech programs, (ii) two performance obligations each comprised of a material right for a target swap option for the first two Genentech programs, and (iii)one performance obligation comprised of the participation on the governance committee.

The Company allocated consideration to the performance obligations based on the relative proportion of their standalone selling prices. The Company developed standalone selling prices for licenses by applying a risk adjusted, net present value, estimate of future potential cash flows approach, which included the cost of obtaining research and development services at arm's length from a third-party provider, as well as internal full-time equivalent costs to support these services. The Company developed the standalone selling price for committee participation by using management's estimate of the anticipated participation hours multiplied by a market rate for comparable participants.

The transaction price at inception is comprised of fixed consideration of $20.0 million in upfront fees and was allocated to each of the performance obligations based on the relative proportion of their standalone selling prices. The amounts allocated to the performance obligations for the two research programs will be recognized on a proportional performance basis through the completion of each respective estimated research term of the individual research programs. The amounts allocated to the material right for the target options will be recognized either at the time the material right expires or, if exercised, on a proportional performance basis over the estimated research term for that program along with any remaining deferred revenue associated with the replacement target. The amounts allocated to the participation on the committee will be recognized on a straight-line basis over the anticipated research term for all research programs. As of June 30, 2021, there was $19.5 million of aggregate transaction price allocated to remaining performance obligations.

Under the Genentech Agreement, the Company is eligible to receive various research, development, commercial and sales milestones. There is uncertainty that the events to obtain the research and development milestones will be achieved given the nature of clinical development and the stage of the Company's technology. The Company has determined that all other research and development milestones will be constrained until it is deemed probable that a significant revenue reversal will not occur.

As of June 30, 2021, there were $5.4 million and $14.1 million of current and non-current deferred revenue, respectively, related to the Genentech Agreement.

Boston Pharmaceuticals

On April 24, 2021, the Company and BP Asset XII, Inc., or Boston Pharmaceuticals, a subsidiary of Boston Pharma Holdings, LLC, entered into an Exclusive Product License Agreement, or the BP Agreement, to develop PRS-342, a 4-1BB/GPC3 preclinical immuno-oncology Anticalin-antibody bispecific fusion protein.

Under the terms of the BP Agreement, Boston Pharmaceuticals exclusively licensed worldwide rights to PRS-342. The Company received an upfront payment of $10.0 million and is further entitled to receive up to $352.5 million in development, regulatory and sales-based milestone payments, tiered royalties up to low double-digits on sales of PRS-342 and a percentage of consideration received by Boston Pharmaceuticals in the event of a sublicense of a program licensed under the BP Agreement or a change of control of Boston Pharmaceuticals. The Company will also contribute up to $4.0 million toward manufacturing activities.

The term of the BP Agreement ends upon the expiration of all of Boston Pharmaceuticals' payment obligations thereunder. The BP Agreement may be terminated by Boston Pharmaceuticals in its entirety for convenience beginning nine months after its effective date upon 60 days' notice or, for any program under the BP Agreement which has received marketing approval, upon 120 days' notice. If any program is terminated by Boston Pharmaceuticals, the Company will have full rights to continue such program. The BP Agreement may also be terminated by Boston Pharmaceuticals or the Company for an uncured material breach by the other party upon 180 days' notice (60 days in the case of non-payment of undisputed amounts due and payable), subject to extension for an additional 180 days in certain cases and subject, in all cases, to dispute resolution procedures. The Agreement may also be terminated due to the other party's insolvency. The Company may also terminate the BP Agreement if Boston Pharmaceuticals challenges the validity of any patents licensed under the BP Agreement, subject to certain exceptions.

The Company does not have any obligations to assist in the research and development efforts of Boston Pharmaceuticals under the BP Agreement. However, the Company has an obligation to fund up to $4.0 million in costs, including out-of-pocket costs incurred by Boston Pharmaceuticals, in connection with the manufacture of products under the BP Agreement.
The arrangement with Boston Pharmaceuticals provides for the transfer of the following: (i) exclusive license of PRS-342, (ii) non-exclusive Pieris platform license, (iii) initial know-how, (iv) product cell line license, and (v) materials (as each such term is defined under the BP Agreement).

Management evaluated all of the promised goods or services within the BP Agreement and determined which such goods and services were separate performance obligations. The Company determined that the licenses granted, at arrangement inception, should be combined with the transfer of know-how, materials and the product cell line license. Boston Pharmaceuticals could not benefit from the exclusive and non-exclusive licenses without the corresponding transfer of know-how and materials.

As a result, management concluded there was only one combined performance obligation. The transaction price at inception is comprised of fixed consideration of $10.0 million in upfront fees, offset by $4.0 million in consideration payable to Boston Pharmaceuticals to reimburse them for expected out-of-pocket manufacturing costs, for a total transaction price of $6.0 million. Management has assessed the forms of variable consideration within the BP Agreement and concluded that the payments are either constrained by the royalty recognition constraint or because management has assessed the most likely amount associated with the payments as zero.

The amounts allocated to the performance obligations did not meet the criteria to be recognized over time on a proportional performance basis and thus will be recognized at a point in time. The Company determined that the performance obligation will be fully satisfied when all of the deliverables in the combined performance obligation are transferred to Boston Pharmaceuticals as that is the point at which Boston Pharmaceuticals can fully use and benefit from the license to PRS-342. The Company expects all of the deliverables to be transferred to Boston Pharmaceuticals in the third quarter of 2021.

As of June 30, 2021, there was $6.0 million of aggregate transaction price allocated to remaining performance obligations. As of June 30, 2021, there was $6.0 million of current deferred revenue related to the BP Agreement.

Seagen

On February 8, 2018, the Company entered into a license and collaboration agreement, or the Seagen Collaboration Agreement, and a non-exclusive Anticalin platform technology license agreement, or the Seagen Platform License, and together with the Seagen Collaboration Agreement, the Seagen Agreements, with Seagen Inc. (formerly Seattle Genetics, Inc.), or Seagen, pursuant to which the parties will develop multiple targeted bispecific IO treatments for solid tumors and blood cancers.

Under the terms of the Seagen Agreements, the companies will pursue multiple antibody-Anticalin fusion proteins during the research phase. The Seagen Agreements provide Seagen a base option to select up to three programs for further development. Prior to the initiation of a pivotal trial, the Company may opt into global co-development and U.S. commercialization of the second program and share in global costs and profits on an equal basis. Seagen will solely develop, fund and commercialize the other two programs. Seagen may also decide to select additional candidates from the initial research phase for further development in return for the payment to the Company of additional fees, milestone payments and royalties.

The Seagen Platform License grants Seagen a non-exclusive license to certain intellectual property related to the Anticalin platform technology.

Upon signing the Seagen Agreements, Seagen paid the Company a $30.0 million upfront fee and an additional $4.9 million was estimated to be paid for research and development services as reimbursement to the Company through the end of the research term. In addition, the Company may receive tiered royalties on net sales up to the low double-digits and up to $1.2 billion in total success-based research, development, commercial and sales milestones payments across the product candidates, depending on the successful development and commercialization of those candidates. If Seagen exercises its option to select additional candidates from the initial research phase for further development, payment to Pieris of additional fees, milestone payments and royalties would result.

The term of each of the Seagen Agreements ends upon the expiration of all of Seagen's payment obligations under each such agreement. The Seagen Collaboration Agreement may be terminated by Seagen on a product-by-product basis for convenience beginning 12 months after its effective date upon 90 days' notice or, for any program where a pivotal study has been initiated, upon 180 days' notice. Any program may be terminated at Seagen's option. If any program is terminated by Seagen after a predefined preclinical stage, the Company will have full rights to continue such program. If any program is terminated by Seagen prior to such predefined preclinical stage, the Company will have the right to continue to develop such program, but will be obligated to offer a co-development option to Seagen for such program. The Seagen Collaboration Agreement may also be terminated by Seagen or the Company for an uncured material breach by the other party upon 90 days' notice, subject to extension for an additional 90 days if the material breach relates to diligence obligations and subject, in all cases, to dispute resolution procedures. The Seagen Collaboration Agreement may also be terminated due to the other party's insolvency and may in certain instances, including for reasons of safety, be terminated on a product-by-product basis. Each party may also terminate the Seagen Agreements if the other party challenges the validity of any patents licensed under the Seagen Agreements, subject to certain exceptions. The Seagen Platform License will terminate upon termination of the Seagen Collaboration Agreement, whether in its entirety or on a product-by-product basis.

The Company determined that the Seagen Agreements should be combined and evaluated as a single arrangement under ASC 606 as they were executed on the same date. The arrangement with Seagen provides for the transfer of the following goods or services: (i) three candidate research licenses that each consist of a non-exclusive platform technology license, a co-exclusive candidate research license, and research and development services, (ii) research, development and manufacturing services associated with each candidate research license, (iii) participation on various governance committees, and (iv) two antibody target swap options which were assessed as material rights.

Management evaluated all of the promised goods or services within the contract and determined which such goods and services were separate performance obligations. The Company determined that the licenses granted, at arrangement inception, should be

combined with the research and development services to be provided for the related antibody target programs as they are not capable of being distinct. A third party would not be able to provide the research and development services due to the specific nature of the intellectual property and knowledge required to perform the services, and Seagen could not benefit from the licenses without the corresponding services. The Company determined that the participation on the various governance committees was distinct as the services could be performed by an outside party.

As a result, management concluded there weresix separate performance obligations at the inception of the Seagen Agreements: (i) three combined performance obligations, each comprised of a non-exclusive platform technology license, a co-exclusive candidate research license, and research and development services for the first three approved Seagen antibody target programs, (ii) two performance obligations each comprised of a material right for an antibody target swap option for the first and the second approved Seagen antibody target for no additional consideration, and (iii) one performance obligation comprised of the participation on the various governance committees.

The Company allocated consideration to the performance obligations based on the relative proportion of their standalone selling prices. The Company developed standalone selling prices for licenses by applying a risk adjusted, net present value, estimate of future potential cash flows approach, which included the cost of obtaining research and development services at arm's length from a third-party provider, as well as internal full-time equivalent costs to support these services. The Company developed the standalone selling price for committee participation by using management's estimate of the anticipated participation hours multiplied by a market rate for comparable participants.

The transaction price at inception is comprised of fixed consideration of $30.0 million in upfront fees and variable consideration of $4.9 million of estimated research and development services to be reimbursed as research and development occurs through the research term. The $30.0 million upfront fee, which represents the fixed consideration in the transaction price, was allocated to each of the performance obligations based on the relative proportion of their standalone selling prices. The $4.9 million in variable consideration related to the research and development services is allocated specifically to the three target program performance obligations based upon the budgeted services for each program.

The amounts allocated to the performance obligations for the three research programs will be recognized on a proportional performance basis through the completion of each respective estimated research term of the individual research programs. The amounts allocated to the material right for the antibody target swap option will be recognized either at the time the material right expires or, if exercised, on a proportional performance basis over the estimated research term for that program. The amounts allocated to the participation on each of the committees will be recognized on a straight-line basis over the anticipated research term for all research programs. As of June 30, 2021, there was $22.7 million of aggregate transaction price allocated to remaining performance obligations.

In June 2020, Seagen and the Company entered into amendments to the Seagen Agreements, or together, the Amendment. The Amendment extended the deadline for Seagen to nominate a second and third antibody target. As a result of the Amendment, which completed the obligations under the research term for the first antibody target, the Company recorded as revenue $4.2 million, which was previously recorded as deferred revenue, for the year ended December 31, 2020. The Company also recorded $5.0 million of milestone revenue due from Seagen during the quarter ended June 30, 2020, as it was no longer deemed probable that a significant reversal of revenue would occur, and the remaining performance obligations on first antibody target were completed.

On March 24, 2021, the Company announced that Seagen made a strategic equity investment in Pieris, and that the companies had entered into a combination study agreement, or the Combination Study Agreement, to evaluate the safety and efficacy of combining Pieris' cinrebafusp alfa with Seagen's tucatinib, a small-molecule tyrosine kinase HER2 inhibitor, for the treatment of gastric cancer patients expressing lower HER2 levels (IHC2+/ISH- & IHC1+) as part of the upcoming phase 2 study to be conducted by Pieris. The companies have also entered into an Amended and Restated License and Collaboration Agreement, or the Second Seagen Amendment, in which their existing IO collaboration agreement has been amended relating to joint development and commercial rights for the second program in the alliance. In connection with the agreements described above, the Company and Seagen also entered into a subscription agreement, or the Seagen Subscription Agreement.

Under the Second Seagen Amendment, Pieris' option to co-develop and co-commercialize the second ofthree programs in the collaboration has been converted to a co-promotion option in the United States, with Seagen solely responsible for the development and overall commercialization of that program. Pieris will also be entitled to increased royalties from that program in the event that it chooses to exercise the co-promotion option. In connection with the Seagen Subscription Agreement, the Company agreed to issue to Seagen, and Seagen agreed to acquire from the Company, 3,706,174 shares of the Company's common stock for a total purchase price of $13.0 million, or $3.51 per share, in a private placement transaction pursuant to Section 4(a)(2) of the Securities Act. The Seagen Subscription Agreement includes a provision to the effect that Seagen may ask the Company to file a registration statement to register the resale of the shares issued to Seagen, at any time beginning on

the date that is 60 calendar days from the date of issuance of the shares. The Company assessed the ASC 606 implications of the Seagen Subscription Agreement and concluded that the fair value of the shares on a per share basis was $2.61 per share as of the transaction date. This resulted in a premium paid for the shares of $8.3 million, all of which was recorded in deferred revenue upon contract execution and allocated to the remaining performance obligations.

The Company has concluded that the Combination Study Agreement is within the scope of ASC 808, which defines collaborative arrangements and addresses the presentation of the transactions between the two parties in the income statement and related disclosures. However, ASC 808 does not provide guidance on the recognition of consideration exchanged or accounting for the obligations that may arise between the parties. The Company has concluded that ASC 730, *Research and Development*, should be applied by analogy. There is no financial statement impact for the Combination Study Agreement as the value of the drug supply received from Seagen is offset against the drug supply cost.

Under the Seagen Agreements, the Company is eligible to receive other various research, development, commercial and sales milestones. There is uncertainty that the events to obtain the research and development milestones will be achieved given the nature of clinical development and the stage of the Company's technology. With the exception of the previously discussed achieved milestone, the Company has determined that all other research and development milestones will be constrained until it is deemed probable that a significant revenue reversal will not occur.

As of June 30, 2021, there were $6.7 million and $12.8 million of current and non-current deferred revenue, respectively, related to the Seagen Agreements.

AstraZeneca

On May 2, 2017, the Company entered into a license and collaboration agreement, or the AstraZeneca Collaboration Agreement, and a non-exclusive Anticalin platform technology license agreement, or AstraZeneca Platform License, and together with the AstraZeneca Collaboration Agreement, the AstraZeneca Agreements, with AstraZeneca AB, or AstraZeneca, which became effective on June 10, 2017, following expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. Under the AstraZeneca Agreements, the parties will advance several novel inhaled Anticalin proteins.

In addition to the Company's lead inhaled drug candidate, PRS-060/AZD1402, or the AstraZeneca Lead Product, the Company and AstraZeneca will also collaborate to progress four additional novel Anticalin proteins against undisclosed targets for respiratory diseases, or the AstraZeneca Collaboration Products, and together with the AstraZeneca Lead Product, the AstraZeneca Products. The Company is responsible for advancing the AstraZeneca Lead Product through its phase 1 study, with the associated costs funded by AstraZeneca. The parties will collaborate thereafter to conduct a phase 2a study in asthma patients, with AstraZeneca continuing to fund development costs. After completion of a phase 2a study, Pieris has the option to co-develop the AstraZeneca Lead Product and also has a separate option to co-commercialize the AstraZeneca Lead Product in the United States. For the AstraZeneca Collaboration Products, the Company will be responsible for the initial discovery of the novel Anticalin proteins, after which AstraZeneca will take the lead on continued development of the AstraZeneca Collaboration Products. The Company has the option to co-develop two of the four AstraZeneca Collaboration Products beginning at a predefined preclinical stage and would also have the option to co-commercialize these two programs in the United States, while AstraZeneca will be responsible for development and commercialization of the other programs worldwide.

The term of each of the AstraZeneca Agreements ends upon the expiration of all of AstraZeneca's payment obligations under such agreement. The AstraZeneca Collaboration Agreement may be terminated by AstraZeneca in its entirety for convenience beginning 12 months after its effective date upon 90 days' notice or, if the Company has obtained marketing approval for the marketing and sale of a product, upon 180 days' notice. Each program may be terminated at AstraZeneca's option; if any program is terminated by AstraZeneca, the Company will have full rights to such program. The AstraZeneca Collaboration Agreement may also be terminated by AstraZeneca or the Company for material breach upon 180 days' notice of a material breach (or 30 days with respect to payment breach), provided that the applicable party has not cured such breach by the permitted cure period (including an additional 180 days if the breach is not susceptible to cure during the initial 180-day period) and dispute resolution procedures specified in the agreement have been followed. The AstraZeneca Collaboration Agreement may also be terminated due to the other party's insolvency and may in certain instances be terminated on a product-by-product and/or country-by-country basis. Each party may also terminate an AstraZeneca Agreement if the other party challenges the validity of patents related to certain intellectual property licensed under such AstraZeneca Agreement, subject to certain exceptions for infringement suits, acquisitions and newly-acquired licenses. The AstraZeneca Platform License will terminate upon termination of the AstraZeneca Collaboration Agreement, on a product-by-product and/or country-by-country basis.

At inception, AstraZeneca is granted the following licenses: (i) research and development license for the AstraZeneca Lead Product, (ii) commercial license for the AstraZeneca Lead Product, (iii) individual research licenses for each of the four AstraZeneca Collaboration Products, (iv) individual commercial licenses for each of the four AstraZeneca Collaboration Products, and (v) individual non-exclusive platform technology licenses for the AstraZeneca Lead Product and the four AstraZeneca Collaboration Products. AstraZeneca will be granted individual development licenses for each of the four AstraZeneca Collaboration Products upon completion of the initial discovery of Anticalin proteins.

The collaboration will be managed on an overall basis by a Joint Steering Committee, or JSC, formed by an equal number of representatives from the Company and AstraZeneca. In addition to the JSC, the AstraZeneca Collaboration Agreement also requires each party to designate an alliance manager to facilitate communication and coordination of the parties' activities under the agreement, and further requires participation of both parties on a joint development committee, or JDC, and a commercialization committee. The responsibilities of these committees vary, depending on the stage of development and commercialization of each product.

Under the AstraZeneca Agreements, the Company received an upfront, non-refundable payment of $45.0 million. In addition, the Company will receive payments to conduct a phase 1 clinical study for the AstraZeneca Lead Product. The Company is also eligible to receive research, development, commercial, sales milestone payments and royalty payments. The Company may receive tiered royalties on sales of potential products commercialized by AstraZeneca and for co-developed products, gross margin share on worldwide sales equal to the Company's level of committed investment.

The Company determined that the AstraZeneca Agreements should be combined and evaluated as a single arrangement under ASC 606 as they were executed on the same date. The arrangement with AstraZeneca, including the impact of any modifications, provides for the transfer of the following goods and services: (i) five non-exclusive platform technology licenses, (ii) research and development license for the AstraZeneca Lead Product, (iii) commercial license for the AstraZeneca Lead Product, (iv) development and manufacturing services for the AstraZeneca Lead Product (or the phase 1 services), (v) technology transfer services for the AstraZeneca Lead Product, (vi) research services related to the AstraZeneca Lead Product, (vii) participation on each of the committees, (viii) four research licenses for the AstraZeneca Collaboration Products, (ix) four commercial licenses for the AstraZeneca Collaboration Products, (x) research services for the AstraZeneca Collaboration Products and (xi) certain phase 2a services for the AstraZeneca Lead Product. Additionally, as the development licenses on the four AstraZeneca Collaboration Products may be granted at a discount in the future, the Company determined such discounts should be assessed as material rights at inception.

Management evaluated all of the promised goods or services within the contract and determined which such goods and services were separate performance obligations. The Company determined that the licenses granted for the AstraZeneca Lead Product at the inception of the arrangement should be combined with the research services related to the AstraZeneca Lead Product and that the licenses granted for the AstraZeneca Collaboration Products should be combined with the research services for the AstraZeneca Collaboration Products, as the licenses are not capable of being distinct. A third party would not be able to provide the research and development services, due to the specific nature of the intellectual property and knowledge required to perform the services, and AstraZeneca could not benefit from the licenses without the corresponding services. The Company also determined that each of the phase 1 services and the phase 2a services for the AstraZeneca Lead Product were distinct and that the participation on the various committees was also distinct, as all of the phase 1 services, phase 2a services and the committee services could be performed by an outside party. The Company determined that the commercial licenses for the AstraZeneca Collaboration Products granted at the inception of the arrangement should be combined with the development licenses for the AstraZeneca Collaboration Products as the company would not benefit from the commercial license without the ability to develop each product.

As a result, management concluded that there were16 performance obligations: (i) combined performance obligation comprised of a non-exclusive platform technology license, research and development license, and commercial licenses for the AstraZeneca Lead Product and research services for the AstraZeneca Lead Product, (ii) combined performance obligation comprised of development and manufacturing services, and technology transfer services for the AstraZeneca Lead Product, (iii) committee participation, (iv-vii) four combined performance obligations each comprised of a non-exclusive platform technology license, research licenses, and research services for each AstraZeneca Collaboration Product, (viii-xi) four performance obligations comprised of a material right to acquire the development licenses granted for the AstraZeneca Collaboration Products, (xii-xv) four performance obligations comprised of the commercial licenses granted for the AstraZeneca Collaboration Products and (xvi) phase 2a services.

The Company allocated consideration to the performance obligations based on the relative proportion of their standalone selling prices. The Company developed standalone selling prices for licenses and corresponding research services by applying a risk adjusted, net present value, estimate of future potential cash flow approach, which included the cost of obtaining research

services at arm's length from a third-party provider, as well as internal full-time equivalent costs to support these services. The Company developed its standalone selling price for development and manufacturing services and technology transfer services for the AstraZeneca Lead Product using estimated internal and external costs to be incurred.

The Company developed its standalone selling price for committee participation by using management's estimate of the anticipated participation hours multiplied by a market rate for comparable participants.

The Company developed its standalone selling price for the commercial licenses and material rights granted on the development licenses by probability weighting multiple cash flow scenarios using the income approach.

The transaction price was comprised of fixed consideration of $45.0 million in upfront fees and variable consideration of (i) $14.2 million in estimated phase 1 services, (ii) $12.5 million in milestone payments achieved upon the initiation of a phase 1 study in December 2017, and (iii) $4.7 million in estimated phase 2a services. The $45.0 million upfront fee, which represents the fixed consideration in the transaction price, was allocated to each of the performance obligations based on the relative proportion of their standalone selling prices. Variable consideration of $14.2 million is related to the phase 1 services and will be allocated entirely to the performance obligation to which they relate. Variable consideration of $12.5 million related to the phase 1 trial milestone was allocated by relative selling price to the combined performance obligation comprised of a non-exclusive platform technology license, research and development license and commercial licenses for the AstraZeneca Lead Product and research services for the AstraZeneca Lead Product, and the combined performance obligation comprised of development and manufacturing services and technology transfer services for the AstraZeneca Lead Product performance obligations. Variable consideration of $4.7 million for phase 2a services was allocated specifically to the related performance obligation.

The amounts allocated to the license performance obligation for the AstraZeneca Lead Product and thefour performance obligations for the four research licenses for AstraZeneca Collaboration Products will be recognized on a proportional performance basis as the activities are conducted over the life of the arrangement. The amounts allocated to the performance obligation for phase 1 services, technology transfer services for the AstraZeneca Lead Product will be recognized on a proportional performance basis over the estimated term of development through phase 2a study. The amounts allocated to the performance obligation for phase 2a services for the AstraZeneca Lead Product will be recognized on a proportionate performance basis over an estimated term of 12 months. The amounts allocated to the performance obligation for participation on each of the committees will be recognized on a straight-line basis over the expected term of development of the AstraZeneca Lead Product and the AstraZeneca Collaboration Products. The term of performance is approximately five years. The amounts allocated to the four performance obligations for the material rights to acquire a development license and the four performance obligations for commercial licenses for the AstraZeneca Collaboration Products will be recognized upon exercise of the specific material right and delivery of each of the development licenses. As of June 30, 2021, there was $21.8 million of aggregate transaction price allocated to remaining performance obligations.

Additionally, the Company evaluated payments required to be made between both parties as a result of the shared development costs of the AstraZeneca Lead Product and the two AstraZeneca Collaboration Products for which the Company has a co-development option. The Company will classify payments made as a reduction of revenue and will classify payments received as revenue in the period they are earned.

Under the AstraZeneca Agreements, the Company is eligible to receive various research, development, commercial and sales milestones. There is uncertainty that the events to obtain the research and development milestones will be achieved given the nature of clinical development and the stage of the Company's technology. The Company has thus determined that all research and development milestones, other than the phase 1 initiation milestone achieved in December 2017 and included in the impact of adoption of ASC 606, will be constrained until it is deemed probable that a significant revenue reversal will not occur.

On March 29, 2021, the Company and AstraZeneca entered into (1) Amendment No. 1 to the Non-exclusive Anticalin® Platform License Agreement dated May 2, 2017 and (2) Amendment No. 2 to the License and Collaboration Agreement dated May 2, 2017, as previously amended by Amendment No. 1 dated September 14, 2020, collectively, the Amended Collaboration Agreement. Under the Amended Collaboration Agreement, the parties agreed to restructure certain commercial economics for the AZD1402/PRS-060 program by increasing potential sales milestones and reducing potential sales royalties, while fundamentally maintaining the overall value split between AstraZeneca and the Company.

In connection with the Amended Collaboration Agreement, the Company and AstraZeneca entered into a subscription agreement, or the AstraZeneca Subscription Agreement, pursuant to which the Company agreed to issue to AstraZeneca, and AstraZeneca agreed to acquire from the Company, 3,584,230 shares of the Company's common stock for a total purchase price of $10.0 million, or $2.79 per share, in a private placement transaction pursuant to Section 4(a)(2) of the Securities Act. The

AstraZeneca Subscription Agreement closed on April 1, 2021 and includes a requirement that the Company file a registration statement to register the resale of the shares issued to AstraZeneca within 60 calendar days of the issuance of the shares. The Company assessed the payment under ASC 606 and concluded that the fair value of the shares on a per share basis was $2.60 per share as of the transaction date. This resulted in a premium paid for the shares of $0.7 million, which was added to the deferred revenue balance and will be recognized over time in line with our revenue recognition pattern for all remaining performance obligations.

Also in March 2021, the Company earned a $13.0 million milestone from AstraZeneca related to the initiation of the phase 2a study for PRS-060/AZD1402. The Company assessed the milestone payment under ASC 606 and determined that there no longer existed a constraint on the milestone as the performance obligation related to the phase 2a study was fully satisfied. Therefore, the Company realized the full $13.0 million as milestone revenue during the quarter ended March 31, 2021.

As of June 30, 2021, there were $1.0 million and $18.1 million of current and non-current deferred revenue, respectively, related to the AstraZeneca Agreements.

The Company incurred $1.6 million of third-party success fees to obtain the contract with AstraZeneca. Upon adoption of ASC 606, the Company capitalized $1.1 million in accordance with ASC 340. As of June 30, 2021, the remaining balance of the asset recognized from transaction costs to obtain the AstraZeneca contract was $0.7 million. Amortization during the three and six months ended June 30, 2021 and 2020 was de minimis.

Servier

On January 4, 2017, the Company entered into a license and collaboration agreement, or Servier Collaboration Agreement, and a non-exclusive Anticalin platform license agreement, or Servier Platform License, and together with the Servier Collaboration Agreement, the Servier Agreements, with Les Laboratoires Servier and Institut de Recherches Internationales Servier, or Servier, pursuant to which the Company and Servier agreed to initially pursue five bispecific therapeutic programs.

Five committed programs were initially defined, which may combine antibodies from the Servier portfolio with one or more Anticalin proteins based on the Company's proprietary platform to generate innovative IO bispecific drug candidates, or the Collaboration Products. The collaboration may be expanded by up to three additional therapeutic programs. The Company had the option to co-develop and retain commercial rights in the United States for PRS-332, the initial lead program under the collaboration, or the Initial Lead, and has a similar option on up to three additional programs, or the Co-Development Collaboration Products, while Servier will be responsible for development and commercialization of the other programs worldwide, or the Servier Worldwide Collaboration Products. Each party is responsible for an agreed upon percentage of shared costs, as set forth in the budget for the collaboration plan, and as further discussed below.

The Co-Development Collaboration Products may be jointly developed, according to a collaboration plan, through marketing approval from the U.S. Food and Drug Administration or the European Medicines Agency. Servier Worldwide Collaboration Products may be jointly developed, according to a collaboration plan, through specified preclinical activities, at which point Servier becomes responsible for further development of the Collaboration Product.

At inception, Servier was granted the following licenses: (i) development license for the Initial Lead, (ii) commercial license for the Initial Lead, (iii) individual research licenses for each of the four Collaboration Products, and (iv) individual non-exclusive platform technology licenses for the Initial Lead and for each of the four Collaboration Products. Upon achievement of certain development activities, specified by the collaboration for each Servier Agreement, Servier will be granted a development license and a commercial license. For the Initial Lead and the Co-Development Collaboration Products, the licenses granted are with respect to the entire world except for the United States. For Servier Worldwide Collaboration Products, the licenses granted are with respect to the entire world.

The Servier Agreements are managed on an overall basis by a joint executive committee, or JEC, formed by an equal number of members from the Company and Servier. Decisions by the JEC will be made by consensus; however, in the event of a disagreement, each party will have final-decision making authority as it relates to the applicable territory in which such party has commercialization rights for the applicable product. In addition to the JEC, the Servier Collaboration Agreement requires the participation of both parties on: (i) a JSC, (ii) a JDC, (iii) a joint intellectual property committee, or JIPC, and (iv) a joint research committee, or JRC. The responsibilities of these committees vary, depending on the stage of development and commercialization of the Collaboration Products.

For the Initial Lead and Co-Development Collaboration Products, the Company and Servier are responsible for an agreed upon percent of the shared costs required to develop the products through commercialization. In the event that the Company fails to

exercise its option to co-develop the Co-Development Collaboration Products, Servier has the right to continue with the development and will be responsible for all costs required to develop the products through commercialization.

Under the Servier Agreements, the Company received an upfront, non-refundable payment of €30.0 million (approximately $32.0 million). In addition, the Company is eligible to receive research, development, commercial and sales milestone payments as well as tiered royalties up to low double digits on the sales of commercialized products in the Servier territories. The Company achieved two preclinical milestones under the program, one in December 2018 for €0.5 million (approximately $0.6 million) and another in February 2019 for €1.5 million (approximately $1.7 million), both of which became billable on their respective achievement dates.

The initial research collaboration term, as it relates to the Initial Lead and Collaboration Products, shall continue forthree years from the effective date of the Servier agreements and may be mutually extended for two one-year terms consecutively applied.

The term of each Servier Agreement ends upon the expiration of all of Servier's payment obligations under such Servier Agreement. The Servier Agreements may be terminated by Servier for convenience beginning 12 months after their effective date upon 180 days' notice. The Servier Agreements may also be terminated by Servier or the Company for material breach upon 90 days' or 120 days' notice under the Servier Collaboration Agreement and the Servier Platform License, respectively, provided that the applicable party has not cured such breach by the applicable 90-day or 120-day permitted cure period, and dispute resolution procedures specified in the applicable Servier Agreement have been followed. The Servier Agreements may also be terminated due to the other party's insolvency or for a safety issue and may in certain instances be terminated on a product-by-product and/or country-by-country basis. The Servier Platform License will terminate upon termination of the Servier Collaboration Agreement, on a product-by-product and/or country-by-country basis.

As the Company and Servier are considered to be active participants in the Servier Agreements and are exposed to significant risks and rewards, certain units of account within the Servier Agreements are within the scope of ASC 808. The arrangement with Servier provides for the transfer of the following goods and services: (i) five non-exclusive platform technology licenses, a development license, a commercial license and research and development services for the Initial Lead, (ii) participation on each of the committees, (iii) four research licenses for Collaboration Products, and (iv) research and development services for the Collaboration Products. Additionally, as the development and commercial licenses on the four Collaboration Products may be granted at a discount in the future, the Company determined such discounts should be assessed as material rights at inception.

Management evaluated all of the promised goods or services within the contract and determined which goods and services
were separate performance obligations. The Company determined that the licenses granted, at the inception of the Servier collaboration, should be combined with the research and development services to be provided for the Initial Lead and Collaboration Products, over the term of the Servier Agreements, as such licenses are not capable of being distinct. A third party would not be able to provide the research and development services, due to the specific nature of the intellectual property and knowledge required to perform the services, and Servier could not benefit from the licenses without the corresponding services. The Company determined that the participation on the various committees was distinct as the services could be performed by an outside party.

As a result, management concluded that there were10 performance obligations at the inception of the Servier Agreements. The following performance obligations are within the scope of ASC 808: (i) combined performance obligation comprised of a non-exclusive platform technology license, commercial license, development license and research and development services for the Initial Lead, (ii) two separate performance obligations each comprised of a combined non-exclusive platform technology license, research license and research and development services for each Co-Development Collaboration Product, (iii) one performance obligation comprised of participation in the various governance committees, and (iv) two combined performance obligations comprised of the development and commercial licenses granted for the Co-Development Collaboration Products (and corresponding discounts) upon the achievement of specified preclinical activities, resulting in material rights. Revenue recognized associated with these performance obligations are presented as Collaboration Revenue within the Statement of Operations. The following performance obligations are within the scope of ASC 606: (i) two separate performance obligations each comprised of a combined non-exclusive platform technology license, research license and research and development services for each Servier Worldwide Collaboration Product, and (ii) two combined performance obligations comprised of the development and commercial licenses granted for the Servier Worldwide Collaboration Products (and corresponding discounts) upon the achievement of specified preclinical activities, resulting in material rights. Revenue recognized associated with these performance obligations are presented as Customer Revenue within the Statement of Operations.

The Company allocated consideration to the performance obligations based on the relative proportion of their standalone selling prices. The Company developed its standalone selling prices for licenses by applying a risk adjusted, net present value, estimate

of future potential cash flows approach, which included the cost of obtaining research and development services at arm's length from a third-party provider, as well as internal full-time equivalent costs to support these services.

The Company developed its estimate of standalone selling price for committee participation by using management's estimate of the anticipated participation hours multiplied by a market rate for comparable participants.

The Company developed its estimate of standalone selling price for the material rights granted on the development and commercial licenses granted for the Collaboration Products by probability weighting multiple cash flow scenarios using the income approach.

The transaction price at inception is comprised of the fixed upfront fee of €30.0 million (approximately $32.0 million) and was allocated to the performance obligations based on the relative proportion of their standalone selling prices.

The amounts allocated to the performance obligation for the Initial Lead and the four performance obligations for the four research and development licenses for Collaboration Products will be recognized on a proportional performance basis as the activities are conducted over the life of the arrangement. The term of the performance at inception of the Servier Agreements for the Initial Lead and each of the Co-Development Collaboration Products may be through approval of certain regulatory bodies; a period which could be many years. The term of the performance for each of the other two Servier Worldwide Collaboration Products is through the initial research and collaboration term, plus potential extensions. The amounts allocated to the performance obligation for participation on each of the committees will be recognized on a straight-line basis over the anticipated performance period over the entirety of the arrangement with Servier. The amounts allocated to the four performance obligations for the material rights to acquire development and commercial licenses for the Co-Development Collaboration Products are granted in the future will be recognized over time upon delivery of each of the licenses through marketing approval. The amounts allocated to the four performance obligations for the material rights to acquire development and commercial licenses for the Servier Developed Collaboration Products are granted in the future will be recognized upon delivery of each of the licenses. As of June 30, 2021, there was $10.9 million of aggregate transaction price allocated to remaining performance obligations.

Additionally, the Company evaluated payments required to be made between both parties as a result of the shared development costs of the Initial Lead and Collaboration Products. The Company will classify payments made as a reduction of revenue and will classify payments received as revenue, in the period they are earned.

Under the Servier Agreements, the Company is eligible to receive various research, development, commercial and sales milestones. There is uncertainty that the events to obtain the research and development milestones will be achieved given the nature of clinical development and the stage of the Company's technology. The Company has thus determined that all research and development milestones will be constrained until it is deemed probable that a significant revenue reversal will not occur.

In September 2019, Servier notified the Company of its decision to discontinue co-development of PRS-332, a PD-1-LAG-3 bispecific that served as the initial development program under the Pieris-Servier alliance, for strategic reasons. The Company does not presently intend to continue development of PRS-332 but retains full rights to advance the development and commercialization of the product on a world-wide basis in the future.

In February 2020, the research term was extended for another 12 months. The Company has updated the transaction price for the extension for revenue recognition purposes and allocated it ratably over all unsatisfied performance obligations. In March 2020, Servier notified the Company of its decision to discontinue co-development of two earlier preclinical stage programs for strategic reasons based upon an extensive portfolio review. The notification required a 60-day period to complete remaining obligations on the programs; however, the Company determined that the material rights to acquire development and commercial licenses for one Co-Development Collaboration Product and for one Servier Developed Collaboration Products lapsed in March 2020 and recognized as revenue $7.1 million of previously deferred revenue associated with these material rights during the three-month period ended March 31, 2020. The parties continue to advance the development of two preclinical programs: PRS-344, a 4-1BB/PD-L1 bispecific designed as a co-development program, and PRS-352, which addresses undisclosed targets and for which Servier has worldwide rights.

In February 2021, the research term was extended for another 12 months.

As of June 30, 2021, there were $6.5 million and $4.4 million of current and non-current deferred revenue, respectively, related to the Servier Agreements.

The Company incurred costs to obtain the contract with Servier. Upon adoption of ASC 606, the Company capitalized $0.5 million of third-party service fees in accordance with ASC 340. As of June 30, 2021, the remaining balance of the asset recognized from costs to obtain the Servier contract was $0.1 million. Amortization during the three and six months ended June 30, 2021 was de minimis. Amortization during the three and six months ended June 30, 2020 was de minimis and $0.1 million, respectively.

Contract Balances

The Company receives payments from its collaboration partners based on payments established in each contract. Upfront payments and fees are recorded as deferred revenue upon receipt or when due until such time as the Company satisfies its performance obligations under each arrangement. A contract asset is a conditional right to consideration in exchange for goods or services that the Company has transferred to a customer. Amounts are recorded as accounts receivable when the Company's right is unconditional.

Additions to deferred revenue were $26.1 million and $30.1 million during the three and six months ended June 30, 2021, respectively. Reductions to deferred revenue were $0.7 million and $1.5 million for the three and six months ended June 30, 2021, respectively.

4. Grant Income

One of the Company's proprietary respiratory assets is PRS-220, an oral inhaled Anticalin protein targeting connective tissue growth factor, or CTGF, and it is being developed as a local treatment for idiopathic pulmonary fibrosis. In June 2021, the Company was selected to receive a €14.2 million (approximately $17.0 million) grant from the Bavarian Ministry of Economic Affairs, Regional Development and Energy (the Bavarian Grant) supporting research and development for post-acute sequelae of SARS-CoV-2 infection (PASC) pulmonary fibrosis, or PASC-PF, also known as post-COVID-19 syndrome pulmonary fibrosis, or "long COVID".

The Bavarian Grant provides partial reimbursement for qualifying research and development activities on PRS-220, including drug manufacturing costs, activities and costs to support an IND filing, and phase 1 clinical trials costs. The Bavarian Grant provides reimbursement of qualifying costs incurred through August 2023, which follows the expected development timeline of this program. Qualifying costs incurred may exceed the annual grant funding thresholds. If the Company receives any proceeds from the sale of or licensing income from PRS-220, the funds available for reimbursement will be reduced proportionally if they are obtained prior to August 2023. The Company is required to communicate such proceeds in each case with the request to draw-down the funds.

5. Cash, cash equivalents and investments

As of June 30, 2021 and December 31, 2020, cash equivalents were $91.8 million and $64.0 million, respectively, and are comprised of money market accounts, all of which are Level 1 investments. The Company did not hold any Level 2 or 3 investments as of June 30, 2021 and did not have any transfers of investment between levels for the three and six months ended June 30, 2021.

The Company did not record any realized gains or losses from the maturity of available-for-sale securities during the three and six months ended June 30, 2021. The Company recorded de minimis realized gains and a realized gain of $0.2 million from the maturity of available-for-sale securities for the three and six months ended June 30, 2020, respectively.

6. Property and equipment, net

Property and equipment are summarized as follows (in thousands):

	June 30, 2021	December 31, 2020
Laboratory furniture and equipment	$ 11,043	$ 11,188
Office furniture and equipment	2,056	2,120
Computer equipment	410	394
Leasehold improvements	13,723	14,159
Property and equipment, cost	27,232	27,861
Accumulated depreciation	(6,859)	(5,815)
Property and equipment, net	$ 20,373	$ 22,046

7. Accrued Expenses

Accrued expenses and other current liabilities consisted of the following (in thousands):

	June 30, 2021	December 31, 2020
Accrued accounts payable	$ 4,215	$ 1,220
Collaboration cost-sharing obligation	3,830	—
Research and development fees	2,813	2,001
Compensation expense	2,251	2,759
Accrued license obligations	1,653	358
Lease liabilities	959	1,030
Audit and tax fees	189	128
Other current liabilities	173	235
Total	$ 16,083	$ 7,731

8. Net Loss per Share

Basic net loss per share is calculated by dividing net income loss by the weighted average shares outstanding during the period, without consideration for common stock equivalents. Diluted net loss per share is calculated by adjusting weighted average shares outstanding for the dilutive effect of common stock equivalents outstanding for the period, determined using the treasury-stock and if-converted methods. For purposes of the diluted net loss per share calculation, preferred stock, stock options and warrants are considered to be common stock equivalents but have been excluded from the calculation of diluted net loss per share, as their effect would be anti-dilutive for all periods presented. Therefore, basic and diluted net loss per share were the same for all periods presented.

As of June 30, 2021 and 2020, and as calculated using the treasury stock method, approximately36.5 million and 37.3 million of weighted average shares, respectively, were excluded from the calculation of diluted weighted average shares outstanding as their effect was antidilutive.

9. Stockholders' Equity

The Company had 300,000,000 shares authorized and 66,679,223 and 56,002,815 shares of common stock issued and outstanding as of June 30, 2021 and December 31, 2020, respectively, with a par value of $0.001 per share.

The Company had 10,000,000 shares authorized and 15,617 shares of preferred stock issued and outstanding as of June 30, 2021. The Company had10,000,000 shares authorized and 14,429 shares of preferred stock issued and outstanding as of December 31, 2020. Preferred stock has a par value of $0.001 per share, and consists of the following:

- Series A Convertible, 85 and 2,907 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively.
- Series B Convertible, 4,026 and 5,000 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively.
- Series C Convertible, 3,506 and 3,522 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively.
- Series D Convertible, 3,000 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively.
- Series E Convertible, 5,000 and 0 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively.

2020 Employee, Director and Consultant Equity Incentive Plan

At the 2020 Annual Meeting of Stockholders, the Company's stockholders approved the 2020 Employee, Director and Consultant Equity Incentive Plan, or the 2020 Plan. The 2020 Plan permits the Company to issue up to 3,500,000 shares of common stock pursuant to awards granted under the 2020 Plan. Upon approval of the 2020 Plan, the 2019 Employee, Director and Consultant Equity Incentive Plan, or the 2019 Plan, was terminated; all unissued options were canceled and no additional

awards will be made thereunder. All outstanding awards under the 2019 Plan will remain in effect and any awards forfeited from the outstanding awards will be allocated back into the 2020 Plan. There were approximately 1,579,678 shares remaining and available for grant under the 2019 Plan that terminated upon original approval of the 2020 Plan.

At the 2021 Annual Meeting of Stockholders, held on June 25, 2021, the Company's stockholders approved the first amendment to the 2020 Plan to add 2,250,000 shares for issuance under the 2020 Plan.

Series D Preferred Stock Conversion

On March 31, 2020, the Company and certain entities affiliated with Biotechnology Value Fund, L.P., or BVF, entered into an exchange agreement pursuant to which, on April 1, 2020, BVF exchanged an aggregate of 3,000,000 shares of the Company's common stock owned by BVF for an aggregate of 3,000 shares of Series D Preferred Stock. The Company designated 3,000 shares of its authorized and unissued preferred stock as Series D Preferred Stock and filed a Certificate of Designation of Series D Convertible Preferred Stock of Pieris Pharmaceuticals, Inc. with the Nevada Secretary of State.

Series E Preferred Stock Conversion

On May 20, 2021, the Company and certain entities affiliated with BVF entered into an exchange agreement pursuant to which, BVF exchanged an aggregate of 5,000,000 shares of the Company's common stock owned by BVF for an aggregate of 5,000 shares of Series E Preferred Stock. The Company designated 5,000 shares of its authorized and unissued preferred stock as Series E Preferred Stock and filed a Certificate of Designation of Series E Convertible Preferred Stock of Pieris Pharmaceuticals, Inc., or the Series E Certificate of Designation, with the Nevada Secretary of State.

As described below, the Series E Preferred Stock has substantially the same terms as the Company's Series D Convertible Preferred Stock, par value $0.001 per share, issued in April 2020; Series C Convertible Preferred Stock, par value $0.001 per share, issued in November 2019; Series B Convertible Preferred Stock, par value $0.001 per share, issued in January 2019; and Series A Convertible Preferred Stock, par value $0.001 per share, issued in June 2016, all currently held by entities affiliated with BVF.

Each share of Series E Preferred Stock is convertible into 1,000 shares of Common Stock (subject to adjustment as provided in the Series E Certificate of Designation) at any time at the option of the holder, provided that the holder is prohibited from converting the Series E Preferred Stock into shares of Common Stock if, as a result of such conversion, the holder, together with its affiliates, would own more than 9.99% of the total number of shares of Common Stock then issued and outstanding, or the Beneficial Ownership Limitation. The holder may reset the Beneficial Ownership Limitation to a higher or lower number (not to exceed 19.99% of the total number of Common Shares issued and outstanding immediately after giving effect to a conversion) upon providing written notice to the Company. Any such notice providing for an increase to the Beneficial Ownership Limitation will be effective 61 days after delivery to the Company. In the event of the Company's liquidation, dissolution, or winding up, subject to the rights of holders of Senior Securities (defined below), holders of Series E Preferred Stock are entitled to receive a payment equal to $0.001 per share of Series E Preferred Stock before any proceeds are distributed to the holders of Common Stock and Junior Securities (defined below) and pari passu with any distributions to the holders of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock, plus an additional amount equal to any dividends declared but unpaid on such shares. However, if the assets of the Company are insufficient to comply with the preceding sentence, then all remaining assets of the Company shall be distributed ratably to holders of the shares of the Series E Preferred Stock and Parity Securities (defined below). Shares of Series E Preferred Stock generally have no voting rights, except as required by law and except that the consent of holders of a majority of the then outstanding Series E Preferred Stock is required to amend the terms of the Series E Certificate of Designation. Holders of Series E Preferred Stock are entitled to receive any dividends payable to holders of Common Stock, and rank:

- senior to all of the Common Stock;
- senior to any class or series of capital stock of the Company created after the designation of the Series E Preferred Stock specifically ranking by its terms junior to the Series E Preferred Stock, or the Junior Securities;
- on parity with all shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and any class or series of capital stock of the Company created after the designation of the Series E Preferred Stock specifically ranking by its terms on parity with the Series E Preferred Stock, or the Parity Securities; and
- junior to any class or series of capital stock of the Company created after the designation of the Series E Preferred Stock specifically ranking by its terms senior to the Series E Preferred Stock, or the Senior Securities,

in each case, as to distributions of assets upon the Company's liquidation, dissolution or winding up whether voluntarily or involuntarily and/or the right to receive dividends.

Open Market Sales Agreement

In August 2019, the Company entered into a sales agreement pursuant to which the Company may offer and sell shares of its common stock, from time to time, up to an aggregate amount of gross sales proceeds of $50.0 million through the ATM Program under a shelf registration statement on Form S-3. Through June 30, 2021, the Company has sold $22.7 million of common shares under the ATM Program of which 3.0 million shares were sold during the quarter ending June 30, 2021 at an average stock price of $4.24.

10. Leases

The Company currently leases office space in Boston, Massachusetts. In August 2015, the Company entered into a sublease to lease approximately 3,950 square feet. The sublease originally expired on February 27, 2022 or such earlier date pursuant to the termination provisions of the sublease. In July 2021, the Company extended the lease for this office space for an additional 10 months through December 31, 2022.

The Company also leased approximately 19,000 square feet of office and laboratory space in Freising, Germany underfour agreements, or the Freising Leases, including three leases for space on three floors of the same building and a letter agreement for additional conference room space within the building. The Freising Leases expired on March 31, 2020.

In October 2018, Pieris GmbH entered into a new lease for office and laboratory space located in Hallbergmoos, Germany, or the Hallbergmoos Lease. Pieris GmbH moved its operations, formerly conducted in Freising, Germany, to the Hallbergmoos facility in February 2020.

Under the Hallbergmoos Lease, Pieris GmbH will rent approximately 105,000 square feet, of which approximately 98,400 square feet were delivered by the lessor in February 2020 and approximately 5,100 square feet were delivered by the lessor in May 2020. An additional approximately 22,300 square feet is expected to be delivered by the lessor by October 2024. Pieris GmbH has a first right of refusal to lease an additional approximate 13,400 square feet.

The Hallbergmoos Lease provides for an initial rental term of 12.5 years which commenced in February 2020 when the leased property was delivered to Pieris GmbH. Pieris GmbH also has an option to extend the Hallbergmoos Lease for two additional 60-month periods. The Company is not reasonably certain to exercise the option to extend the lease expiration beyond its current expiration date. Pieris GmbH may sublease space within the leased property with lessor's consent, which may not be unreasonably withheld.

Monthly base rent for the initial 105,000 square feet of the leased property, including parking spaces, will total approximately $0.2 million per month, which amount shall be adjusted starting on the second anniversary of the commencement date by an amount equal to the German consumer price index. In addition to the base rent, Pieris GmbH is also responsible for certain administrative and operational costs in accordance with the Hallbergmoos Lease. Pieris GmbH provided a security deposit of $0.8 million as required by the Hallbergmoos Lease. The Company will serve as a guarantor for the Hallbergmoos Lease.

The Hallbergmoos Lease included $11.5 million of tenant improvements allowance for normal tenant improvements, for which construction began in March 2019. The Company capitalized the leasehold incentives which are included in Property and equipment, net on the Condensed Consolidated Balance Sheet and are amortized on a straight-line basis over the shorter of the useful life or the remaining lease term. The lease incentive allowance was also factored in as a reduction to the right-of-use asset upon the adoption of ASC 842.

The following table summarizes operating lease costs included in operating expenses (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Operating lease costs	$ 379	$ 347	$ 744	$ 751
Variable lease costs (1)	181	156	364	344
Total lease cost	$ 560	$ 503	$ 1,108	$ 1,095

(1) Variable lease costs include certain additional charges for operating costs, including insurance, maintenance, taxes, utilities, and other costs incurred, which are billed based on both usage and as a percentage of the Company's share of total square footage.

The following table summarizes the weighted-average remaining lease term and discount rate:

	As of June 30, 2021
Weighted-average remaining lease term (years)	11.0
Weighted-average discount rate	10.5 %

Cash paid for amounts included in the measurement of the lease liabilities was $0.6 million and $1.3 million, respectively, for the three and six months ended June 30, 2021.
Cash paid for amounts included in the measurement of the lease liabilities was $0.6 million and $0.9 million, respectively, for the three and six months ended June 30, 2020.

As of June 30, 2021, the maturities of the Company's operating lease liabilities and future minimum lease payments were as follows (in thousands):

	Total
2021	$ 1,283
2022	2,380
2023	2,346
2024	2,346
2025	2,346
Thereafter	15,443
Total undiscounted lease payments	26,144
Less: present value adjustment	(10,224)
Present value of lease liabilities	$ 15,920

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

The interim financial statements and this Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the financial statements and notes thereto for the year ended December 31, 2020, and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, filed with the SEC on March 31, 2021. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to those set forth under the caption "Risk Factors" in the Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

As used in this Quarterly Report on Form 10-Q, unless the context indicates or otherwise requires, "our Company", "the Company", "Pieris", "we", "us" and "our" refer to Pieris Pharmaceuticals, Inc., a Nevada corporation, and its consolidated subsidiaries.

We have registered trademarks for Pieris, Anticalin and others. All other trademarks, trade names and service marks included in this Quarterly Report on Form 10-Q are the property of their respective owners. Use or display by us of other parties' trademarks, trade dress or products is not intended to and does not imply a relationship with, or endorsements or sponsorship of, us by the trademark or trade dress owner.

Overview

We are a clinical-stage biotechnology company that discovers and develops Anticalin-based drugs to target validated disease pathways in unique and transformative ways. Our clinical pipeline includes an inhaled IL-4Rα antagonist Anticalin protein to treat moderate-to-severe asthma and an IO bispecific targeting 4-1BB and HER2. Proprietary to us, Anticalin proteins are a novel class of therapeutics validated in the clinic and through partnerships with leading pharmaceutical companies. Our core Anticalin technology and platform were developed in Germany, and we have collaborations with major multi-national pharmaceutical companies. In particular, we have alliances with AstraZeneca and Genentech to treat respiratory diseases, with Genentech also in ophthalmology, and partnerships with Servier and Seagen, both in IO. Our development programs include:

- *PRS-060/AZD1402*, our lead respiratory program partnered with AstraZeneca, is a drug candidate that antagonizes IL-4Rα, thereby inhibiting the downstream action of IL-4 and IL-13, two cytokines known to be key mediators in the inflammatory cascade that drive the pathogenesis of asthma and other inflammatory diseases.

- Four respiratory programs included in the AstraZeneca alliance beyond PRS-060/AZD1402, the targets and disease areas of which are undisclosed. We retain co-development and co-commercialization rights to two out of these four programs.

- Our lead fully proprietary respiratory asset PRS-220, an oral inhaled Anticalin protein targeting connective tissue growth factor, or CTGF, is being developed as a local treatment for idiopathic pulmonary fibrosis and has passed drug candidate nomination stage. We were selected to receive a €14.2 million grant from the Bavarian Ministry of Economic Affairs, Regional Development and Energy supporting research and development of the program for post-acute sequelae of SARS-CoV-2 infection (PASC) pulmonary fibrosis, or PASC-PF, also known as post-COVID-19 syndrome pulmonary fibrosis, or "long COVID".

- We have also entered into a multi-program research collaboration and license agreement with Genentech, a member of the Roche Group, to discover, develop and commercialize locally delivered respiratory and ophthalmology therapies.

- *Cinrebafusp alfa,* our lead IO program, is a fusion protein, comprising a HER2-targeting antibody genetically linked to 4-1BB-targeting Anticalin proteins. Cinrebafusp alfa is designed to drive tumor localized T cell activation through tumor-targeted drug clustering mediated by HER2 expressed on tumor cells. This program was the first bispecific T cell co-stimulatory agonist to enter clinical development.

- *PRS-344*, a bispecific antibody-Anticalin fusion protein comprising an PD-L1-targeting antibody genetically fused to Anticalin proteins specific for 4-1BB. PRS-344 is being developed as part of our IO collaboration with Servier.

- We are also developing additional IO drug candidates beyond cinrebafusp alfa and PRS-344 that are multi-specific Anticalin-based fusion proteins designed to engage immunomodulatory targets, comprising a variety of

multifunctional biotherapeutics. Other IO drug candidates are being developed as part of our collaboration with Servier and Seagen.

- We are supporting IND-readiness for PRS-342, a 4-1BB/GPC3 bispecific that we have exclusively licensed to Boston Pharmaceuticals, who will oversee future development of that asset.

Our programs are in varying stages:

- PRS-060/AZD1402 was tested in a nebulized formulation in 54 healthy volunteers at nominal dose levels ranging from 0.25 mg to 400 mg in a phase 1 single ascending dose study. Data from that study were presented at the American Thoracic Society International Conference in May 2019 showing that PRS-060/AZD1402 was well-tolerated when given as single inhaled or intravenous doses to healthy volunteers and there was systemic target engagement (as measured by pSTAT6 inhibition). We presented interim data from the PRS-060/AZD1402 phase 1 multiple ascending dose study at the European Respiratory Society International Congress in October 2019 and reported that PRS-060/AZD1402 was safe and well-tolerated at all doses, led to a statistically significant reduction in FeNO, a validated biomarker for eosinophilic airway inflammation, and showed dose-dependent systemic target engagement in patients with mild asthma and elevated levels of FeNO (≥ 35ppb).

- In addition to Ukrainian regulatory approval, AstraZeneca has also recently received ethics approval and regulatory acknowledgement for the phase 2a study of PRS-060/AZD1402 in Australia and is actively recruiting patients in both countries. Following a COVID-19-related inventory challenge, the first patient has been dosed in Ukraine and screening for the study is ongoing in both Ukraine and Australia. As part of the phase 2a initiation, we earned a $13.0 million milestone payment from AstraZeneca. The phase 2a study is a two-part, multi-center, placebo-controlled clinical study of PRS-060/AZD1402 that will evaluate PRS-060/AZD1402 at up to three dose levels using a dry powder formulation administered twice daily. The first part of the study will assess the safety and pharmacokinetics of the dry powder formulation in approximately 45 moderate controlled asthmatics. The second part of the study will assess the efficacy, safety and pharmacokinetics of PRS-060/AZD1402 over four weeks in approximately 360 moderate uncontrolled asthmatics with blood eosinophil count of ≥ 150 cells/μL and FeNO ≥ 25 ppb at screening with FEV1 improvement as the primary endpoint. This study evaluating PRS-060/AZD1402, which is being developed for the treatment of moderate-to-severe asthma, is being sponsored, funded and delivered by AstraZeneca. Upon completion of that study, Pieris will have the options to co-develop and, subsequently, co-commercialize PRS-060/AZD1402 in the United States.

- Our additional respiratory programs, both partnered and proprietary, are in the discovery stage. AstraZeneca has taken advantage of all available potential new project starts envisioned in the alliance and all four respiratory programs are ongoing. We retain co-development and co-commercialization rights to two out of the four programs beyond PRS-060/AZD1402.

- The PRS-220 program is currently in the IND-enabling stage, with clinical development expected to begin in 2022.

- In January 2021, the FDA lifted the partial clinical hold of the phase 1 studies of cinrebafusp alfa. Cinrebafusp alfa was placed on partial clinical hold by the FDA in July 2020 while we conducted an additional in-use stability and compatibility study requested by the agency. Treatment of enrolled patients continued, although no new patients were enrolled pending resolution of the partial hold. We completed the in-use studies deemed necessary in connection with the partial clinical hold. As part of the completed studies that supported a robust process for administration of cinrebafusp alfa in the clinical setting, we have optimized the level of an existing excipient to enhance the stability of cinrebafusp alfa under prescribed as well as stressed conditions that could occur in preparation of the drug candidate for patient administration in the real-world clinical setting.

- We are now preparing a two-arm phase 2 study for cinrebafusp alfa in gastric cancer that will begin this summer. Supported by additional data we presented from the phase 1 monotherapy study of cinrebafusp alfa in an oral presentation session at the American Association for Cancer Research Virtual Congress, or AACR, in April 2021, the first arm of the phase 2 study will include the combination with ramucirumab and paclitaxel in HER2-high gastric cancer, while the second arm will be in combination with tucatinib in HER2-low gastric cancer. Collaboration partners Lilly and Seagen will supply ramucirumab and tucatinib, respectively. Go/No-Go criteria for advancement of this program will evaluate a composite of measures, including a minimum target of 50% ORR in the HER2-high arm and a minimum target of 40% ORR in the HER2-low arm, duration of response, and safety. We expect to report results from both study arms next year. In June 2021, FDA granted orphan drug designation to cinrebafusp alfa for the treatment of HER2-high and HER2-low expressing gastric cancers.

- The supporting data presented at AACR included an evaluation of 78 patients who had been enrolled in the monotherapy study as of the February 2021 cutoff date, including four additional patients enrolled in the active dose cohorts (≥2.5 mg/kg) since the data were presented at the European Society for Medical Oncology, or ESMO, Virtual Congress in September 2020. Out of 42 response-evaluable patients at the time of the data cutoff of February 25, 2021, according to RECIST 1.1, one patient with stage 4 rectal adenocarcinoma achieved a confirmed complete response at the 18 mg/kg Q2W dose (cohort 13b), four patients achieved a partial response (three at the 8 mg/kg Q2W dose (cohort 11b) and one at the 18 mg/kg Q2W dose (cohort 13b)), and stable disease was observed in 17 patients as best response out of 42 evaluable patients across the predicted active dose ranges (cohorts 9-13b), translating to an ORR of 12% and a DCR of 52%. Consistent with the MOA of cinrebafusp alfa, dose-dependent immune activation was demonstrated by showing an increase in CD8+, T cell, NK cells and cytotoxic activity in the tumor microenvironment and an increase of soluble 4-1BB in the blood, indicating target engagement of 4-1BB and activation of immune cells. Cinrebafusp alfa demonstrated durable anti-tumor activity in a heavily pre-treated patient population. Additionally, clinical benefit was observed in patients with "cold" tumors as well as those with low HER2 expression who were enrolled into the study on the basis of archived HER2-status and were later re-assessed on the basis of a pre-treatment biopsy. Cinrebafusp alfa also showed an acceptable safety profile at all doses and schedules tested in the clinical study with no dose-limiting toxicities. The totality of response data generated in cohorts 11b (8 mg/kg Q2W) and 13b support the recommended phase 2 dose of a two-cycle loading dose of 18 mg/kg (Q2W), following by an 8 mg/kg dose (Q2W) in subsequent cycles.

- The last update of the atezolizumab combination study of cinrebafusp alfa was presented at the ESMO Virtual Congress in September 2020. As of the July 2020 cutoff date, 41 patients had been enrolled and seven dose cohorts have been evaluated at a Q3W dosing schedule ranging from 0.05 mg/kg to 8 mg/kg in combination with a fixed 1200 mg dose of atezolizumab. In that trial, under RECIST 1.1, four patients achieved a confirmed partial response at active dose levels and an acceptable safety profile was observed at all doses and schedules tested in the clinical study.

- For our additional IO drug candidates, we are conducting activities relating to candidate identification, optimization and preclinical evaluation.

    - We anticipate initiating a phase 1 study for PRS-344, a 4-1BB/PD-L1 bispecific, in 2021.
    - Servier has obtained in vivo proof of concept for PRS-352, an Anticalin-based bispecific beyond 4-1BB, triggering an undisclosed milestone payment to Pieris.Servier is responsible for further development of the program.
    - We achieved a key development milestone during 2020 for one of the programs in the Seagen collaboration, a bispecific tumor-targeted costimulatory agonist, triggering a $5.0 million milestone. We also handed the program over to Seagen, who is responsible for further advancement and funding of the asset. The program is one of up to three potential programs in the Seagen alliance, and we believe the achieved milestone further validates our approach and leadership in IO bispecifics, complementing the encouraging clinical data seen with cinrebafusp alfa.
    - We are supporting IND-readiness for PRS-342, a 4-1BB/GPC3 bispecific that we have exclusively licensed to Boston Pharmaceuticals, who will oversee future development of the asset.

Since inception, we have devoted nearly all of our efforts and resources to our research and development activities and have incurred significant net losses. For the three and six months ended June 30, 2021, we reported net losses of $15.5 million and $19.7 million, respectively. For the three and six months ended June 30, 2020, we reported net losses of $5.0 million and $8.5 million, respectively. As of June 30, 2021, we had an accumulated deficit of $231.1 million. We expect to continue incurring substantial losses for the next several years as we continue to develop our clinical and preclinical drug candidates and programs. Our operating expenses are comprised of research and development expenses and general and administrative expenses.

We have not generated any revenues from product sales to date and we do not expect to generate revenues from product sales for the foreseeable future. Our revenues for the three and six months ended June 30, 2021 and 2020 were from license and collaboration agreements with our partners.

A significant portion of our operations are conducted in countries other than the United States. Since we conduct our business in U.S. dollars, our main exposure, if any, results from changes in the exchange rates between the euro and the U.S. dollar. At each period end, we remeasure assets and liabilities to the functional currency of that entity (for example, U.S. dollar payables recorded by Pieris Pharmaceuticals GmbH). Remeasurement gains and losses are recorded in the statement of operations line item "Other income (expense), net." All assets and liabilities denominated in euros are translated into U.S. dollars at the exchange rate on the balance sheet date. Revenues and expenses are translated at the weighted average rate during the period. Equity transactions are translated using historical exchange rates. All adjustments resulting from translating foreign currency financial statements into U.S. dollars are included in accumulated other comprehensive loss.

Key Financial Terms and Metrics

The following discussion summarizes the key factors our management believes are necessary for an understanding of our consolidated financial statements.

Revenues

We have not generated any revenues from product sales to date and we do not expect to generate revenues from product sales for the foreseeable future. Our revenues for the last two years have been primarily from the license and collaboration agreements with our partners.

The revenues from our partners have been comprised primarily of upfront payments, research and development services and milestone payments. For additional information about our revenue recognition policy, see "Note 2— Summary of Significant Accounting Policies."

Research and Development Expenses

The process of researching and developing drugs for human use is lengthy, unpredictable and subject to many risks. We expect to continue incurring substantial expenses for the next several years as we continue to develop our clinical and preclinical drug candidates and programs. We are unable, with any certainty, to estimate either the costs or the timelines in which those expenses will be incurred. Our current development plans focus on the following programs: our lead respiratory program, PRS-060/AZD1402 and our other respiratory programs, our IO programs, currently comprised of cinrebafusp alfa as well as multiple additional proprietary and partnered programs, including PRS-344. These programs consume a large proportion of our current, as well as projected, resources.

Our research and development costs include costs that are directly attributable to the creation of certain of our Anticalin drug candidates and are comprised of:

- internal recurring costs, such as personnel-related costs (salaries, employee benefits, equity compensation and other costs), materials and supplies, facilities and maintenance costs attributable to research and development functions; and

- fees paid to external parties who provide us with contract services, such as preclinical testing, manufacturing and related testing and clinical trial activities.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries, employee benefits, equity compensation and other personnel-related costs associated with executive, administrative and other support staff. Other significant general and administrative expenses include the costs associated with professional fees for accounting, auditing, insurance costs, consulting and legal services along with facility and maintenance costs attributable to general and administrative functions.

Results of Operations

Comparison of the three and six months ended June 30, 2021 and 2020

The following table sets forth our revenues and operating expenses (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues	$ 3,285	$ 11,246	$ 18,918	$ 24,507
Research and development expenses	15,800	11,333	32,362	24,091
General and administrative expenses	4,246	4,568	8,376	8,927
Total operating expenses	20,046	15,901	40,738	33,018
Other (expense) income				
Interest income	3	129	6	448
Grant income	796	—	796	—
Other (expense) income, net	464	(424)	1,348	(484)
Net loss	$ (15,498)	$ (4,950)	$ (19,670)	$ (8,547)

Revenues

The following table provides a comparison of revenues for the three months ended June 30, 2021 and 2020 (in thousands):

	Three Months Ended June 30,		
	2021	2020	Increase/(Decrease)
Customer revenue	$ 2,540	$ 10,930	$ (8,390)
Collaboration revenue	745	316	429
Total Revenue	$ 3,285	$ 11,246	(7,961)

- The $8.4 million decrease in customer revenue in the three months ended June 30, 2021 compared to the three months ended June 30, 2020 relates to higher Seattle Genetics revenue recorded in the prior year upon the execution of a contractual amendment (approximately $3.5 million impact) as well as the achievement of a $5.0 million milestone on the first collaboration program.

- The $0.4 million increase in collaboration revenues in the three months ended June 30, 2021 compared to the three months ended June 30, 2020 is due to higher amounts of cost-sharing revenue driven by increased manufacturing costs incurred with respect to our collaboration agreement with Servier.

The following table provides a comparison of revenues for the six months ended June 30, 2021 and 2020 (in thousands):

	Six Months Ended June 30,		
	2021	2020	Increase/(Decrease)
Customer revenue	$ 17,406	$ 19,815	$ (2,409)
Collaboration revenue	1,512	4,692	(3,180)
Total Revenue	$ 18,918	$ 24,507	(5,589)

- The $2.4 million decrease in customer revenue in the six months ended June 30, 2021 compared to the six months ended June 30, 2020 relates to the phase 2a milestone ($13.0 million) recognized for PRS-060 under the AstraZeneca collaboration and higher pass through costs for Servier in the current year offset by higher Seattle Genetics revenue recorded upon the execution of a contractual amendment (approximately $3.5 million) and achievement of a $5.0 million milestone on the first collaboration program. There was also higher revenue recognized in the prior year related to a preclinical stage product that is not being pursued under the Servier collaboration.

- The $3.2 million decrease in collaboration revenues in the six months ended June 30, 2021 compared to the six months ended June 30, 2020 relates to revenue recognized in the prior year on a preclinical stage product that Servier declined

to pursue further, offset slightly by higher Servier cost-sharing revenue generated from higher levels of manufacturing activities in the current year.

Research and Development Expenses

The following table provides a comparison of the research and development expenses for the three months ended June 30, 2021 and 2020 (in thousands):

	Three Months Ended June 30,		
	2021	2020	Increase/(Decrease)
Respiratory	$ 4,605	$ 2,697	$ 1,908
Immuno-oncology	4,495	2,585	1,910
Other R&D activities	6,707	6,051	656
Total	$ 15,807	$ 11,333	4,474

- The $1.9 million increase in our respiratory programs for the three months ended June 30, 2021 compared to the three months ended June 30, 2020 is due to higher preclinical work being performed for our partnered and proprietary respiratory programs, with the majority of the increase attributed to PRS-220.

- The $1.9 million increase in our IO programs for the three months ended June 30, 2021 compared to the three months ended June 30, 2020 is due primarily to an increase in manufacturing costs for cinrebafusp alfa and PRS-344 in addition to increased license fees due to the Boston Pharmaceuticals agreement.

- The $0.7 million increase in other research and development activities expenses for the three months ended June 30, 2021 compared to the three months ended June 30, 2020 is due primarily to higher personnel and recruiting costs due to higher headcount, license fees, and external consulting expense offset slightly by lower facility costs due to the move to the new R&D facility in Hallbergmoos, Germany in the prior year.

The following table provides a comparison of the research and development expenses for the six months ended June 30, 2021 and 2020 (in thousands):

	Six Months Ended June 30,		
	2021	2020	Increase/(Decrease)
Respiratory	$ 8,633	$ 5,425	$ 3,208
Immuno-oncology	10,420	6,021	4,399
Other R&D activities	13,316	12,645	671
Total	$ 32,369	$ 24,091	8,278

- The $3.2 million increase in our respiratory programs in the six months ended June 30, 2021 compared to the six months ended June 30, 2020 is due to higher preclinical work being performed on PRS-220, offset partially by lower clinical costs and manufacturing costs with respect to activities for PRS-060.

- The $4.4 million increase in our IO programs in the six months ended June 30, 2021 compared to the six months ended June 30, 2020 is due primarily to an increase in manufacturing costs for cinrebafusp alfa.

- The $0.7 million increase in other research and development activities expenses for the six months ended June 30, 2021 compared to the six months ended June 30, 2020 is due primarily to higher external consulting, personnel and recruiting costs due to higher headcount and license fees, offset slightly by lower facility costs due to the move to the new R&D facility in Hallbergmoos, Germany in the prior year.

General and Administrative Expenses

General and administrative expenses were $4.2 million for the three months ended June 30, 2021 and $4.6 million for the three months ended June 30, 2020. The period-over-period decrease is due primarily to lower legal and project management costs along with higher one-time office and building equipment costs incurred related to the move to the new R&D facility in Hallbergmoos, Germany in the prior year.

General and administrative expenses were $8.4 million for the six months ended June 30, 2021 and $8.9 million for the six months ended June 30, 2020. The period-over-period decrease is due primarily to higher legal and project management costs along with higher one-time office and building equipment costs related to the move to the new R&D facility in Hallbergmoos, Germany in the prior year, offset slightly by higher insurance and higher rent and depreciation expenses for the new R&D facility in the current year.

Other Income (Expense)

Our other income (expense) was $1.3 million for the three months ended June 30, 2021 and $(0.3) million for the three months ended June 30, 2020. This period over period increase was due to grant income recorded on PRS-220 as well as foreign exchange realized gains on upfront payments related to new collaboration and other milestone payments received.

Our other income was $2.2 million for the six months ended June 30, 2021 and de minimis for the six months ended June 30, 2020. This period over period increase was due to grant income recorded on PRS-220 as well as foreign exchange realized gains on upfront payment related to new collaboration and other milestone payments received.

Liquidity and Capital Resources

We are subject to risks common to companies in the biotechnology industry, including but not limited to, the need for additional capital, risks of failure of preclinical studies and clinical trials, the need to obtain marketing approval and reimbursement for any drug product candidate that we may identify and develop, the need to successfully commercialize and gain market acceptance of our product candidates, dependence on key personnel, protection of proprietary technology, compliance with government regulations, development of technological innovations by competitors, reliance on third-party manufacturers and the ability to transition from pilot-scale production to large-scale manufacturing of products.

Through June 30, 2021, we have funded our operations primarily through private and public sales of equity, payments received under our license and collaboration agreements (including research and development services costs, upfront and milestone payments), government grants and loans.

As of June 30, 2021, we had a total of $119.1 million in cash, cash equivalents and investments. We have incurred losses in every period since inception including the three and six months ended June 30, 2021 and 2020, respectively, and have a total accumulated deficit of $231.1 million as of June 30, 2021.

We have several research and development programs underway in varying stages of development, and we expect they will continue to require increasing amounts of cash for development, conducting clinical trials and testing and manufacturing of product material. We expect cash necessary to fund operations will increase significantly over the next several years as we continue to conduct these activities necessary to pursue governmental regulatory approval of clinical-stage programs and our other product candidates.

The following table provides a summary of operating, investing and financing cash flows (in thousands):

	Six Months Ended June 30,	
	2021	2020
Net cash provided by (used in) operating activities	$ 17,768	$ (24,909)
Net cash (used in) provided by investing activities	(257)	6,010
Net cash provided by financing activities	32,310	416

Net cash provided by operating activities for the six months ended June 30, 2021 and 2020 was $17.8 million and $24.9 million, respectively. Cash provided in 2021 is impacted by higher deferred revenue, primarily driven by the new collaboration agreements with Boston Pharmaceuticals and Genentech and higher accounts payable and accrued expenses, offset partially by higher accounts receivables and prepaid expenses. This compares to the impact of lower accounts payable, accrued expenses and deferred revenue, primarily driven by revenue recognized for the discontinued Servier programs and the satisfaction of a performance obligation under the Seattle Genetics agreements, for the six months ended June 30, 2020.

The change in net cash used in investing activities for the six months ended June 30, 2021 compared to net cash provided by investing activities for the same period in 2020 is mainly attributable to a significantly lower amount of purchases of property and equipment, as the purchases in prior year period primarily related to our move to a new R&D facility. Additionally, investing activities for the six months ended June 30, 2020 included the impact of net investments changes (lower purchases and increased maturities resulting in an overall decrease in investments) for which there is no activity in the comparable current year period.

Financing activities for the six months ended June 30, 2021 and 2020 provided cash of $32.3 million and $0.4 million, respectively. The change is driven by equity investments from both Seagen and AstraZeneca (see Note 3), sales under our ATM program, and proceeds received from warrant and option exercises. There was limited option exercise activity for the same period in 2020.

In August 2019, we entered into a sales agreement pursuant to which we may offer and sell shares of our common stock, from time to time, up to an aggregate gross sales proceeds of $50.0 million through our ATM Program, under a shelf registration statement on Form S-3 (File No. 333-226725). Through June 30, 2021, we have sold $22.7 million of common shares under the ATM Program of which 3.0 million shares were sold during the quarter ending June 30, 2021 at an average stock price of $4.24.

Our future success is dependent on our ability to identify and develop our product candidates, expand our corporate infrastructure and, ultimately, upon our ability to attain profitable operations. We have devoted substantially all of our financial resources and efforts to research and development and general and administrative expenses to support such research and development. We have several research and development programs underway in varying stages of development, and we expect that these programs will continue to require increasing amounts of cash for development, conducting clinical trials and testing and manufacturing of product material. Cash necessary to fund operations will increase significantly over the next several years as we continue to conduct these activities necessary to pursue governmental regulatory approval of clinical-stage programs and other product candidates.

Any requirements for additional capital will depend on many factors, including the following:

- the scope, rate of progress, results and cost of our clinical studies, preclinical testing and other related activities;
- the cost of manufacturing clinical supplies, and establishing commercial supplies, of our drug candidates and any products that we may develop;
- the number and characteristics of drug candidates that we pursue;
- the cost, timing and outcomes of regulatory approvals;
- the cost and timing of establishing sales, marketing and distribution capabilities;
- the terms and timing of any collaborative, licensing and other arrangements that we may establish;
- the timing, receipt and amount of sales, profit sharing or royalties, if any, from our potential products;
- the cost of preparing, filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights;
- the extent to which we acquire or invest in businesses, products or technologies, although we currently have no commitments or agreements relating to any of these types of transactions; and
- the effects of the COVID-19 pandemic and the cost and timing of actions taken to contain it.

In addition, any unfavorable development or delay in the progress of our core clinical-stage programs including cinrebafusp alfa and PRS-060/AZD1402 could have a material adverse impact on our ability to raise additional capital.

We plan to raise additional capital to fulfill our operating and capital requirements through public or private equity financings, utilization of our current ATM Program, strategic collaborations, licensing arrangements and/or the achievement of milestones under our collaborative agreements. The funding requirements of our operating plans, however, are based on estimates that are subject to risks and uncertainties and may change as a result of many factors currently unknown. Although we continue to pursue these funding plans, there is no assurance that we will be successful in obtaining sufficient funding on terms acceptable to us to fund continuing operations, if at all. Until such time as we can generate substantial product revenues, if ever, we expect to finance our cash needs through a combination of equity offerings, debt financings, strategic partnerships, licensing arrangements and government grants. The terms of any future financing may adversely affect the holdings or the rights of our existing stockholders.

We believe that our currently available funds will be sufficient to fund our operations through at least the next 12 months from the issuance of this Quarterly Report on Form 10-Q. Our belief with respect to our ability to fund operations is based on estimates that are subject to risks and uncertainties. If actual results are different from our estimates, we may need to seek additional funding. If we are unable to obtain additional funding on acceptable terms when needed, we may be required to defer or limit some or all of our research, development and/or clinical projects.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, as defined under applicable SEC rules.

Critical Accounting Policies and Estimates

Refer to Part II, Item 7, "Critical Accounting Policies and Estimates" of our Annual Report on Form 10-K for the fiscal year ended on December 31, 2020 for a discussion of our critical accounting policies and estimates.

This discussion and analysis of our financial condition and results of operations is based on our financial statements, which we have prepared in accordance with U.S. GAAP. We believe that several accounting policies are important to understanding our historical and future performance. We refer to these policies as critical because these specific areas generally require us to make judgments and estimates about matters that are uncertain at the time we make the estimate, and different estimates—which also would have been reasonable—could have been used. On an ongoing basis, we evaluate our estimates and judgments, including those described in greater detail below. We base our estimates on historical experience and other market-specific or other relevant assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe that our most critical accounting policies are those relating to revenue recognition, contingencies, research and development expense and income taxes, and there have not been significant changes to our accounting policies discussed in the Annual Report on Form 10-K for the fiscal year ended on December 31, 2020.

Recently Issued Accounting Pronouncements

We review new accounting standards to determine the expected financial impact, if any, that the adoption of each standard will have. For the recently issued accounting standards that we believe may have an impact on our consolidated financial statements, see "Note 2—Summary of Significant Accounting Policies" in our consolidated financial statements.

Smaller Reporting Company Status

Currently, we qualify as a smaller reporting company.

As a smaller reporting company, we are eligible for, and have taken advantage of certain exemptions from various reporting requirements that are not available to public reporting companies that do not qualify for this classification, including, but not limited to:

- An opportunity for reduced disclosure obligations regarding executive compensation in its periodic and annual reports, including without limitation exemption from the requirement to provide a compensation discussion and analysis describing compensation practices and procedures.

- An opportunity for reduced financial statement disclosure in registration statements, which must include two years of audited financial statements rather than the three years of audited financial statements that are required for other public reporting companies.

- An opportunity for reduced audit and other compliance expenses as we are not subject to the requirement to obtain an auditor's report on internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act of 2002.

- An opportunity to continue utilizing the non-accelerated filer time-line requirements, which became applicable to us at the time of filing of our annual report for the year ending December 31, 2020.

For as long as we continue to be a smaller reporting company, we expect that we will take advantage of both the reduced internal control audit requirements and the disclosure obligations available to us as a result of this classification.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and such information is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our principal executive officer and principal financial officer have concluded that, based on such evaluation, our disclosure controls and procedures were effective as of June 30, 2021.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting identified in connection with the evaluation of such internal control required by Rules 13a-15(d) and 15d-15(d) under the Exchange Act that occurred during the quarter ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

As of the date of this Quarterly Report on Form 10-Q, we are not party to and our property is not subject to any material pending legal proceedings. However, from time to time, we may become involved in legal proceedings or subject to claims that arise in the ordinary course of our business activities. Regardless of the outcome, such legal proceedings or claims could have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors.

Please refer to the complete Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, filed with the SEC on March 31, 2021 for risks and uncertainties facing the Company that may have a material adverse effect on the Company's business prospects, financial condition and results of operations. There have been no material changes in the risk factors described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Exhibit Description		Incorporated by Reference herein from Form or Schedule	Filing Date	SEC File / Registration Number
3.1	Certificate of Designation of Series E Convertible Preferred Stock of Pieris Pharmaceuticals, Inc.		Form 8-K (Exhibit 3.1)	May 21, 2021	001-37471
10.1±	Exclusive Product License Agreement, dated April 24, 2021, by and among Pieris Pharmaceuticals, Inc., Pieris Pharmaceuticals GmbH and BP Asset XII, Inc.	*			
10.2	Exchange Agreement by and among Pieris Pharmaceuticals, Inc. and Biotechnology Value Fund, L.P., Biotechnology Value Fund II, L.P., Biotechnology Value Trading Fund OS, L.P., and MSI BVF SPV, L.L.C., dated as of May 20, 2021.		Form 8-K (Exhibit 10.1)	May 21, 2021	001-37471
10.3±	Research Collaboration and License Agreement, dated May 19, 2021, by and among Pieris Pharmaceuticals, Inc., Pieris Pharmaceuticals GmbH and Genentech, Inc.	*			

Exhibit Number	Exhibit Description		Incorporated by Reference herein from Form or Schedule	Filing Date	SEC File / Registration Number
10.4	Pieris Pharmaceuticals, Inc. 2020 Employee, Director and Consultant Equity Incentive Plan, as Amended.		Form 8-K (Exhibit 10.1)	June 29, 2021	001-37471
31.1	Certification of Principal Executive Officer Pursuant to Rules 12a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	*			
31.2	Certification of Principal Financial Officer and Principal Accounting Officer Pursuant to Rules 12a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	*			
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	**			
32.2	Certification of Principal Financial Officer and Principal Accounting Officer Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	**			
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)				
101.SCH	Inline XBRL Taxonomy Extension Schema Document	*			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	*			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	*			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	*			
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	*			
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)	*			

* Filed herewith.

** The certifications furnished in Exhibit 32.1 and Exhibit 32.2 hereto are deemed to accompany this Quarterly Report and will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

Exhibit Number	Exhibit Description	Incorporated by Reference herein from Form or Schedule	Filing Date	SEC File / Registration Number
±	Certain confidential portions of this Exhibit were omitted by means of marking such portions with brackets ("[***]") because the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.			

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized**.**

PIERIS PHARMACEUTICALS, INC.

August 5, 2021 By: /s/ Stephen S. Yoder
Stephen S. Yoder
Chief Executive Officer and President
(Principal Executive Officer)

August 5, 2021 By: /s/ Thomas Bures
Thomas Bures
Vice President, Finance and Treasurer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 10.1

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Execution Version

EXCLUSIVE PRODUCT LICENSE AGREEMENT BY AND BETWEEN

PIERIS PHARMACEUTICALS INC., PIERIS PHARMACEUTICALS GMBH

AND

BP ASSET XII, INC.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Execution Version

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[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Execution Version

This Exclusive Product License Agreement (the "**Agreement**"), entered into as of April 24, 2021 (the "**Effective Date**") by and between Pieris Pharmaceuticals, Inc. ("**Pieris US**"), a corporation existing under the laws of the State of Nevada having a principal place of business at 255 State Street, 9th Floor, Boston, MA 02109, Pieris Pharmaceuticals GmbH ("**Pieris Germany**"), a company existing under the laws of Germany having a principal place of business at Zeppelinstraße 3, 85399 Hallbergmoos, Germany (Pieris US and Pieris Germany are collectively referred to as "**Pieris**") and BP Asset XII, Inc., a corporation existing under the laws of the state of Delaware having a principal place of business at 55 Cambridge Parkway, Suite 400, Cambridge, MA 02142 ("**BP**"). Pieris and BP are referred to in this Agreement individually as a "Party" and collectively as the "Parties".

RECITALS

Whereas, Pieris is engaged in the discovery, research, development, and manufacture of Anticalin-based proteins and possesses proprietary technology, know-how and intellectual property rights relating thereto;

Whereas, BP possesses expertise in developing and manufacturing pharmaceutical products; and

Whereas, BP wishes to license from Pieris and Pieris wishes to license to BP, on an exclusive basis, the right to research, develop and commercialize Products (as defined herein).

Now, Therefore, in consideration of the mutual covenants and promises contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, do hereby agree as follows:

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Execution Version

1. DEFINITIONS.

The following capitalized terms or derivatives thereof (verbs, nouns, singular, plural), when used in this Agreement, shall have the following meanings:

1.1. "**Accelerated Approval**" means a drug candidate approved under FDA's accelerated approval pathway (Section 506(c) of the FD&C Act) (or foreign equivalent).

1.2. "**Accounting Standards**" means the International Financial Reporting Standards ("**IFRS**"), the U.S. Generally Accepted Accounting Principles ("**U.S. GAAP**"), and any other internationally recognized accounting standards.

1.3. "**Acquiror**" has the meaning set forth in Section 14.4.

1.4. "**Affiliate**" means any individual, corporation, association or other business entity that directly or indirectly controls, is controlled by, or is under common control with the Party in question. As used in the definitions of "Affiliate," "BP Parent Entity" and "BP Restricted Entities" only, the term "control" means the direct or indirect ownership of more than fifty percent (>50%) of the stock having the right to vote for directors thereof or the ability to otherwise control the management of the corporation or other business entity whether through the ownership of voting securities, by contract, resolution, regulation or otherwise.

1.5. "**Agreement**" means this document including any and all exhibits and amendments to it as may be added and/or amended from time to time in accordance with the provisions of this Agreement.

1.6. "**Alliance Manager**" has the meaning set forth in Section 3.1.

1.7. "**Antibody**" means any monoclonal or polyclonal antibody, whether multiple or single chain, recombinant or naturally occurring, whole or fragment, and any variants, derivatives or constructs thereof, including but not limited to, antigen binding portions including Fab, Fab', F(ab')2, Fv, dAb and CDR fragments, single chain antibodies (scFv), chimeric antibodies, diabodies and polypeptides (including any humanized versions thereof) that contain at least a portion of an immunoglobulin that is sufficient to bind selectively to a specific antigen, including a Target. For the avoidance of doubt, an Antibody Building Block is an Antibody.

1.8. "**Antibody Building Block**" means the Antibody used in a Product.

1.9. "**Anticalin**" or "**Anticalin protein**" means, (a) any lipocalin mutein isolated from the Anticalin Libraries, or (b) any lipocalin mutein that, in each case, has been derived (either physically, intellectually or by reverse engineering, in one (1) or more steps) from any lipocalin mutein referred to in Section (a) of this definition, in each case, which binds and

recognizes a specific target. For the sake of this Section, "lipocalin mutein" means a protein arising as a result of a mutation or a recombinant DNA procedure.

1.10. "**Anticalin Affinity Maturation**" means the process of engineering an Anticalin protein to enhance its developability profile by improving binding activity, specificity, *in vitro* potency, *in vivo* potency, expression behavior in a bacterial or mammalian host (with regard to, e.g., monomer content, amount), stability, solubility, immunogenicity profile, and PK parameters for the Anticalin by introducing, e.g., one or more amino acid mutations.

1.11. "**Anticalin Building Block**" means the Anticalin protein used in a Product.

1.12. "**Anticalin Characterization**" means the assessment of Anticalin protein features including binding, functional potency *in vitro* and/or *in vivo*, as well as the evaluation of further developability profile of Anticalin proteins including expression behavior in a bacterial or mammalian host, stability, solubility, immunogenicity profile, and PK profile.

1.13. "**Anticalin Expression**" means heterologous expression of an Anticalin protein in a host cell.

1.14. "**Anticalin Libraries**" means any phage or yeast display library based on (a) the [***] lipocalin ([***]) or (b) the [***] lipocalin ([***]).

1.15. "**Anticalin Selection**" means the process of screening an Anticalin Library with a defined target through the process of phage or yeast display, within a solution, and physically separating the target, containing binding Anticalin proteins, from the solution containing non-binding Anticalin proteins.

1.16. "**Anti-Corruption Laws**" means the U.S. Foreign Corrupt Practices Act, as amended, the UK Bribery Act 2010, as amended, and any other applicable anticorruption laws and other Applicable Law for the prevention of fraud, racketeering, money laundering or terrorism.

1.17. "**API**" has the meaning set forth in Section 8.6.2.

1.18. "**Applicable Law**" means any law, statute, ordinance, code, rule or regulation that has been enacted by a Governmental Authority (including any Regulatory Authority (including the United States Securities and Exchange Commission ("**SEC**")) and is in force as of the Effective Date or comes into force during the Term, in each case to the extent that the same is applicable to either Party (including the performance by such Party of its obligations under this Agreement).

1.19. "**Arising IP**" means collectively, Arising Know-How, Arising Patents and all

Intellectual Property Rights therein, but specifically excludes any and all Pieris Building Block IP and Pieris Platform Improvement IP.

1.20. "**Arising Know-How**" means all Know-How generated by or on behalf of either Party after the Effective Date in the course of performing activities under the Agreement or through the use of BP Confidential Information or BP Know-How, but in each case specifically excludes any and all Pieris Building Block IP and Pieris Platform Improvement IP.

1.21. "**Arising Patent**" means all Patents protecting Arising Know-How filed during the term of the Agreement but specifically excludes any and all Pieris Building Block Patents and Pieris Platform Improvement Patents. Any Arising Patents that are filed during the term of the Agreement shall be listed in Exhibit 1.21 as updated from time to time.

1.22. "**Audit**" has the meaning set forth in Section 12.8.6.

1.23. "**Bankruptcy Code**" has the meaning set forth in Section 13.3.3.

1.24. "**Biologic**" means a peptide of at least ten (10) amino acids.

1.25. "**Biosimilar**" means, with respect to a given Product in a given country of the Territory, any biological product on the market in such country that is approved (a) by the applicable Regulatory Authority in such country under the biosimilarity standard set forth in the United States under 42 U.S.C. §§262(i)(2) and (k), or any similar standard under its foreign equivalent Applicable Law, on a country-by-country basis where such Product is marketed, provided that such Applicable Law exists; and (b) in reliance in whole or in part, on a prior Marketing Approval (or on any safety or efficacy data submitted in support of such prior Marketing Approval) of such Product. For countries or jurisdictions where no explicit biosimilar regulations exist, Biosimilar includes any product which has been deemed to be a Biosimilar by a Regulatory Authority in another country or jurisdiction. Any product or component thereof (including any Product or component thereof) licensed, marketed, sold, manufactured, or produced by or on behalf of a Party, its Affiliates or (sub)licensees will not constitute a Biosimilar.

1.26. "**Boston Pharma**" means Boston Pharma Holdings, LLC a limited liability company existing under the laws of the state of Delaware.

1.27. "[***]" has the meaning set forth in Section 12.5.1.

1.28. "**BP**" has the meaning set forth in the preamble.

1.29. "**BP Conducted Activities**" means any and all Research, Development, Manufacturing, Commercialization or other preclinical and/or clinical activities related to

the Product that are not Pieris Conducted Activities.

1.30. "**BPInc**" means Boston Pharmaceuticals, Inc. a corporation existing under the laws of the state of Delaware.

1.31. "**[***]**" has the meaning set forth in Section 12.5.2.

1.32. "**BP Indemnitees**" has the meaning set forth in Section 12.2.

1.33. "**BP Monetary Obligations**" has the meaning set forth in Section 12.5.1.

1.34. "**BP Patent**" has the meaning set forth in Section 9.3.7.

1.35. "**BP Parent Entity**" means an Affiliate of BP which is not a BP Restricted Entity. For the avoidance of doubt, any Person who controls (but is not controlled by) Boston Pharma is a BP Parent Entity.

1.36. "**BP Performance Obligations**" has the meaning set forth in Section 12.5.2.

1.37. "**BP Restricted Entity**" means Boston Pharma and any Person controlled by Boston Pharma.

1.38. "**BP Restricted Individual**" means any employee, contractor or consultant of a BP Restricted Entity who is at the relevant time (or who has been within the immediately preceding [***] month period to such relevant time) materially involved in the Research or Development of the Product.

1.39. "**Building Block**" means, individually, the Antibody and the Anticalin proteins used in the Product. A Building Block can be either an Antibody Building Block or an Anticalin Building Block.

1.40. "**Business Day**" means a day other than a Saturday, Sunday, or a bank or other public holiday in Munich, Germany or Boston, Massachusetts.

1.41. "**Calendar Quarter**" means the respective periods of three (3) consecutive calendar months ending on March 31, June 30, September 30 and December 31 of each Calendar Year.

1.42. "**Calendar Year**" means each successive period of twelve (12) months commencing on January 1 and ending on December 31.

1.43. "**China**" means the PRC, Hong Kong, Macau, and Taiwan.

1.44. "**Change of Control**" means with respect to a Party, (a) completion of a merger,

reorganization, amalgamation, arrangement, share exchange, consolidation, tender or exchange offer, private purchase, business combination, recapitalization, or other transaction involving such Party as a result of which either (1) the stockholders of such Party immediately preceding such transaction hold less than [***] percent ([***]%) of the outstanding shares, or less than [***] percent ([***]%) of the outstanding voting power, respectively, of the ultimate company or entity resulting from such transaction immediately after consummation thereof (including a company or entity which as a result of such transaction owns the then-outstanding securities of such Party or all or substantially all of such Party's assets, including such Party's assets related to the Product, either directly or through one or more subsidiaries), or (2) any single Third Party person or group (within the meaning of the U.S. Securities Exchange Act of 1934 and the rules of the SEC thereunder as in effect, referred to as a "**Group**") holds [***] percent ([***]%) or more of the outstanding shares or voting power of the ultimate company or entity resulting from such transaction immediately after the consummation thereof (including a company or entity which as a result of such transaction owns the then-outstanding securities of such Party or all or substantially all of such Party's assets either directly or through one or more subsidiaries); or (b) the direct or indirect acquisition (including by means of a tender offer or an exchange offer) by any Third Party person or Group of beneficial ownership (within the meaning of the U.S. Securities Exchange Act of 1934 and the rules of the SEC thereunder as in effect), or the right to acquire beneficial ownership, or formation of any Third Party Group which beneficially owns or has the right to acquire beneficial ownership, of [***] percent ([***]%) or more of either the outstanding voting power or the then outstanding shares of such Party, in each case on a fully-diluted basis. Notwithstanding the foregoing, "Change of Control" shall not include any of the following transactions: (i) any Equity Financing; or (ii) any transaction or series of related transactions with one or more Affiliates (but no Third Parties). For the avoidance of doubt, a transaction solely to change the domicile of a Party shall not constitute a Change of Control as long as there is no change of direct or indirect shareholding.

1.45. **"Change of Control Revenue Period"** has the meaning set forth in Section 8.7.1.

1.46. **"Change of Control Revenue Share"** has the meaning set forth in Section 8.7.1.

1.47. "**Clinical PoC**" means database lock of the Phase 2 Study dose expansion set forth in the Initial Product Development Plan or an equivalent Phase 1b Study or Phase 2 Study in the Product Development Plan.

1.48. "**Clinical Study**" means a Phase 1 Study, Phase 1b Study, Phase 2 Study, Phase 3 Study, or other study (including a non-interventional study) in humans to obtain information regarding the product, including information relating to the safety, tolerability, pharmacological activity, pharmacokinetics, dose ranging, or efficacy of a Product.

1.49. **"CMC"** means chemistry, manufacturing, and control.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

1.50. "**COC Consideration**" means Consideration in connection with any Change of Control of BP.

1.51. "**COC Notice**" has the meaning set forth in Section 14.5.1.

1.52. "**COC Acquiror**" has the meaning set forth in Section 14.5.1.

1.53. "[***]" has the meaning set forth in Section 4.6.5.

1.54. **"Co-Invented Arising Patent"** means any Arising Patent where one or more inventors listed on such Patent is an employee, consultant, or contractor of Pieris. Inventorship shall be determined in accordance with U.S. law. For the avoidance of doubt, BP shall exclusively own all rights, title and interests in and to Co-Invented Arising Patents.

1.55. "**Commercially Reasonable Efforts**" means: (a) with respect to the efforts to be expended by a Party with respect to any objective, such reasonable, diligent, and good faith efforts as such Party would normally use to accomplish a similar objective under similar circumstances; and (b) with respect to any objective relating to Exploitation of a Product, such level of efforts, consistent with the exercise of prudent scientific and business judgment, required to carry out such obligation in a sustained manner consistent with the efforts BP or Pieris, as applicable, devotes at the same stage of development or commercialization, as applicable, for its pharmaceutical products in a similar area with similar profit potential, at a similar stage of their product life without regard to any payments owed under this Agreement or the payments owed in connection with its other pharmaceutical products but taking into account, without limitation, commercial, legal and regulatory factors, target product profiles, product labeling, past performance, the regulatory environment and competitive market conditions in the therapeutic area, safety and efficacy of such Product, and the strength of its proprietary position. It is understood that such product potential may change from time to time based upon changing scientific, business and marketing and return on investment considerations. For clarity, "Commercially Reasonable Efforts" will not mean that a Party guarantees that it will actually accomplish the applicable task or objective. In the case of BP, "Commercially Reasonable Efforts" includes the efforts that Boston Pharma would normally use to accomplish a similar objective under similar circumstances for any of its Affiliates with respect to any objective, including objectives related to exploitation of the Product.

1.56. "**Commercialization**" or "**Commercialize**" means any and all activities directed to marketing, promoting, distributing, importing, exporting, using, offering to sell or selling a product, as applicable.

1.57. "**Competing Product**" means any [***] that [***] and [***] the [***]. For purposes of this Agreement, the term "therapeutically relevant" means that the modulation of a given

Target is reasonably believed to be responsible, in whole or in part, for a specific aspect of the safety or efficacy of such product [***].

1.58. "**Completion**" or "**Completed**" means with respect to a Clinical Study, the availability of topline data generated from such Clinical Study.

1.59. "**Confidential Information**" means any and all Know-How, information and Data of a confidential nature, whether financial, business, legal, technical or non-technical, whether in oral, written, electronic or other form, including information and data related to a Product, a Party, or any concepts, discoveries, inventions, data, designs or formulae in relation to this Agreement, that is disclosed, supplied or otherwise made available by or on behalf of one Party or any of its Affiliates or Sublicensees ("**Disclosing Party**") to the other Party or any of its Affiliates or Sublicensees ("**Receiving Party**") in connection with this Agreement. All Confidential Information disclosed by a Party pursuant to the Confidential Agreement between Pieris and BP dated [***] (the "**Prior CDA**") shall be deemed to be Confidential Information of the applicable Party pursuant to this Agreement, and the terms of this Agreement shall exclusively govern the use and disclosure thereof and supersede the terms of such Prior CDA with respect to such Confidential Information. For avoidance of doubt, the Pieris Platform Know-How, the Pieris Platform Improvement Know-How, and the Pieris Building Block Know-How are and shall remain the Confidential Information of Pieris.

1.60. "**Consideration**" means anything of value actually received (including any value received after termination of this Agreement) by BP or its Affiliates or holders of its capital stock or holders of rights to acquire its capital stock in connection with any Sublicense or Change of Control of BP (in the case of a Sublicense, such Consideration, "**Sublicense Consideration**" and in the case of a Change of Control such Consideration, "**COC Consideration**") (regardless of how allocated, the form of consideration or when received) including: (i) [***]; (ii) [***]; (iii) [***]; (iv) [***]; and (v) [***]; and (vi) [***]. For clarity, there shall be no double counting with respect to any of the items set forth above. For avoidance of doubt, in the case of a Sublicense, to the extent that the Sublicensee [***] (as determined in accordance with Accounting Standards) shall be considered Consideration. In addition, the value of any non-cash consideration, other than securities of a class which is publicly traded, shall be the fair market value thereof as of the date of closing of the applicable Sublicense. For the avoidance of doubt, any publicly traded securities received by BP in connection with any Sublicense shall be valued [***].

1.61. "**Control**", "**Controlled**" or "**Controlling**" means, with respect to a subject item (including any Intellectual Property Right, Know-How, Data, Marketing Approvals or Regulatory Materials) ("**Subject Item**"), the possession (whether arising by ownership, pursuant to a license or sublicense or otherwise, other than pursuant to this Agreement) by a Party of the ability of such Party or its Affiliate to grant a license, sublicense or access to the other Party with respect to such Subject Item, as provided in this Agreement, without

violating the terms of any agreement or other arrangement with any Third Party, in existence as of the time such Party or its Affiliates would first be required hereunder to grant the other Party such license, sublicense or access.

1.62. "**Copyrights**" means all copyrights, and all right, title and interests in all copyrights, copyright registrations and applications for copyright registration, certificates of copyright and copyrighted rights and interests throughout the world, and all right, title and interest in related applications and registrations throughout the world.

1.63. **"Costs"** means both internal and external costs and expenses (including the cost of allocated FTEs at the FTE Rate and Out-of-Pocket Costs).

1.64. "**Cover**," "**Covered**" or "**Covering**" means, with respect to the applicable invention, discovery, process or product (including a Product), as appropriate, (a) a Patent, that, in the absence of a (sub)license under, or ownership of, such Patent, the Development, Manufacture or Commercialization of such invention, discovery, process or product (including making, using, offering for sale, selling or importing thereof), as appropriate, with respect to a given country, would infringe such Patent (or, in the case of a Patent that has not yet issued, would infringe any then-pending claim in such Patent if it were to issue with such claim), and (b) any Know-How, that, in the absence of a (sub)license under, or ownership of, such Know-How, the Development, Manufacture or Commercialization (including making, using, offering for sale, selling or importing thereof) of such invention, discovery, process or product incorporates, embodies or otherwise makes use of such Know-How.

1.65. "**CREATE Act**" has the meaning set forth in Section 9.5.

1.66. "**Data**" means any and all non-aggregated and aggregated research, pharmacology, pre-clinical, clinical, commercial, marketing, process development, Manufacturing and other data or information, including investigator brochures and reports (both preliminary and final), statistical analyses, expert opinions and reports, and safety data, in each case generated from, or related to, Clinical Studies or non-clinical studies, research or testing specifically related or directed to a Product. For the avoidance of doubt, Data shall be deemed Confidential Information of the Disclosing Party for the purposes of this Agreement and subject to Section 10.1 of this Agreement.

1.67. "**Development**" or "**Develop**" means any and all clinical drug development activities conducted before or after obtaining Marketing Approval that are reasonably related to or leading to the development, preparation, and submission of data and information to a Regulatory Authority for the purpose of obtaining, supporting or expanding Marketing Approval or to the appropriate body for obtaining, supporting or expanding pricing approval, including all activities related to pharmacokinetic profiling, design and conduct of Clinical Studies, regulatory affairs, statistical analysis, report writing, and regulatory

filing creation and submission (including the services of outside advisors and consultants in connection therewith).

1.68. "**Developmental Milestone Event**" has the meaning set forth in Section 8.2.

1.69. "**Developmental Milestone Payment**" has the meaning set forth in Section 8.2.

1.70. "**Disclosing Party**" has the meaning set forth in Section 10.1.1.

1.71. "**Dispute**" has the meaning set forth in Section 14.1.1.

1.72. "**Dollars**" or "**$**" means the lawful currency of the United States.

1.73. "**Early Launch Date**" has the meaning set forth in Section 8.6.2.

1.74. "**Effective Date**" has the meaning set forth in the Preamble.

1.75. "**EMA**" means the European Medicines Agency or any successor to the European Medicines Agency.

1.76. "**European Union**" or "**EU**" means the member states of the European Union as of the Effective Date and the United Kingdom, and such other countries as may become part of the European Union after the Effective Date.

1.77. "**Effective Date**" has the meaning set forth in the preamble.

1.78. "**Equity Financing**" means any issuance, sale or distribution of capital stock of BP or any of its Affiliates at its then-current fair market value, in any transaction or series of transactions that include(s) participation by at least one Third Party and which transaction is engaged in primarily for equity financing purposes, the proceeds of which shall be deployed to Exploit the Product or otherwise expensed in the business of BP (including an underwritten public offering of any of BP or any of its Affiliate's capital stock).

1.79. "**Equity Financing Consideration**" has the meaning set forth in Section 8.7.3.

1.80. **"Equity Financing Revenue Share"** has the meaning set forth in Section 8.7.3.

1.81. "**Exploitation**" or "**Exploit**" means make, have made, use, have used, offer for sale, have offered for sale, sell, have sold, import, have imported, Research, have Researched, Develop, have Developed, Manufacture, have Manufactured, Commercialize, have Commercialized and otherwise exploit. For the avoidance of doubt, Exploitation or Exploit may mean any or all of the foregoing, as the context requires.

1.82. "**FDA**" means the United States Food and Drug Administration or a successor to the

United States Food and Drug Administration.

1.83. "**Field**" means all therapeutic and diagnostic uses.

1.84. "**Finished Product**" means a Product in its finished, labeled, assembled, and packaged form, ready for sale to the market or use in clinical trials (including Clinical Studies) or pre-clinical studies, as the case may be.

1.85. "**First Commercial Sale**" means, on a Product-by-Product and country-by-country basis, the first commercial sale in an arms' length transaction of a Product to a Third Party by a Party or any of its Affiliates in such country following receipt of applicable Marketing Approval of such Product in such country. For clarity, the "First Commercial Sale" shall not include any distribution or other sale solely for patient assistance, named patient use, compassionate use, or test marketing programs or non-registrational studies or similar programs or studies where the Product is supplied without charge or at the actual Manufacturing cost thereof (without allocation of indirect costs or any markup).

1.86. "**FTE**" means full-time equivalent person-year of work performing activities hereunder and working [***]. For clarity, indirect personnel (including support functions such as legal or business development) shall not constitute "FTEs."

1.87. "**FTE Costs**" for a given period means the product of (a) the total FTEs (proportionately, on a per-FTE basis) dedicated by a Party or its Affiliates in the particular period to the direct performance of the activities allocated to such Party hereunder and (b) the FTE Rate.

1.88. "**FTE Rate**" means, unless otherwise agreed between the Parties, a rate per FTE equal to [***] Dollars ($[***]) per annum (which may be prorated on a daily or hourly basis as necessary).

1.89. "**GLP**" means the then-current practices and procedures set forth in Title 21, United States Code of Federal Regulations, Part 58 (as amended), and any other regulations, guidelines or guidance documents relating to good laboratory practices, or any foreign equivalents thereof in the country in which such studies or clinical trials (including Clinical Studies) are conducted or that are otherwise applicable.

1.90. "**GLP Tox Study**" means, with respect to a Product, a study conducted in a species using applicable GLP for the purposes of assessing the efficacy, safety or the onset, severity, and duration of toxic effects and their dose dependency with the goal of establishing a profile sufficient to support the filing of an IND.

1.91. "**Governmental Authority**" means any applicable government authority, court, tribunal, arbitrator, agency, department, legislative body, commission or other

instrumentality of (a) any government of any country or territory, (b) any nation, state, province, county, city or other political subdivision thereof or (c) any supranational body.

1.92. "**Government Official**" means any Person employed by or acting on behalf of a government, government-controlled entity or public international organization; any political party, party official or candidate; any Person who holds or performs the duties of an appointment, office or position created by custom or convention; and any Person who holds himself or herself out to be the authorized intermediary of any of the foregoing.

1.93. "**Improper Action**" has the meaning set forth in Section 12.8.1.2.

1.94. "**Indemnification Claim Notice**" has the meaning set forth in Section 12.3.

1.95. "**Indemnified Party**" has the meaning set forth in Section 12.3.

1.96. "**Initial Product Development Plan**" has the meaning set forth in Section 4.1.

1.97. "**Initiation**" or "**Initiated**" means, (a) with respect to a Clinical Study of a Product, the first dosing of the first human subject pursuant to the protocol for such Clinical Study or (b) with respect to a GLP Tox Study, the start date of the in-life phase of such GLP Tox Study.

1.98. "**IND**" means (a) an Investigational New Drug Application as defined in the United States Federal Food, Drug and Cosmetic Act ("**FD&C Act**") and Applicable Law promulgated thereunder by the FDA, (b) the Investigational Medicinal Product Dossier ("**IMPD**") in the European Union, or (c) the equivalent application to the applicable Regulatory Authority in any other regulatory jurisdiction, and any amendments to the foregoing (a), (b) or (c), in each case, the filing of which is necessary to initiate or conduct clinical testing of an investigational drug or biological product in humans in such jurisdiction.

1.99. "**Indication**" means a distinct type of disease or medical condition in humans to which a Product is directed and eventually approved. To distinguish one Indication from another Indication, the two Indications have to be [***]. Notwithstanding the foregoing: (a) [***]; and (b) [***]. For avoidance of doubt, [***].

1.100. "**Indirect Taxes**" means value added, sales, consumption, goods and services taxes or similar taxes required by Applicable Law to be disclosed as a separate item on the relevant invoice.

1.101. "**Infringement Action**" has the meaning set forth in Section 9.7.2.

1.102. "**Intellectual Property Rights**" means, collectively, Patents, Copyrights, Trademarks, designs, domain names, moral rights and all other intellectual property and

proprietary rights.

1.103. "**Insolvent Party**" has the meaning set forth in Section 13.3.3.

1.104. "**Key IP**" has the meaning set forth in Section 9.3.2.1.

1.105. "**Know-How**" means all technical and other information and any document in which the foregoing is recorded, which at the time it is disclosed pursuant to this Agreement is not in the public domain, including ideas, concepts, inventions, discoveries, data (including Data), formulae, specifications, information relating to any materials, procedures for experiments and tests, results of experimentation and testing, computer programs or algorithms, results of any aspect of Exploitation including laboratory records and data analyses.

1.106. "**Known Third-Party Obligations**" means any agreement in place as of the Effective Date that licenses to Pieris Intellectual Property Rights that Cover the Commercialization of the Product. The Known Third-Party Obligations are the Product Cell Line License and the [***].

1.107. "**Losses**" has the meaning set forth in Section 12.1.

1.108. "**MAA**" means a Marketing Authorization Application, in relation to any Product, filed or to be filed with the FDA, EMA or equivalent national agency, for authorization to place a medicinal product on the market in the United States, European Union, or any other territory. For avoidance of doubt, an MAA in the United States is a Biological License Application ("**BLA**") as described in Section 351(a) of the United States Public Health Service Act ("**PHS Act**"), or an abbreviated Biological License Application as described in Section 351(k) of the PHS Act.

1.109. "**Manufacture**" or "**Manufacturing**" means all activities related to the manufacture of Product, including manufacturing supplies for Research, Development or Commercialization, packaging, in-process and Finished Product testing, pharmaceutical development including process development and validation, release of product, or any component or ingredient thereof, quality assurance and quality control activities related to manufacturing and release of product, ongoing stability tests, storage, shipment, and regulatory activities related to any of the foregoing.

1.110. "**Marketing Approval**" means all approvals, licenses, registrations or authorizations of the Regulatory Authorities in a country, necessary for the commercial marketing and sale of the Product in such country, including the approval of an MAA or a BLA and pricing.

1.111. "**Material Anticalin Communication**" means any communication (including

meetings) with Regulatory Authorities and Regulatory Authority questions or concerns regarding significant issues, including any of the following: key Product quality attributes (e.g., purity), significant safety findings, significant clinical or nonclinical findings affecting patient safety, or significant efficacy or lack of efficacy, in each case with respect to a Product, that could materially affect Anticalin proteins per se (e.g., serious adverse events, emerging safety signals).

1.112. "**Material Product Communication**" means any communication (including meetings) with Regulatory Authorities and Regulatory Authority questions or concerns regarding significant issues, including any of the following: key quality attributes (e.g., purity), significant safety findings, significant clinical or nonclinical findings affecting patient safety, or significant efficacy or lack of efficacy, in each case with respect to a product that contains the same Anticalin Building Block as the Product and could materially affect the Product (e.g., serious adverse events, emerging safety signals).

1.113. "**Net Sales**" means the gross invoiced amount on sales of Product by or on behalf of BP, its Affiliates, and its Sublicensees to Third Parties (which Third Parties will include distributors) after deduction of the following amounts, to the extent taken:

(a) [***];

(b) [***];

(c) rebates and similar payments made with respect to sales paid for by any Governmental or Regulatory Authority such as, by way of illustration and not in limitation of the Parties' rights hereunder, Federal or state Medicaid, Medicare or similar state program in the United States or equivalent governmental program in any other country;

(d) [***];

(e) [***];

(f) [***];

(g) [***]; and

(h) the actual cost for transportation costs, distribution expenses, special packaging and related insurance charges.

Net Sales (including any deductions) will be calculated using BP's internal audited systems used to report such sales as adjusted for any of the items above not taken into account in such systems, and in each case, which are in accordance with Accounting Standards, fairly applied and as employed on a consistent basis throughout BP's operations. [***].

If a Product is sold as part of a Combination Product (as defined below), the Net Sales from such Product, for the purposes of determining royalty payments, will be determined by multiplying the Net Sales (as determined without reference to this paragraph) of the Combination Product by the fraction A/(A+B), where A is the standard sales price of the ready-for-sale form of the Product, containing the same amount of the sole active ingredient as the Combination Product in question, in the given country when sold separately in finished form; and B is the standard sales price of the ready-for-sale form of the product containing the same amount of the other therapeutically active ingredient(s) that is contained in the Combination Product in question, in the given country, each during the applicable royalty period or, if sales of all compounds did not occur in such period, then in the most recent royalty reporting period. In the event, however, that if, in a specific country either or both of the Product and the other therapeutically active ingredient in such Combination Product are not sold separately in such country, a market price for such Product and such other active ingredient will be negotiated by the Parties in good faith for the purposes of performing the calculation above to determine royalty payments on the Net Sales from such Combination Product. As used above, the term "**Combination Product**" means a Product that includes at least one additional therapeutically active ingredient (whether co-formulated or co-packaged). The same methodology set forth above shall be used to the extent that there are more than two therapeutically active ingredients that are part of the Combination Product.

Transfers or dispositions of Product: (i) in connection with patient assistance programs; (ii) for charitable purposes; (iii) for preclinical, clinical, regulatory or governmental purposes or under so-called "named patient" or other limited access programs; or (iv) for use in any tests or studies necessary to comply with any Applicable Law, regulation or request by a Regulatory Authority shall not, in each case of (i) through (iv), be deemed sales of such Product for purposes of this definition of "Net Sales."

1.114. "**Other Assets**" has the meaning set forth in Section 8.7.8.

1.115. "**Other Pieris IP**" has the meaning set forth in Section 9.3.4.

1.116. "**Out-of-Pocket Costs**" means all direct project expenses paid or payable to Third Parties, which are specifically identifiable and incurred for services or materials provided by them directly in their performance of applicable activities with respect to a Product; such expenses to have been recorded as income statement items in accordance with Accounting Standards and for the avoidance of doubt, not including pre-paid amounts (until expensed in accordance with Accounting Standards). For clarity, Out-of-Pocket Costs do not include FTE Costs.

1.117. "**Party**" the meaning set forth in the preamble.

1.118. "**Party Representatives**" has the meaning set forth in Section 12.8.1.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

1.119. "**Patents**" means all patents and patent applications (which for the purpose of this Agreement shall be deemed to include certificates of invention and applications for certificates of invention), including all divisionals, continuations, substitutions, continuations-in-part, re-examinations, reissues, additions, renewals, revalidations, extensions, registrations and supplementary protection certificates and the like of any such patents and patent applications, and any and all foreign equivalents of the foregoing.

1.120. "**Patent Term Extensions**" has the meaning set forth in Section 9.9.

1.121. "**Person**" means any corporation, limited or general partnership, limited liability company, joint venture, trust, unincorporated association, governmental body, authority, bureau or agency, any other entity or body, or an individual.

1.122. "**Phase 1 Study**" means a clinical study of an investigational product in human subjects which provides for the first introduction into humans of such investigational product, conducted in healthy volunteers or patients to obtain information on product safety, tolerability, pharmacological activity or pharmacokinetics, as described in 21 C.F.R. § 312.21(a), or a comparable clinical study prescribed by the relevant Regulatory Authority in a country other than the United States. The investigational product can be administered to patients as a single agent or in combination with other investigational or marketed agents and a Phase 1 Study shall be deemed commenced when Initiated.

1.123. "**Phase 1b Study"** or **"Phase 2 Study**" means: (a) the expansion of a Phase 1 Study to include additional patient(s) following the selection of one or more dose(s) and regimen(s) during the dose escalation part of the Phase 1 Study (such as a maximum tolerated dose) or (b) a clinical study of an investigational product that is prospectively designed to establish the safety, dose ranging and efficacy of a product as further defined in 21 C.F.R. § 312.21(b), or a comparable clinical study prescribed by the relevant Regulatory Authority in a country other than the United States. The investigational product can be administered to patients as a single agent or in combination with other investigational or marketed agents and a "Phase 1b Study" or "Phase 2 Study" shall be deemed commenced when Initiated.

1.124. "**Phase 3 Study**" means a clinical study of an investigational product that is designed to generate statistically significant evidence of the efficacy of such investigational product for one or more Indications or uses (as well as additional safety information) and that is intended to form the primary scientific support for filing a BLA to obtain Marketing Approval to market the investigational product, (or any MAA for the non-United States equivalent thereof). The investigational product can be administered to patients as a single agent or in combination with other investigational or marketed agents and a Phase 3 Study shall be deemed commenced when Initiated. For clarity, a Phase 1b Study or Phase 2 Study that enables Accelerated Approval of an investigational product based on surrogate endpoints is not a Phase 3 Study. For further clarity, "Phase 3 Study" shall also include

phase 4 confirmatory trials (i.e., any Clinical Study to confirm the anticipated benefit of a drug that was subject to Accelerated Approval).

1.125. "**Pieris**" has the meaning set forth in the preamble.

1.126. "**Pieris Building Block IP**" means the Pieris Building Block Know-How and the Pieris Building Block Patents and any Intellectual Property Rights therein.

1.127. "**Pieris Building Block Know-How**" means the Know-How Covering only each Building Block individually, excluding the Pieris Platform IP and the Pieris Platform Improvement IP.

1.128. "**Pieris Building Block Patents**" means the Patents Covering only each Building Block individually, excluding the Pieris Platform IP and the Pieris Platform Improvement IP. The Pieris Building Block Patents as of the Effective Date are listed on Exhibit 1.128.

1.129. "**Pieris Conducted Activities**" means the activities for which Pieris is designated as responsible (and which it has agreed to be responsible for) under the Product Development Plan and Technology Transfer Plan.

1.130. "**Pieris Germany**" has the meaning set forth in the preamble.

1.131. "**Pieris Indemnitees**" has the meaning set forth in Section 12.1.

1.132. "**Pieris IP**" means the Pieris Patents and the Pieris Know-How and any Intellectual Property Rights therein.

1.133. "**Pieris Know-How**" means all Know-How that is Controlled by Pieris or its Affiliates as of the Effective Date and thereafter during the Term, other than pursuant to the licenses granted by BP or its Affiliates or Sublicensees under this Agreement, and is (i) used in connection with the Exploitation of any Product or (ii) reasonably necessary or reasonably useful for the Exploitation of any Product.

1.134. "**Pieris Patents**" means any Patents that are Controlled by Pieris or its Affiliates as of the Effective Date and thereafter during the Term, that Cover the Exploitation of any Product pursuant to the terms of this Agreement. The Pieris Patents as of the Effective Date are listed in Exhibit 1.134.

1.135. "**Pieris Platform Improvement IP**" means any and all Know-How created, invented or generated by or on behalf of employees, agents, or independent contractors of Pieris or its Affiliates (whether alone or jointly) or BP or its Affiliates during the course of performing activities pursuant to this Agreement that constitutes an improvement, modification or enhancement to, or derivative of, the Pieris Platform IP, including any Intellectual Property Rights subsisting therein for example, Patents ("**Pieris Platform**

Improvement Patents").

1.136. "**Pieris Platform IP**" means Pieris Platform Know-How and the Pieris Platform Patents.

1.137. **"Pieris Platform Know-How"** means Know-How Controlled by Pieris or its Affiliates as of the Effective Date or thereafter that is necessary or useful for the practice of the Pieris Platform Technology.

1.138. **"Pieris Platform Patents**" means those Patents Controlled by Pieris or its Affiliates as of the Effective Date and thereafter that are necessary or useful to practice the Pieris Platform Technology. A list of the Pieris Platform Patents as of the Effective Date is attached as Exhibit 1.138 hereto and will be updated by Pieris as required from time to time during the Term.

1.139. "**Pieris Platform Technology**" means (i) Anticalin Libraries, Anticalin Selection, Anticalin Expression, Anticalin Characterization, and Anticalin Affinity Maturation, all to the extent Controlled by Pieris or its Affiliates and (ii) all Know-How (and all Intellectual Property Rights therein) used by or on behalf of Pieris in connection with the materials and processes of subsection (i) of this definition.

1.140. **"Pieris Product IP"** means the Pieris Product Know-How and Pieris Product Patents.

1.141. **"Pieris Product Know-How"** means all Pieris Know-How in relation to any Product as of the Effective Date, excluding the Pieris Building Block Know-How, the Pieris Platform Know-How and the Pieris Platform Improvement Know-How.

1.142. **"Pieris Product Patent"** means the Pieris Patents Covering any Product or uses thereof as of the Effective Date excluding the Pieris Building Block Patents, the Pieris Platform Patents and the Pieris Platform Improvement Patents. The Product Patents are listed in Exhibit 1.142.

1.143. "**Pieris US**" has the meaning set forth in the preamble.

1.144. "**Product**" means a bispecific Antibody-Anticalin protein fusion Biologic comprising the Antibody Building Block Targeting [***] set forth in Exhibit 1.144 and the Anticalin Building Block Targeting [***] with the sequence set forth in Exhibit 1.144.).

1.145. "**Product Cell Line License**" means the Commercial License Agreement related to the Product by and between [***] and [***] with an effective date of [***].

1.146. "**Product Development Plan**" means a plan setting out the roles and responsibilities of each Party in connection with the Development and Manufacture of

Product as set forth in this Agreement. The Product Development Plan shall also include a budget outlining the costs associated with the Manufacturing tasks detailed in such Plan, and may be updated by BP from time to time.

1.147. "**Product Royalty**" has the meaning set forth in Section 8.4.1.

1.148. "**Prosecution and Maintenance**" or "**Prosecute and Maintain**" means, with regard to a particular Patent, the preparation, filing, prosecution and maintenance of such Patent, as well as all proceedings that may take place before the patent office in any given country or territory, including but not limited to U.S. interferences, U.S. *inter partes* reviews and EP oppositions. For avoidance of doubt, "Prosecution and Maintenance" or "Prosecute and Maintain" will not include any actions taken with respect to a Patent under Section 9.6 or Section 9.7.

1.149. "**Publishing Party**" has the meaning set forth in Section 10.2.1.

1.150. "**Receiving Party**" has the meaning set forth in Section 10.1.1.

1.151. "**Regulatory Authority**" means any Governmental Authority involved in granting approvals for Development, Manufacturing or Commercialization, including the FDA, the EMA, the Japanese Ministry of Health, Labour and Welfare and the Pharmaceuticals and Medical Devices Agency in Japan.

1.152. "**Regulatory Exclusivity**" means any exclusive marketing rights or data exclusivity rights conferred by any applicable Governmental Authority or Regulatory Authority, other than an issued and unexpired Patent, including any regulatory data protection exclusivity (including, where applicable, pediatric exclusivity and/or orphan drug exclusivity) and/or any other exclusivity afforded by restrictions which prevent the granting by a Regulatory Authority of regulatory approval to market a Biosimilar.

1.153. "**Regulatory Materials**" means regulatory applications, submissions, dossiers, notifications, registrations, case report forms, trial master file, drug master file ("**DMF**"), common technical documents, question and answers with Regulatory Authorities, Marketing Approvals or other filings or communications made to or with, or other approvals granted by, a Regulatory Authority that are necessary or reasonably desirable in order to Develop, Manufacture or Commercialize a Product in a particular country or regulatory jurisdiction.

1.154. "**Research**" or "**Researching**" means activities, other than Development, related to the design, discovery, generation, identification, profiling, characterization, production, process development, cell line development, pre-clinical development or non-clinical or pre-clinical studies of drug candidates and Product.

1.155. "**Reviewing Party**" has the meaning set forth in Section 10.2.1.

1.156. "[***]" has the meaning set forth in Section 2.4.1.

1.157. [***] with regards to a Product in any portion of the [***].

1.158. "[***]" means the [***].

1.159. "**Royalty Term**" means, on a Product-by-Product and country-by-country basis, the time period from the First Commercial Sale of such Product in such country until the later of (a) the last to expire of the Valid Claims Covering the Manufacture or Commercialization (including the use, sale or offer for sale) of such Product in such country and (b) [***] years from the First Commercial Sale of such Product in such country.

1.160. "**Rules**" has the meaning set forth in Section 14.1.4.1.

1.161. "**Sales Milestone Event**" has the meaning set forth in Section 8.3.

1.162. "**Sales Milestone Payments**" has the meaning set forth in Section 8.3.

1.163. "**Senior Executives**" means the Chief Executive Officers of Pieris and BP.

1.164. "**Senior Representatives**" means a Vice President-level or above representative with relevant decision-making authority with respect to an applicable Dispute under this Agreement.

1.165. "**SPCs**" has the meaning set forth in Section 9.9.

1.166. "**Sublicense**" means an agreement between BP or its Affiliates or Sublicensees and a further Sublicensee.

1.167. **"Sublicense Consideration"** means Consideration in connection with a Sublicense (including an agreement that includes the right to have sold, such as in certain distributor or co-promotion agreements). For avoidance of doubt, "Sublicense Income" shall not include royalties based on [***] or (a) [***], (b) [***], (c) [***], and (d) [***]. In the case of Sublicense Income in the form of a premium paid solely by Sublicensee in exchange for the issuance of equity in BP or any Affiliate over and above the then-current fair market value of such equity, or Sublicense Income in the form of in-kind or non-monetary consideration, the amount of the premium or the monetary value of the consideration will be negotiated by the Parties in good faith.

1.168. "**Sublicense Revenue Period**" has the meaning set forth in Section 8.7.4.

1.169. "**Sublicense Revenue Share**" has the meaning set forth in Section 8.7.4.

1.170. "**Sublicensee**" means a Third Party to whom BP or its Affiliates or Sublicensees has, pursuant to Section 2.3.1, granted a sublicense under any rights granted under Section 2.1 to Exploit the Product.

1.171. "**Target**" means the biological target of a pharmacologically active drug compound. "Target" and "Targeting" have a correlative meaning.

1.172. "**Technology Transfer Plan**" has the meaning set forth in Section 4.3.2.

1.173. "**Term**" has the meaning set forth in Section 13.1.

1.174. "**Terminated Product**" has the meaning set forth in Section 13.3.1.

1.175. "**Territory**" means all countries of the world.

1.176. "**Third Party**" means any Person other than BP, Pieris or their respective Affiliates.

1.177. "**Third Party Claims**" has the meaning set forth in Section 12.1.

1.178. "**Third Party License Cost Split**" has the meaning set forth in Section 8.6.2.

1.179. "**Trademark**" means any trademark, trade name, service mark, service name, brand, domain name, trade dress, logo, slogan or other indicia of origin or ownership, including the goodwill and activities associated with each of the foregoing.

1.180. **"**[***]" has the meaning set forth in Section 12.2.

1.181. "[***] **License Agreement**" has the meaning set forth in Section 12.2.

1.182. "**Valid Claim**" means (a) a claim of an issued and unexpired Pieris Patent or Co-Invented Arising Patent, which claim has not been revoked or held invalid or unenforceable by a court or other government agency of competent jurisdiction by a final determination without the possibility of appeal or has not been held or admitted to be invalid or unenforceable through re-examination or disclaimer, reissue, opposition procedure, nullity suit or otherwise by a final determination without the possibility of appeal or (b) a claim of a pending Pieris Patent or Co-Invented Arising Patent that has not been abandoned, finally rejected or expired without the possibility of appeal or refiling; provided, however, that Valid Claim will exclude any such pending claim in an application that has not been granted within [***] years following the earliest priority filing date for such application. Notwithstanding the foregoing, [***].

2. LICENSE GRANTS

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Execution Version

2.1. **Product**. Subject to the terms and conditions set forth herein, Pieris hereby grants to BP:

2.1.1. a non-exclusive, sublicensable (subject to Section 2.3.1), personal and non-transferable (except as set forth Section 14.3), right and license under the Pieris IP (including the Platform IP, Pieris Platform Improvement IP and Pieris Building Block IP but excluding the Pieris Product IP) to Exploit (subject to Section 4.5) Products in the Territory solely for Commercialization of such Product in the Field and in the Territory;

2.1.2. a royalty-bearing, sublicensable (subject to Section 2.3.1), non-transferable (except as set forth in Section 14.3), exclusive (even as to Pieris, subject to Section 2.2) right and license under the Pieris Product IP to Exploit (subject to Section 4.5) Products in the Territory solely for Commercialization of such Product in the Field.

2.2. **Development and Manufacturing Assistance License**. Subject to the terms and conditions set forth herein, BP hereby grants to Pieris a non-exclusive license under the Pieris Product IP to assist BP in connection with the Development and Manufacture of Products for such time as Pieris' supporting in Developing and Manufacturing the Product as contemplated under this Agreement is concluded.

2.3. **Sublicense and Subcontract Rights and Obligations.**

2.3.1. **BP Sublicensing and Subcontracting**. BP shall have the right to sublicense or subcontract (through multiple tiers), in whole or in part, the rights provided under Section 2.1 above; provided, however: (a) such Sublicense or subcontractor agreement will be consistent with all relevant terms and conditions of this Agreement, (b) such Sublicense or subcontractor agreement shall not relieve BP of its diligence obligations hereunder, (c) BP will remain liable for performance of all the terms and conditions of this Agreement (including but not limited to payment terms) such that any act or omission by or on behalf of a Sublicensee or subcontractor that would be a breach of this Agreement if undertaken by BP, shall be deemed a breach of this Agreement by BP; provided, however, BP shall have the opportunity to cure such breach in accordance with Section 13.2.1, (d) such subcontractors (including, e.g., consultants) and Sublicensees undertake in writing obligations of confidentiality and non-use regarding Confidential Information that are at least as restrictive as those undertaken by the Parties pursuant to Section 10 (except for a commercially-reasonable term for duration of confidentiality), (e) in the case of a [***], BP shall comply with its [***] obligations to Pieris under Section 2.4, and (f) BP shall notify Pieris within[***] Business Days of granting such [***], providing [***] and a summary of [***].

2.3.2. **Pieris Subcontracting**. Pieris may not subcontract, delegate or sublicense

the performance of its manufacturing assistance without BP's prior written consent, which may be withheld in BP's sole discretion. Subject to BP's prior written consent, Pieris shall have the right to subcontract its manufacturing assistance; provided, however, that Pieris will remain liable for performance of all the terms and conditions of this Agreement applicable to Pieris such that any act or omission by or on behalf of a subcontractor that would be a breach of this Agreement if undertaken by Pieris, shall be deemed a breach of this Agreement by Pieris. For the avoidance of doubt, Pieris may subcontract its manufacturing assistance to the Persons set forth in Exhibit 2.3.2.

2.4. [***].

2.4.1. In the event that BP determines that it should [***], BP shall promptly provide Pieris written notice prior to [***]. If within [***] days following receipt of [***], Pieris notifies BP of [***].

2.4.2. In the event that BP [***], BP shall promptly provide [***]. If within [***] days following receipt of the [***].

2.4.3. In the event Pieris: (a) does not [***] within [***] days following receipt of the [***]; (b) the Parties [***] day period following Pieris' written notice of such interest; (c) indicates it [***], or (d) [***], then BP shall have no further obligation to Pieris under this Section 2.4, [***].

2.4.4. For the avoidance of doubt (and subject to Section 2.4.3), BP [***] until it has followed the procedure set forth in Section 2.4.1 or Section 2.4.2.

2.5. **No Implied Rights**. No license or other right is or shall be created or granted hereunder by implication, estoppel or otherwise. All licenses and rights hereunder are or shall be granted only as expressly provided in this Agreement. All rights a Party not expressly granted hereunder are reserved by such Party and, except as otherwise expressly set forth herein, may be used by such Party for any purpose.

3. GOVERNANCE, REPORTING & DECISION-MAKING

3.1. **Alliance Manager**. No later than [***] days after the Effective Date, each Party will designate an individual to facilitate communication, Data exchange and coordination of the Parties' activities under this Agreement, including Exploitation of Products (each, an "**Alliance Manager**"). The Alliance Managers shall meet quarterly or as otherwise agreed in order to perform such responsibilities.

3.2. **Decision Making**. BP shall have the exclusive right, and sole responsibility and decision-making authority (either itself or through its Affiliates, agents, subcontractors

and/or Sublicensees) to Exploit the Products in the Field and in the Territory. Notwithstanding the foregoing, Pieris shall have final decision-making authority with respect to deployment of its internal resources and FTEs under the Product Development Plan or otherwise, provided, however, that Pieris shall have the obligation to make available the internal resources and FTEs as set forth in the Initial Product Development Plan.

3.3. **Annual Reporting**. BP shall update Pieris as to the status of the Exploitation of Products through a written annual report no later than [***] days following the end of [***] and each Calendar Year thereafter, outlining BP's efforts in connection with Exploitation relating to each Product and informing Pieris of material events related to the Development of the Product, including, to the extent not already provided, a copy of the clinical study report (CSR) for each conducted Clinical Study. Such report shall also provide an updated, rolling diligence plan summarizing the Exploitation activities anticipated to be undertaken over [***] years immediately subsequent to the Calendar Year of such report. Such written report shall be in sufficient detail so as to enable Pieris to monitor BP's compliance with its diligence obligations under Section 7.1, such as setting forth information related to Clinical Studies (such as development phase, Indications, anticipated size and duration, primary endpoints, and top-line results, as available and applicable) that (a) have been conducted in the prior [***] months or (b) are intended to be conducted or Initiated in the next [***] months; anticipated launch dates by country; in the event of [***] successive Calendar Quarters of declining Net Sales of such Product, a high-level explanation of such declining Net Sales. Not more than [***] per Calendar Year, Pieris may reasonably request a telephone conference to discuss the annual report provided under this Section 3.3 and such telephone conference shall occur within [***] days of Pieris' request.

4. DEVELOPMENT & MANUFACTURING

4.1. **Initial Product Development Plan**. The Parties have agreed on an initial Product Development Plan (the "**Initial Product Development Plan**"), which is attached to this Agreement as Exhibit 4.1.

4.2. **Amendments to the Product Development Plan**. Subject to the other provisions of this Agreement, the Product Development Plan may be updated and amended from time to time by BP.

4.3. **Initial Know-How & Materials Transfer**.

4.3.1. As soon as reasonably practicable and within [***] days following the Effective Date or any other schedule agreed upon by the Parties, Pieris shall transfer to BP, at Pieris' cost and expense, all Know-How Controlled by Pieris and directly related to the Exploitation of the Products as set forth in the Technology Transfer Plan. As soon as reasonably practicable after the Effective Date and within the

longest of (a) [***] days following the Effective Date, (b) [***] days following BP providing information on where to transfer (including the address) in writing, or (c) any other schedule agreed upon by the Parties, Pieris shall transfer all physical and biological materials Controlled by Pieris and directly related to the Product (such as the master cell bank associated with the Product) as set forth in the Technology Transfer Plan (which will be updated to include a detailed description of each such physical or biological material), subject to the Cell Line License and any quantities of Products available; provided, in the event Pieris reasonably determines that additional time is necessary properly to effectuate such transfer of physical and biological materials, the Alliance Managers shall work together reasonably and in good faith to ensure prompt, proper transfer of such physical and biological materials.

4.3.2. Subject to Section 4.3.1, Pieris shall transfer all Know-How described in (and transfer shall be conducted in accordance with) the technology transfer plan attached hereto as Exhibit 4.3.2 (the "**Technology Transfer Plan**") which: (a) specifies goals and estimated timelines for the achievement of the transfer; (b) specifies specific Know-How to be transferred; and (c) sets forth those obligations assigned to each Party with respect to such Know-How transfer.

4.3.3. The Know-How and Material transfers set forth in this Section 4.3 shall occur in an orderly fashion and in a manner such that the value, usefulness and confidentiality of the transferred Know-How and biological or physical materials are preserved by both Parties.

4.4. **Ongoing Know-How Transfer**. Following the initial transfer of Know-How and materials under Section 4.3, Pieris shall provide, in the first [***] months following the Effective Date, BP with reasonably requested non-Manufacturing related Pieris Know-How (such as protocols or Data) and reasonable access to Pieris personnel for questions or clarification as are reasonably required in order for BP to Exploit the Product as contemplated under this Agreement. For avoidance of doubt, any CMC and Manufacturing related assistance shall be handled under Section 4.6.

4.5. **Manufacturing Generally**. For avoidance, of doubt, BP shall have sole control over all aspects of the Manufacture of the Products in every country of the world.

4.6. **Pieris Manufacturing Assistance**.

4.6.1. Without limiting BP's rights or Pieris' obligations described in Section 4.3, Section 4.4 or Section 4.5, and as reasonably requested or directed by BP, Pieris shall provide up to [***] Dollars ($[***]) in FTE Costs and Out-of-Pocket Costs connection with the Manufacture of Products. The anticipated contribution of Pieris shall be included in the Product Development Plan, subject to Pieris' consent with

respect to proposed contribution of Pieris FTEs beyond what is set forth in the Initial Product Development Plan.

4.6.2. The Parties anticipate Pieris will provide up to [***] FTE hours of support during the first [***] months following the Effective date and up to [***] FTE hours in total, in each case in connection with the Initial Product Development Plan. Should activities requested of Pieris in connection with the Product Development require Pieris to perform additional FTE hours, Pieris shall promptly notify the BP Alliance Manager and provide a detailed accounting of the hours expended and activities performed to date and a good faith estimation of the additional FTE hours necessary to complete such requested activities. Upon written authorization of the BP Alliance Manager's election, such additional FTE hours will be approved.

4.6.3. At least [***] per month, or as otherwise mutually agreed, during the time Pieris is performing Pieris Conducted Activities under Product Development Plan, Pieris shall update BP with respect to (a) the activities performed under the Product Development Plan since the previous update, including all results achieved, (b) the expected activities between such update and the next update and the prioritization thereof, (c) any issues or circumstances of which Pieris is aware that may prevent or adversely affect in a material manner its future performance of activities under the Product Development Plan, and (d) any reasonably foreseeable expenditures for amounts expected to be incurred (to the extent material).

4.6.4. Within [***] days after the end of each Calendar Quarter, Pieris will provide BP with an itemized accounting in a format agreed between the Parties of the FTE Costs and Out-of-Pocket Costs actually incurred by Pieris in connection with activities under the Product Development Plan during such Calendar Quarter (the "**Quarterly Manufacturing Assistance Report**"). In addition, [***]. BP shall provide evidence of such [***] to Pieris (which Pieris shall include in the Quarterly Manufacturing Assistance Report) and [***] days after the end of each Calendar Quarter in which Pieris received such evidence. Once Pieris has expended [***] Dollars ($[***]) in Pieris' FTE Costs and Out-of-Pocket Costs (whether incurred by Pieris or BP) as evidenced by such Quarterly Manufacturing Assistance Reports)), the Parties may mutually agree that Pieris continue to provide Manufacturing assistance, subject to Pieris' consent and [***].

4.6.5. Without limiting any of its other rights under Section 4.3 or this Section 4.6, BP reserves the right to take over responsibility for any activities performed (or to be performed) by Pieris under the Technology Transfer Plan (including development of a new master cell bank or research cell bank [***] up to: (a) [***] Dollars ($[***]) if [***], or (b) [***] Dollars ($[***]) if [***], in each case (a) or (b), of the [***]. [***] for any other activities in this Section 4.6.5 are subject to [***].

4.7. **Expedited Dispute Resolution for Pieris Conducted Activities**. In the event BP reasonably determines there is an issue with any Pieris Conducted Activities, promptly upon BP's request and in any event within [***] Business Days, Pieris agrees to negotiate reasonably and in good faith in connection with any aspect of the Pieris Conducted Activities. BP may escalate any matter which cannot be resolved in such negotiation to the Senior Representatives within [***] Business Days of the start of such negotiation and to the Senior Executives within [***] Business Days of the escalation to the Senior Representatives (if such Senior Representatives do not resolve such matter in such [***] Business Days).

4.8. **Mutual Cooperation**. The Parties will cooperate, and will cause their Affiliates and their and their Affiliates' respective employees, agents and contractors to cooperate, with each other to effectuate the transfer of rights and materials under this Section 4, including by promptly executing and recording assignments and other documents as requested by each Party (including the [***]). This includes those items in Exhibit 4.3.2 which are indicated to require BP's written agreement prior to transfer.

4.9. **Product Cell Line License**.

4.9.1. Within [***] days of receipt of the up-front payment in Section 8.1, Pieris shall assign the Product Cell Line License to BP as permitted under such License.

4.9.2. The Parties acknowledge that the Manufacture the Product (as it exists as of the Effective Date) is subject to the Product Cell Line License.

4.9.3. Each Party shall comply with its obligations under the terms of the Product Cell Line License (including in connection with the Exploitation of the Product) and shall notify the other Party immediately if it becomes aware of any dispute under such agreement. Each Party agrees to provide all reasonably requested assistance and information to the other Party to assist such other Party in its compliance with the Product Cell Line License.

5. REGULATORY

5.1. **Ownership**. As between Pieris and BP, BP will exclusively own, maintain and have control over all INDs, MAAs and related regulatory documentation submitted to any Regulatory Authority with respect to any Product Exploited under this Agreement.

5.2. **Responsibility**. For the avoidance of doubt, BP (either itself or through its Affiliates, subcontractors and/or Sublicensees) will have sole control over (including the exclusive right, sole responsibility and final decision-making authority for) all aspects of regulatory matters relating to any Product, including (a) overseeing, monitoring and coordinating all regulatory actions, communications and filings with, and submissions to, each Regulatory

Authority; (b) interfacing, corresponding and meeting with each Regulatory Authority; (c) seeking and maintaining all regulatory filings; (d) maintaining and submitting all records required to be maintained or required to be submitted to any Regulatory Authority; and (e) conducting all Clinical Studies and non-clinical studies BP believes appropriate.

5.3. **Communications**.

5.3.1. Material Communications.

5.3.1.1. **BP Communications**. Within [***] Business Days after receipt of any Material Anticalin Communication from a Regulatory Authority with respect to any Product (or [***] Business Days to the extent such Material Anticalin Communication is related to a Clinical Study hold or potential Clinical Study hold for safety reasons or for a potential withdrawal from the market for a safety issue or a report of a serious safety finding by a Regulatory Authority for any Product), BP will provide Pieris, through its Alliance Manager, with a brief written description of the principal issues raised in such Material Anticalin Communication.

5.3.1.2. **Pieris Communications**. Within [***] Business Days after receipt of any Material Product Communication from a Regulatory Authority with respect to any product Controlled by Pieris (or [***] Business Days to the extent such Material Product Communication is related to a Clinical Study hold or potential Clinical Study hold for safety reasons or for a potential withdrawal from the market for a safety issue or a report of a serious safety finding by a Regulatory Authority for any Product), Pieris will provide BP, through its Alliance Manager, with a brief written description of the principal issues raised in such Material Product Communication.

5.3.2. Safety Exchange Agreement. To the extent necessary for either Party to comply with Applicable Law or Regulatory Authority requirements, the Parties may negotiate in good faith and enter into a safety data exchange agreement.

5.4. **Recalls**. BP shall have the sole right to determine whether and how to implement a recall or other market withdrawal of any Product.

6. COMMERCIALIZATION

6.1. **Commercialization**. For the avoidance of doubt, BP shall be solely responsible for and have sole control over all aspects of the Commercialization of each Product in every country of the world, including planning and implementation, distribution, booking of sales, pricing, reimbursement, and costs.

6.2. **Reporting**. BP shall remain subject to the reporting requirements under Section 3.3 with respect to the Commercialization of the Product.

7. DILIGENCE & NON-COMPETE

7.1. **Diligence Requirements**. BP shall use Commercially Reasonable Efforts to Develop, Manufacture and Commercialize at least [***] for at least [***] Indication in the Field for each of the following geographies: (a) [***]; (b) [***]; (c) [***]; and (d) [***]. For the avoidance of doubt, BP may satisfy its obligations under this Agreement (including this Section 7.1) through the efforts of its Affiliates, subcontractors or Sublicensees.

7.2. **Non-Compete**

7.2.1. Generally. During the Term, to the maximum extent permitted by Applicable Law, each Party and its Affiliates and Sublicensees covenants not to Exploit, itself or with a Third Party, any Competing Product in the Field and in the Territory; provided, notwithstanding anything to the contrary in this Agreement:

7.2.1.1. the restrictions in Section 7.2.1 will not apply to any BP Parent Entity, provided that the Exploitation of a Competing Product occurs without any access by the relevant BP Parent Entity to any Know-How or Pieris Confidential Information in BP's possession or control related to the Product; provided further that no BP Restricted Entity or BP Restricted Individual is employed, contracted or otherwise consulted by the relevant BP Parent Entity in the Exploitation of the Competing Product in any way; and provided further, that a "firewall" of reasonable safeguards is put in place by BP between individuals with access to information related to the Product, on the one hand, and the personnel responsible for the Exploitation of such Competing Product, on the other hand, and the Development or Commercialization of such Competing Product does not make use of or incorporate any technology Covered by Pieris Patents; and

7.2.1.2. the restrictions placed on BP and its Affiliates in Section 7.2.1 will not apply in the event of a Change of Control of BP or any of its Affiliates where BP or the applicable Affiliate is acquired, provided that the Exploitation of such Competing Product occurs without any access to any Know-How or Pieris Confidential Information in BP's possession or control related to the Product; and provided further, that a "firewall" of reasonable safeguards is put in place by BP between individuals with access to information related to the Product, on the one hand, and the personnel responsible for the Exploitation of such Competing Product, on the other hand, and the Development or Commercialization of such Competing Product does not make use of or incorporate any technology Covered by

Pieris Patents.

7.2.2. Effect of Sublicense. Notwithstanding Section 7.2.1, to the extent that BP enters into a Sublicense wherein BP plays no role whatsoever in the Development, Manufacture, and Commercialization of a Product, then, in such case BP and its Affiliates shall be permitted to Research, Develop, Manufacture or Commercialize a Competing Product. For avoidance of doubt, such Sublicensee shall remain subject to the non-compete set forth in Section 7.2.1 and BP shall remain obligated and liable for any breach of such non-compete by such Sublicensee.

8. PAYMENTS

8.1. **Up-Front License Fee**. In partial consideration for the license and rights granted to BP herein related to Products, BP will pay, or cause to be paid, to Pieris within[***] days of the Effective Date a one-time payment of [***] Dollars ($[***]). Such payment will be non-refundable, non-creditable and not subject to set-off.

8.2. **Developmental Milestones**.

8.2.1. In partial consideration for the license and rights granted to BP herein related to Products, on a Product-by-Product basis, BP will make, or cause to be made, milestone payments to Pieris (each, a "**Developmental Milestone Payment**") upon the first achievement of the development and regulatory milestone events set forth in this Section 8.2 (each, a "**Developmental Milestone Event**") with respect to such Product. Such Developmental Milestone Payments shall be made within [***] days after achievement of the corresponding Developmental Milestone Event.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Developmental Milestone Event	[***]	[***]	[***]
Phase 1 Study Initiation:	[***] Dollars ($[***])	[***]	[***]
Phase 1b Study Initiation or Phase 2 Study Initiation:	[***] Dollars ($[***])	[***]	[***]
Phase 3 Study Initiation:	[***] Dollars ($[***])	[***] Dollars ($[***])	[***]
[***]	[***] Dollars ($[***])	[***] Dollars ($[***])	[***] Dollars ($[***])
[***]	[***] Dollars ($[***])	[***] Dollars ($[***])	[***]
[***]	[***] Dollars ($[***])	[***] Dollars ($[***])	[***]
Total	[***] **Dollars ($[***])**	[***] **Dollars ($[***])**	[***] **Dollars ($[***])**

8.2.2. For the avoidance of doubt: (a) the total maximum milestones payable under this Section 8.2 for each Product, for the first Indication, shall not exceed [***] Dollars ($[***]); (b) the total maximum milestones payable under this Section 8.2 for each Product, for the second Indication, shall not exceed [***] Dollars ($[***]); (c) the total maximum milestones payable under this Section 8.2 for each Product, for the third Indication, shall not exceed [***] Dollars ($[***]); and (d) the total maximum milestones payable under this Section 8.2 for each Product, in the aggregate for any and all Indications, shall not exceed [***] Dollars ($[***]). With respect to each Developmental Milestone Event for each Product, the Development Milestone Payments to be made under this Section 8.2 shall be due and payable only once, regardless of whether Commercialized as single agent, Combination Product or Product Bundle.

8.2.3. The [***] and the [***] milestones shall be deemed achieved upon [***].

8.2.4. For avoidance of doubt, single events may trigger multiple Developmental Milestone Payments. For example, to the extent that a [***] is Initiated with respect to a Product and such [***] is directed to two Indications, then both the [***] Dollar ($[***]) and [***] Dollar ($[***]) Developmental Milestone Payments shall be due in connection with such single [***] Initiation.

8.2.5. If any of the above Developmental Milestone Events are skipped (i.e. a later Developmental Milestone Payment is payable before an earlier Developmental Milestone Payment), the skipped Developmental Milestone Event will be deemed to have been achieved upon the earlier of achievement of the subsequent milestone or upon Marketing Approval and the corresponding Developmental Milestone Payment(s) shall then become due, as applicable. Notwithstanding the above, if a Product receives Accelerated Approval in [***], based on a Phase 1b Study or Phase 2 Study, and the applicable Regulatory Authority requires a confirmatory Phase 3 Study to be Initiated after such approval, then the applicable [***], shall be deemed achieved, but the Phase 3 Study Initiation Developmental Milestone Event shall only be deemed achieved once such confirmatory Phase 3 Study is Initiated.

8.3. **Sales Milestone Payments**.

8.3.1. In partial consideration for the license and rights granted to BP herein related to Products, BP shall make, or cause to be made, on a Product-by-Product basis, the non-refundable, non-creditable, one-time payments (the "**Sales Milestone Payments**") to Pieris based upon the first achievement of the following Calendar Year cumulative Net Sales of each Product (the "**Sales Milestone Event**") as set forth below within [***] days of the end of the Calendar Year in which a Sales Milestone Event is achieved.

Sales Milestone Event	Sales Milestone Payment
The first time Net Sales achieves [***] Dollars ($[***]) in Net Sales of such Product in a Calendar Year	[***] Dollars ($[***])
The first time Net Sales achieves [***] Dollars ($[***]) in Net Sales of such Product in a Calendar Year	[***] Dollars ($[***])
The first time Net Sales achieves [***] Dollars ($[***]) in Net Sales of such Product in a Calendar Year	[***] Dollars ($[***])
The first time Net Sales achieves [***] Dollars ($[***]) in Net Sales of such Product in a Calendar Year	[***] Dollars ($[***])
The first time Net Sales achieves [***] Dollars ($[***]) in Net Sales of such Product in a Calendar Year	[***] Dollars ($[***])

8.3.2. For the avoidance of doubt, each aforementioned Sales Milestone Payment shall be made only once for each Product, regardless of the number of Products

achieving the Sales Milestone Event, or the number of Calendar Years in which a Product achieves such Sales Milestone Event.

8.3.3. The achievement of a higher Sales Milestone Event shall in addition trigger the payment of a lower Sales Milestone Event in the event such lower Sales Milestone Event had not been triggered prior to achievement of the higher Sales Milestone Event. For example, if in the first Calendar Year following the [***] Sale of a Product, cumulative Net Sales of such Product in such Calendar Year are [***] Dollars ($[***]), the Sales Milestone Event for cumulative Net Sales achieving [***] Dollars ($[***]), [***] Dollars ($[***]) and [***] Dollars ($[***]) in Net Sales for such Product in a Calendar Year will be triggered and, upon receipt of notice from BP of achievement of such Sales Milestone Events, Pieris shall invoice BP for the corresponding [***] Dollar ($[***]), [***] Dollar ($[***]) and [***] Dollar ($[***]) Sales Milestone Payments.

8.3.4. For the avoidance of doubt, the total maximum milestones payable for each Product under this Section 8.3 shall not exceed [***] Dollars ($[***]).

8.4. **Royalty Payments**.

8.4.1. In partial consideration for the license and rights granted to BP herein related to Products, BP shall make, or cause to be made, to Pieris, on a Product-by-Product basis during the Royalty Term for each such Product, payments of royalties equal to the following percentages of Net Sales ("**Product Royalty**") of such Product over a Calendar Year in the Territory.

Annual Calendar Year Royalty Bearing Net Sales	**Royalty Rates owed by BP**
Portion of Net Sales less than [***] Dollars ($[***])	[***] Percent ([***]%)
Portion of Net Sales equal to or greater than [***] Dollars ($[***]) and [***] Dollars ($[***])	[***] Percent ([***]%)
Portion of Net Sales equal to or greater than [***] Dollars ($[***]) and less than [***] Dollars ($[***])	[***] Percent ([***]%)
Portion of Net Sales equal to or greater than [***] Dollars ($[***]) and less than [***] Dollars	[***] Percent ([***]%)

($[***])	
Portion of Net Sales equal to or greater than [***] Dollars ($[***])	[***] Percent ([***]%)

8.4.2. By way of illustration, assume in a Calendar Year, during the Royalty Term, that (a) aggregate annual Net Sales of a Product in Dollars total [***] Dollars ($[***]) and (b) no adjustments or deductions to payments under this Section 8 apply. The total Product Royalty due and payable by BP to Pieris for such Net Sales would be, [***] Dollars ($[***]) calculated as follows:

$[***] x [***]% = $[***]

$[***] x [***]% = $[***]

$[***] x [***]% = $[***]

$[***] x [***]% = $[***]

Total Royalty = $[***]

8.4.3. For purposes of determining whether a royalty tier or a Sales Milestone Event described in Section 8.3 or Section 8.4 above has been attained, only Net Sales that are subject to a Product Royalty payment shall be included in the total amount of Net Sales and any Net Sales that are not subject to a Product Royalty payment shall be excluded.

8.4.4. Product Royalties payable under this Section 8.4 shall be payable on actual Net Sales and shall accrue at the time the invoice for the sale of Product is delivered. Product Royalty obligations that have accrued during a particular Calendar Quarter shall be paid, on a Calendar Quarter basis, within [***] days after the end of each Calendar Quarter during which the Product Royalty obligation accrued.

8.5. **Other Payments**.

8.5.1. As between the Parties, BP shall be solely responsible for and, except for the one-time payment set forth in Exhibit 4.1, shall make all payments due in connection with the Product Cell Line License without offset or reduction to the payments due to Pieris under this Section 8.

8.5.2. The Parties acknowledge that Pieris is a Party to the [***] License Agreement in connection with the license of certain Pieris Platform IP. Pieris shall remain solely responsible for all payments due under the [***] License Agreement.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

8.5.3. Other than the Product Cell Line License and the [***] License Agreement, as of the Effective Date, there are no other Known Third-Party Obligations.

8.6. **Additional Royalty Terms**.

8.6.1. Royalty Term. The Product Royalties due under Section 8.4 shall be paid on a country-by-country basis and shall be payable for the duration of the Royalty Term.

8.6.2. Reductions for Third Party Obligations. Except as set forth in Section 8.5, in the event BP or an Affiliate or Sublicensee reasonably determines it would be necessary to obtain licenses to (or otherwise acquire) Patents of Third Parties other than the Known Third-Party Obligations that Cover the active pharmaceutical ingredient ("**API**") of the initial Product as set forth in Exhibit 8.6.2, in order to Manufacture after First Commercial Sale or Commercialize the API of such Product (but not, for example, any formulation or associated device, which shall solely be the responsibility of BP) ("**Additional Third Party Licenses**"), BP or such relevant Affiliate or Sublicensee may negotiate and obtain any such Additional Third Party Licenses but shall not be obligated to do so. Pieris and BP (or such relevant Affiliate or Sublicensee, as applicable) shall share equally the costs under such Additional Third Party Licenses ("**Third Party License Cost Split**") and Pieris' [***] percent ([***]%) share of the royalties and sales milestones associated with such Additional Third Party Licenses shall be payable in the form of a reduction of the Product Royalty and Sales Milestone Payments that would otherwise be payable by BP to Pieris. Pieris' share of the total costs of such Additional Third Party License shall not reduce Pieris' Royalty or Sales Milestone Payments by more than [***] percent ([***]%) of the Product Royalty or Sales Milestone Payments otherwise due to Pieris in any Calendar Quarter, provided that reductions to Royalty Payments or Sales Milestone Payments under this Section 8.6.2 not exhausted in one Calendar Quarter may be carried forward to the next Calendar Quarter. Notwithstanding the foregoing, as an incentive to initiate a First Commercial Sale prior to [***] (the "**Early Launch Date**"), the Third Party Cost Split shall be modified so that Pieris covers [***] percent ([***]%) and BP (or such relevant Affiliate or Sublicensee, as applicable) covers twenty-five percent ([***]%) of the costs associated with any Additional Third Party License attributable to the Commercialization of the Product through the Early Launch Date (as determined in accordance with Accounting Standards). All other terms under this Section 8.6.2 shall otherwise remain the same (including that Pieris' [***] percent ([***]%) share shall be payable in the form of a reduction of the Product Royalty and Sales Milestone Payments that would otherwise be payable by BP to Pieris, subject to a ([***]%) minimum payment of such Product Royalty and Sales Milestone Payments and subject to the ability to carry forward any unexhausted reductions to future Product Royalty and Sales Milestone Payments). For avoidance

of doubt, nothing stated herein shall prevent Pieris from seeking licenses to any Intellectual Property Rights from any Third Party as it deems necessary; provided that to the extent that such Intellectual Property Rights constitute Pieris IP, such Intellectual Property Rights are included in the licenses granted under Section 2 of this Agreement.

8.6.3. Reduction for Loss of Exclusivity. On a Product-by-Product and country-by-country basis, in the event that (a) there is no Valid Claim Covering the Manufacture or Commercialization (including the use, sale or offer for sale) of such Product in such country, and (b) there is entry of a Biosimilar of such Product in such country, then the Royalty Payment payable to Pieris for such Product in such country shall be reduced by [***] percent ([***]%) of the amount otherwise payable hereunder as and from such Calendar Quarter. For avoidance of doubt, if there is a reduction of the Product Royalty in a country under this Section 8.6.3, there shall be no further reduction of the Product Royalty in such country due to Biosimilar competition under Section 8.6.4.

8.6.4. Reduction for Biosimilar Competition. If in any Calendar Quarter after entry of a Biosimilar(s) of a Product in a given country there has been a decline of the Net Sales of the applicable Product in such country of more than [***] percent ([***]%) of the Net Sales of such Product in such country achieved in the [***]consecutive Calendar Quarters immediately prior to such entry in such country, the Royalty Payment payable to Pieris for such Product in such country shall be reduced by[***] percent ([***]%) of the amount otherwise payable hereunder as and from such Calendar Quarter. If in any Calendar Quarter after entry of a Biosimilar(s) of a Product in a given country there has been a decline of the Net Sales of the applicable Product in such country of more than [***] percent ([***]%) of the Net Sales of such Product in such country achieved in the [***] consecutive Calendar Quarters immediately prior to such entry in such country, the Royalty Payment payable to Pieris for such Product in such country shall be reduced by [***] percent ([***]%) of the amount otherwise payable hereunder as and from such Calendar Quarter. Notwithstanding the foregoing, in the event of Biosimilar sales that are later enjoined by a court or otherwise halted (such as on the basis of Patent or Regulatory Exclusivity) and the price of the Product returns to the same level as was achieved immediately prior to entry of the Biosimilar, then royalties shall be restored to the level otherwise contemplated under this Agreement.

8.6.5. In the event Pieris acquires Pieris IP from a Third Party after the Effective Date and the use of such Pieris IP by BP would cause Pieris to owe payments to such Third Party which would not otherwise be due but for BP's use: (a) Pieris shall promptly notify BP in writing of such Pieris IP and such payments (and payment terms related thereto), and (b) in the event BP elects to use such Pieris IP, BP shall

make, or cause to be made, payments to Pieris equal to: (i) for such IP that is reasonably necessary for the Exploitation of the initial Product as set forth in Exhibit 8.6.2, [***] percent ([***]%) of the payments set forth in such notice in accordance with the payment terms set forth in such notice; (ii) for such IP that is reasonably useful (but not reasonably necessary) for the Exploitation of any Product, [***] percent ([***]%) of the payments set forth in such notice in accordance with the payment terms set forth in such notice; or (iii) for such IP that is reasonably necessary for the Exploitation of all Anticalin proteins (i.e., Anticalin proteins generally), no amount shall be due from BP.

8.7. **Revenue Sharing**.

8.7.1. Change of Control Within [***] Months of Clinical PoC. In the event that BP undergoes a Change of Control at any time from the Effective Date until [***] months following Clinical PoC, BP shall pay Pieris [***] percent ([***]%) of all COC Consideration due within [***] months of such Change of Control (such period of time the "**Change of Control Revenue Period**" and such sum of money the "**Change of Control Revenue Share**").

8.7.2. Change of Control Thereafter. To the extent that BP undergoes a Change of Control after [***] months following Clinical PoC, then Section 8.7.1 shall apply except that the Change of Control Revenue Share that Pieris receives shall be limited to COC Consideration received by Boston Pharma.

8.7.3. Equity Financing. In the event of an Equity Financing that would have been a Change of Control but for the definition of Equity Financing, BP shall pay Pieris [***] percent ([***]%) of all cash proceeds actually received by Boston Pharma in connection with such Equity Financing ("**Equity Financing Consideration**") (such sum of money the "**Equity Financing Revenue Share**").

8.7.4. In the event that BP Sublicenses its right to a Product, BP shall pay Pieris [***] percent ([***]%) of all Sublicense Consideration due to BP from Sublicensee within [***] months of the Sublicense Effective Date (such period of time the "**Sublicense Revenue Period**" and such sum of money the "**Sublicense Revenue Share**").

8.7.4.1. For avoidance of doubt, the Sublicense Revenue Share shall not relieve BP of its obligation to pay the Developmental Milestone Payments, Sales Milestone Payments, and Product Royalties as set forth in this Section 8.

8.7.4.2. In the case of a Sublicense, to the extent that Sublicense Consideration received by BP from a Sublicensee is made in connection

with a development or regulatory milestone event that coincides with a Developmental Milestone Event triggering a Developmental Milestone Payment or Sales Milestone Event triggering a Sales Milestone Payment ("**Coinciding Milestone Payment**"), then the corresponding Sublicense Revenue Share payment shall be calculated based on the amount of the Coinciding Milestone Payment minus the amount of the corresponding Developmental Milestone Payment or Sales Milestone Payment. For example, if BP receives a milestone payment from Sublicensee in connection with BLA Approval in the US in the amount of [***] Dollars ($[***]) (the Coinciding Milestone Payment) during the Sublicense Revenue Period, then the corresponding Developmental Milestone Payment of [***] Dollars ($[***]) to be paid to Pieris under Section 8.2 shall first be subtracted from such amount, yielding [***] Dollars ($[***]) as the basis for the calculation of the Sublicense Revenue Share and a corresponding Sublicense Revenue Share of [***] Dollars ($[***]). For avoidance of doubt, nothing in this Section 8.7.4.2 reduces or alters any Developmental Milestone Payment or Sales Milestone Payment that BP is required to make under this Agreement.

8.7.5. BP shall make Sublicense Revenue Share, Change of Control Revenue Share and Equity Financing Revenue Share payments on an ongoing basis, providing such payments within [***] days of receipt of the Sublicense Consideration, Change of Control Consideration or Equity Financing Consideration from the Sublicensee or acquiror, as applicable.

8.7.6. BP shall not enter into any Sublicense, Change of Control or Equity Financing with any Third Party or BP Parent Entity which transaction is structured in a way that is designed to deprive Pieris of the benefit of the Revenue Share payable under this Section 8.7. In the event Pieris reasonably determines that a Sublicense, Change of Control or Equity Financing was structured in way that was designed to deprive Pieris of the benefit of the Revenue Share payable under this Section 8.7, the Parties shall cooperate reasonably and in good faith to determine whether such Sublicense, Change of Control or Equity Financing was not structured in way that was designed to deprive Pieris of the benefit of the Revenue Share payable under this Section 8.7 and, if, after such cooperation, Pieris again reasonably determines that such Sublicense, Change of Control or Equity Financing was structured in way that was designed to deprive Pieris of the benefit of the Revenue Share payable under this Section 8.7, to the Parties shall negotiate in good faith the Revenue Share (if any) which would have been payable under this Section 8.7 if such Sublicense, Change of Control or Equity Financing was not structured in way that was designed to deprive Pieris of the benefit of the Revenue Share payable under this Section 8.7.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

8.7.7. For the avoidance of doubt, there shall be no multiple counting with respect to COC Consideration, Sublicense Consideration and Equity Financing Consideration and COC Consideration, Sublicense Consideration and Equity Financing Consideration shall each exclude any Consideration already accounted for in another class of Consideration.

8.7.8. If any (a) Sublicense includes any sublicense in which BP or any of its Affiliates conveys rights to Exploit one or more products other than the Product, (b) Change of Control of BP conveys rights to Exploit one or more products other than the Product, or (c) Equity Financing that would have been a Change of Control but for the definition of Equity Financing and includes Equity Financing Consideration and contemplates rights to Exploit one or more products other than the Product (the rights to Exploit such products other than the Product in clauses (a), (b) and (c) collectively, the "**Other Assets**"), then the Sublicense Consideration, COC Consideration or Equity Financing Consideration (as the case may be) will be adjusted to include only the relative value attributed at such time to the Product and to exclude the relative value attributed at such time to the Other Assets. Such relative value and related adjustment will be negotiated by the Parties in good faith.

8.8. **Payment Terms.**

8.8.1. Manner of Payment. All payments to be made by BP hereunder will be made in Dollars by wire transfer to such bank account as Pieris may designate.

8.8.2. Reports and Royalty Payments. For each Calendar Quarter during which Product has been sold and as long as a Product Royalty is due to Pieris under this Agreement, BP will furnish to Pieris (a) a good faith estimate, within [***] days after the end of each such Calendar Quarter, and (b) a written report, within [***] days after the end of each such Calendar Quarter, both (a) and (b) showing the amount of Net Sales of Product and royalty due (in Dollars). The report will include, at a minimum, the following information for the applicable Calendar Quarter, each listed by country of sale: (i) the number of units of each Product on which Product Royalty owed to Pieris hereunder sold by BP or its Affiliates or Sublicensees; (ii) the gross amount received for such sales; (iii) Net Sales for the Calendar Quarter and Year; (iv) deductions provided for in the definition of Net Sales; and (v) the Product Royalties owed to Pieris. Such reports shall be deemed Confidential Information of BP subject to Section 10 of this Agreement.

8.8.3. Records and Audits.

8.8.3.1. BP shall keep complete, true and accurate books and records in accordance with its Accounting Standards in relation to this Agreement,

including in relation to the Product and Net Sales. BP will keep such books and records for at least [***] years following the Calendar Year to which they pertain.

8.8.3.2. Pieris may, not more than [***] per Calendar Year, upon written request, cause an internationally-recognized independent accounting firm (the "**Auditor**"), which is reasonably acceptable to BP, to inspect the relevant records of BP and its Affiliates to verify the payments made or Costs incurred by BP and the related reports, statements and books of accounts, as applicable. Before beginning its audit, the Auditor shall execute an undertaking reasonably acceptable to BP by which the Auditor agrees to keep confidential all information reviewed during the audit. The Auditor shall have the right to disclose to Pieris a non-confidential summary of the basis for its conclusions and its conclusions regarding any payments owed under this Agreement (including, for the avoidance of doubt, the magnitude of any overpayment or underpayment) and to discuss with the Parties how to interpret this Agreement.

8.8.3.3. BP and its Affiliates shall make their records available for inspection by the Auditor (and not, for the avoidance of doubt, Pieris or any other representative of Pieris) during regular business hours at mutually agreed time(s) and place(s), upon receipt of reasonable advance notice from Pieris or the Auditor. Such inspection right shall not be exercised more than [***] in any Calendar Year and not more frequently than once with respect to records covering any specific period of time. In addition, Pieris shall only be entitled to audit the books and records of BP from the [***] Calendar Years prior to the Calendar Year in which the audit request is made; provided, for the avoidance of doubt, neither BP nor any Affiliate shall be required to retain records beyond the period set forth in Section 8.8.3.1. The Auditor shall provide its audit report and basis for any determination to BP at the time such report is provided to Pieris before it is considered final. In the event that the final result of the inspection reveals an undisputed underpayment or overpayment by either Party, the underpaid or overpaid amount shall be settled promptly. Pieris shall pay for such inspections, as well as its expenses associated with enforcing its rights with respect to any payments hereunder.

8.8.3.4. If an underpayment of more than the greater of (a) [***] percent ([***]%) of the total payments due hereunder for the applicable Calendar Year and (b) [***] Dollars ($[***]) is discovered, the fees and expenses charged by the Auditor shall be paid by BP.

8.8.3.5. The terms of this Section 8.8.3 shall apply *mutatis mutandis* with

respect to BP's right to audit Pieris' records related to any amounts for which Pieris seeks reimbursement or deduction from the pledged Manufacturing assistance.

8.8.4. Currency Exchange. The amounts due to Pieris under this Agreement will be expressed in Dollars. When conversion of payments from any foreign currency is required to be undertaken by BP, the Dollar equivalent shall be calculated using BP's, its Affiliate's or Sublicensee's standard conversion methodology consistent with relevant GAAP.

8.8.5. Taxes.

8.8.5.1. The royalties, milestones, sublicense revenue share and other amounts payable by BP to Pieris pursuant to this Agreement ("**Payments**") shall not be reduced on account of taxes unless required by Applicable Law. Pieris alone shall be responsible for paying any and all taxes (other than withholding taxes required by Applicable Law to be paid by BP) levied on account of, or measured in whole or in part by reference to, any Payments it receives. BP shall deduct or withhold from the Payments any taxes that it is required by Applicable Law to deduct or withhold. If, however, Pieris is entitled under any applicable tax treaty to a reduction of rate of, or the elimination of, applicable withholding tax, it may deliver to BP or the appropriate Governmental Authority (with the assistance of BP to the extent that this is reasonably required and is expressly requested in writing) the prescribed forms necessary to reduce the applicable rate of withholding or to relieve BP of its obligation to withhold tax, and BP shall apply the reduced rate of withholding, or dispense with withholding, as the case may be, provided that BP has received evidence, in a form reasonably satisfactory to BP, of Pieris' delivery of all applicable forms at least [***] Business Days prior to the time that the Payments are due. If BP withholds any taxes from the Payments while Pieris is entitled under any applicable tax treaty to a reduction of the rate of, or the elimination of, applicable withholding tax, BP shall cooperate with Pieris with respect to any documentation required by the appropriate Governmental Authority or reasonably requested by Pieris to secure a reduction of the rate of, or the elimination of, the applicable taxes withheld.

8.8.5.2. Notwithstanding anything to the contrary contained in this Agreement, the following shall apply with respect to Indirect Taxes: All payments are stated exclusive of Indirect Taxes. If any Indirect Taxes are chargeable in respect of any payments, BP shall pay such Indirect Taxes at the applicable rate in respect of any such payments following the receipt, where applicable, of an Indirect Taxes invoice issued in the appropriate

form by Pieris in respect of those payments, such Indirect Taxes to be payable on the due date of the payment of the payments to which such Indirect Taxes relate or at the time such Indirect Taxes are required to be collected by Pieris, in the case of payment of Indirect Taxes to Pieris. The Parties shall issue invoices for all goods and services supplied under this Agreement consistent with Indirect Tax requirements, and to the extent any invoice is not initially issued in an appropriate form, each Party shall promptly inform the other Party and shall cooperate with such other Party to provide such information or assistance as may be necessary to enable the issuance of such invoice consistent with Indirect Tax requirements.

8.8.6. Interest Due. BP will pay Pieris interest on any undisputed payments that are not paid on or before the date such payments are due under this Agreement at a rate of [***] percent ([***]%) above SOFR per annum or the maximum applicable legal rate, if less, calculated on the total number of days such payment is delinquent.

9. INTELLECTUAL PROPERTY

9.1. **Ownership of Background IP**. Unless otherwise explicitly stated in this Agreement, as between the Parties, all Know-How and Intellectual Property Rights Controlled by a Party prior to the Effective Date or developed separate and apart from this Agreement, shall be deemed owned by the Party Controlling such Know-How or Intellectual Property Rights.

9.2. **Ownership and Right to Exploit**.

9.2.1. Ownership.

9.2.1.1. Pieris Platform Improvement IP. Pieris Platform Improvement IP shall be solely owned by Pieris. BP, for itself and on behalf of its Affiliates, hereby assigns (and to the extent such assignment can only be made in the future hereby agrees to assign), to Pieris all its right, title and interest in and to any Pieris Platform Improvement IP. BP will cooperate, and will cause its and its Affiliates' respective employees, agents and contractors to cooperate, with Pieris to effectuate and perfect the foregoing ownership, including by promptly executing and recording assignments and other documents consistent with such ownership.

9.2.1.2. Pieris Building Block IP. Pieris Building Block IP shall be solely owned by Pieris. BP, for itself and on behalf of its Affiliates, hereby assigns (and to the extent such assignment can only be made in the future hereby agrees to assign), to Pieris all its right, title and interest in and to any Pieris Building Block IP. BP will cooperate, and will cause its and its Affiliates'

respective employees, agents and contractors to cooperate, with Pieris to effectuate and perfect the foregoing ownership, including by promptly executing and recording assignments and other documents consistent with such ownership.

9.2.1.3. Pieris Product IP. Pieris Product IP shall be solely owned by Pieris.

9.2.1.4. Arising IP. BP shall own all Arising IP. Pieris, for itself and on behalf of its Affiliates, shall assign and hereby assigns to BP all right, title and interest in the Arising IP. Pieris will cooperate, and will cause its and its Affiliates' respective employees, agents and contractors to cooperate, with BP to effectuate and perfect the foregoing ownership, including by promptly executing and recording assignments and other documents consistent with such ownership.

9.2.1.5. Right to Exploit. For all Patents within the Pieris IP (including the Pieris Product IP), BP hereby covenants not to practice such Patents outside the scope of the licenses granted to BP under Section 2 of this Agreement. For avoidance of doubt, this includes the Manufacture, use, sale or offer for sale of any Biologic other than the Product licensed under Section 2 of this Agreement. Pieris shall retain the exclusive right to practice (including the grant of (sub)licenses) all Patents within the Pieris IP (including the Product IP) outside the scope of such licenses, subject to the non-compete provisions of Section 7.2.

9.3. **Prosecution and Maintenance.**

9.3.1. IP Coordination. Representatives of the Parties shall meet together from time to time as reasonably requested by either Party to discuss the Prosecution and Maintenance of all Patents within the Pieris Product IP and Arising IP. In addition to the notification rights listed below, with respect to such Patents, the Parties shall discuss with each other the overall strategy for Prosecution and Maintenance of such Patents in advance (for example, scope of claims to be pursued, countries for national entry, etc.). Each Party shall consider in good faith the other Party's suggestions and comments regarding such Prosecution and Maintenance strategy.

9.3.2. Key IP.

9.3.2.1. General. Subject to the remainder of this Section 9.3.2.1, as between the Parties, BP will have the first right (but not the obligation), at BP's sole discretion, and sole responsibility for all applicable costs, to Prosecute and Maintain all Patents within the Pieris Product IP and Co-Invented Arising IP ("**Key IP**"); provided that, BP shall share with Pieris a

draft of initial provisional or non-provisional patent applications (i.e. any priority application or PCT application) within the Key IP and Arising IP prior to filing and consider Pieris' comments in good faith. BP shall otherwise have final decision-making authority with respect to such applications. Pieris Know-How and Pieris Confidential Information shall not be incorporated into such applications without Pieris' prior written consent. BP shall not pursue a Patent claim within the Key IP that is not limited to the applicable Target or that seeks protection for a Building Block alone (as such claim would render the Patent a Pieris Building Block Patent). BP will consult with Pieris on its strategy for the Prosecution and Maintenance of all such Patents within the Key IP. BP will furnish Pieris, via electronic mail or such other method as mutually agreed by the Parties, copies of substantive proposed filings and documents received from outside counsel in the course of Prosecuting and Maintaining such Patents within the Key IP, or copies of documents filed with the relevant patent offices or other Governmental Authorities with respect to such Patents within the Key IP, and such other substantive documents related to the Prosecution and Maintenance of such Patents within the Key IP, and as applicable in sufficient time prior to filing such document or making any payment due thereunder to allow for review and comment by Pieris and will consider in good faith timely comments from Pieris thereon. BP will furnish Pieris, via electronic mail or such other method as mutually agreed by the Parties, copies of documents filed with the relevant national patent offices or other Governmental Authorities with respect to such Patents within the Key IP. Each Party will sign, or will use best efforts to have signed, all legal documents as are reasonably necessary to Prosecute and Maintain Patents within the Key IP.

9.3.2.2. Dropped Key IP. In the event that BP elects not to Prosecute and Maintain (or continue to Prosecute and Maintain, including filing a Patent claiming priority to a Patent prior to its issuance), any Patent within the Key IP anywhere in the world, BP will notify Pieris at [***] days before any such Patent would become abandoned, no longer available or otherwise forfeited, and Pieris will have the right (but not the obligation), at Pieris' sole discretion to Prosecute and Maintain such Patent worldwide in the name of Pieris at Pieris' sole cost (which right will include the right to file additional Patents claiming priority to such Patent). For the avoidance of doubt, any Pieris Product Patent or Co-Invented Arising Patent which Pieris Prosecutes and Maintains under this Section 9.3.2.2 shall remain licensed to BP under Section 2.1.2.

9.3.3. Arising IP. As between the Parties, BP will have the right (but not the

obligation), at BP's sole discretion, to Prosecute and Maintain all Patents within the Arising IP (other than Co-Invented Arising IP, which is addressed above in Section 9.3.2) in BP's name. BP shall Prosecute and Maintain such Arising IP at its sole discretion and expense but will discuss in good faith the strategy for Prosecution and Maintenance of such Arising IP upon Pieris' request.

9.3.4. Other Pieris IP (Pieris Building Block IP, Pieris Platform IP, and Pieris Platform Improvement IP). As between the Parties, Pieris will have the right (but not the obligation), at Pieris' sole discretion, to Prosecute and Maintain all Patents within the Pieris Building Block IP, Pieris Platform IP, and Pieris Platform Improvement IP ("**Other Pieris IP**"), in Pieris' name. BP acknowledges that the Other Pieris IP Covers or potentially Covers a number of therapeutic programs outside of this Agreement and has been licensed to Third Parties and may be licensed to additional Third Parties in the future. Accordingly, Pieris shall Prosecute and Maintain the Other Pieris IP at its sole discretion and expense but will discuss in good faith the strategy for Prosecution and Maintenance of the Other Pieris IP upon BP's request. Each Party will sign, or will use best efforts to have signed, all legal documents as are reasonably necessary to Prosecute and Maintain Patents within the Other Pieris IP.

9.3.5. Patent Miscellaneous. Each Party hereby agrees: (a) to use Commercially Reasonable Efforts to make its employees, agents and consultants reasonably available to the other Party (or to the other Party's authorized attorneys, agents or representatives), to the extent reasonably necessary to enable such Party to undertake any Prosecution and Maintenance described herein; and (b) to reasonably cooperate in any such Prosecution and Maintenance by the other Party.

9.3.6. German Act on Employee Inventions. Where applicable, Pieris will be responsible for remuneration of inventors who are Pieris employees in accordance with the German Act on Employee Inventions with respect to the Pieris IP. BP will provide all reasonably requested information and assistance in order for Pieris to comply with the German Act on Employee Inventions with respect to such Patents.

9.3.7. BP Patents. For the avoidance of doubt: (a) BP shall have the exclusive right, but not the obligation, to Prosecute and Maintain any Patents not addressed in this Section 9 that are Controlled by BP (each, a "**BP Patent**"), and (b) BP shall have the exclusive right, but not the obligation, to enforce or defend any Intellectual Property Rights Controlled by BP (including Arising IP but excluding Co-Invented Arising Patents), and, in each case (a) and (b), Pieris shall have no particular rights with respect thereto.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

9.4. **No Adverse Action**.

9.4.1. BP shall not take any action in the Prosecution and Maintenance of the Key IP and Arising IP pursuant to this Agreement that would have a material adverse impact on any Patents within the Pieris Building Block IP, the Pieris Platform IP, or the Pieris Platform Improvement IP.

9.4.2. Pieris shall not take any action in the Prosecution and Maintenance of the Key IP pursuant to this Agreement that would have a material adverse impact on any Patents within the Pieris Product IP.

9.5. **CREATE Act**. Neither party shall invoke the Cooperative Research and Technology Enhancement Act ("**CREATE Act**") in connection with the Prosecution or Maintenance of any Pieris Platform IP, Pieris Platform Improvement IP or Key IP without the prior written consent of the other Party.

9.6. **Defense.**

9.6.1. If the Exploitation of any Product pursuant to this Agreement results in any claim, suit or proceeding alleging patent infringement or trade secret misappropriation against Pieris or BP, then such Party shall promptly notify the other Party hereto. The Parties shall cooperate with each other in connection with any such claim, suit or proceeding and shall keep each other reasonably informed of all material developments in connection with any such claim, suit or proceeding.

9.6.2. If a Third Party asserts that a Patent owned by or licensed to it is infringed by the Exploitation of a Product or that its trade secrets were misappropriated in connection with such activity, then BP shall have the full and unrestricted right and responsibility to resolve any such claim, whether by obtaining a license from such Third Party, by defending against such Third Party's claims or otherwise, and shall be solely responsible for the defense of any such action, any and all costs incurred in connection with such action (including attorneys' and expert fees) and all liabilities incurred in connection therewith. Notwithstanding the above, BP shall not enter into any settlement of any such claim without the prior written consent of Pieris if such settlement would require Pieris to be subject to an injunction or to make any monetary payment to BP or any Third Party, or admit any wrongful conduct by Pieris or its Affiliates, or would limit or restrict the claims of or admit any invalidity and/or unenforceability of any of the Patents Controlled by Pieris, or have any material adverse impact on Pieris' development of Anticalin-based therapeutics.

9.7. **Enforcement.**

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

9.7.1. If either Party believes that an infringement, unauthorized use, misappropriation or ownership claim or threatened infringement or other such activity by a Third Party with respect to any Intellectual Property Rights licensed or created under this Agreement, the Party possessing such knowledge or belief shall notify the other Party and provide it with details of such infringement or claim that are known by such Party. In the event that Pieris believes that a BP Patent, if any, is being infringed by a Third Party or if a Third Party claims to Pieris that any BP Patent is invalid or unenforceable, Pieris shall notify BP and provide it with details of such infringement or claim.

9.7.2. BP shall have the full and unrestricted right, but not the obligation, to bring and control an appropriate suit or other action against any person or entity engaged in any infringement action or proceeding to the extent directly relating to Key IP and any Product in the Field and in the Territory ("**Infringement Action**"), in its own name and entirely under its own direction and control (including, for the avoidance of doubt, the compromise or settlement thereof). In the event that BP does not wish to enforce such Patents against such a potential infringer, then BP shall deliver prompt written notice thereof to Pieris. If BP requests so, Pieris shall reasonably cooperate with BP in the planning and execution of any such action to enforce such Patents (including the obligation to be named or joined as a party in a lawsuit, as applicable, the performance of such obligation shall be deemed to be reasonable cooperation). Notwithstanding the foregoing, if BP does not either initiate such an Infringement Action or grant adequate rights and licenses to such Third Party within [***] days after BP's receipt of a notice of infringement (or sooner if any deadlines require action prior to such [***] days), then Pieris will have the second right, but not the obligation, to initiate such Infringement Action. BP shall have the right to join any Pieris Infringement Action at its own expense.

9.7.3. Monies recovered upon the final judgment or settlement of any such suit or action to enforce such Patents subtracting any costs that the Parties bore in connection with such suit or action, shall be treated either: (a) as Net Sales to the extent such monies recovered are designated as lost profits, or (b) shall otherwise be divided between the Parties with [***] ([***]%) paid by the enforcing Party to the non-enforcing Party and [***] ([***]%) retained by enforcing Party (with portion received by BP not treated as Net Sales or Consideration).

9.7.4. For the avoidance of doubt and without limiting BP's rights elsewhere in this Agreement, BP shall have the right, in its sole discretion, to delegate its rights under Section 9.6 or Section 9.7 in whole or in part in connection with a Sublicense or otherwise to a Sublicensee.

9.7.5. For avoidance of doubt, BP shall not have the right to assert or enforce any other Patents owned or Controlled by Pieris under this Agreement, such as the

Patent Rights within the Other Pieris IP, against a Third Party under any circumstances and Pieris shall not be under any obligation to enforce such Patent Rights; provided, Pieris shall consider in good faith any request by BP to enforce the Other IP to the extent related to any Product in the Field and in the Territory and to the extent that Pieris consents (such consent not unreasonably withheld, conditioned or delayed to the extent that such Other IP does not Cover any other products other than the Product and is not licensed to any Third Party other than BP) to enforce such Other IP, the Parties shall agree upon the allocation of responsibility (with the default being that Pieris shall be in the lead) for such suit and any monies received shall be treated as set forth in Section 9.7.3. For avoidance of doubt, Pieris shall not enforce the Other IP in relation to the Product (i.e., a Biosimilar) in the absence of BP's request.

9.7.6. Neither Party may settle or otherwise compromise any action contemplated by this Section 9.7 in a way that adversely affects or would be reasonably expected to materially, adversely affect the other Party's rights or benefits hereunder, without that Party's prior written consent.

9.8. **Common Interest Disclosures**. With regard to any information or opinions disclosed pursuant to this Agreement by one Party to each other regarding Intellectual Property Rights and/or technology owned by Third Parties, the Parties agree that they have a common legal interest in determining whether, and to what extent, Third Party Intellectual Property Rights may affect the conduct of the Product Development Plan and/or Products, and have a further common legal interest in defending against any actual or prospective Third Party claims based on allegations of misuse or infringement of Intellectual Property Rights relating to the conduct of the Product Development Plan and/or Products. Accordingly, the Parties agree that all such information and materials obtained by Pieris and BP from each other will be used solely for purposes of the Parties' common legal interests with respect to the conduct of the Agreement. All information and materials will be treated as protected by the attorney-client privilege, the work product privilege, and any other privilege or immunity that may otherwise be applicable. By sharing any such information and materials, neither Party intends to waive or limit any privilege or immunity that may apply to the shared information and materials. Neither Party shall have the authority to waive any privilege or immunity on behalf of the other Party without such other Party's prior written consent, nor shall the waiver of privilege or immunity resulting from the conduct of one Party be deemed to apply against any other Party.

9.9. **Patent Term Extensions**. BP shall use Commercially Reasonable Efforts to obtain all available patent term extensions, adjustments or restorations, or supplementary protection certificates ("**SPCs**", and together with patent term extensions, adjustments and restorations, "**Patent Term Extensions**") for each Product with respect to the Key IP. Pieris shall execute such authorizations and other documents and take such other actions as may be reasonably requested by BP to obtain such Patent Term Extensions. All filings

for such Patent Term Extensions shall be made by BP; provided, that in the event that BP elects not to file for a Patent Term Extension, BP shall (a) promptly inform Pieris of its intention not to file and (b) grant Pieris the right to file for such Patent Term Extension. Each Party shall execute such authorizations and other documents and take such other actions as may be reasonably requested by the other Party to obtain such extensions. The Parties shall cooperate with each other in gaining patent term restorations, extensions and/or SPCs wherever applicable to such Patents. For avoidance of doubt, BP shall not be permitted to apply for any Patent Term Extensions using the Other Pieris IP without the prior written consent of Pieris.

10. CONFIDENTIALITY & PUBLICATION

10.1. **Nondisclosure Obligation**.

10.1.1. All Confidential Information disclosed. directly or indirectly, by one Party (the "**Disclosing Party**") to the other Party (the "**Receiving Party**") under this Agreement will be maintained in confidence by the Receiving Party and will not be disclosed to a Third Party or used for any purpose except to exercise its licenses and other rights, to perform its obligations, or as otherwise set forth herein, without the prior written consent of the Disclosing Party, except to the extent that such Confidential Information:

(a) is known by the Receiving Party at the time of its receipt, and not through a prior disclosure by the Disclosing Party, as documented by the Receiving Party's business records;

(b) is known to the public before its receipt from the Disclosing Party, or thereafter becomes generally known to the public through no breach of this Agreement by the Receiving Party;

(c) is subsequently disclosed to the Receiving Party by a Third Party who is not known by the Receiving Party to be under an obligation of confidentiality to the Disclosing Party; or

(d) is developed by the Receiving Party independently of Confidential Information received from the Disclosing Party, as documented by the receiving Party's business records.

10.1.2. Specific aspects or details of Confidential Information will not be deemed to be within the public domain or in the possession of the Receiving Party merely because the Confidential Information is embraced by more general information in the public domain or in the possession of the Receiving Party. Further, any combination of Confidential Information will not be considered in the public

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domain or in the possession of the recipient Party merely because individual elements of such Confidential Information are in the public domain or in the possession of the Receiving Party unless the combination and its principles are in the public domain or in the possession of the Receiving Party. Notwithstanding anything to the contrary, except as required by Applicable Law, Pieris shall not publish or otherwise disclose to a Third Party Confidential Information related to a Product except as permitted under or contemplated by this Agreement, until it has complied with the provisions of Section 10.2.

10.1.3. Notwithstanding the obligations of confidentiality and non-use set forth above and in Section 10.1.4 below, a Receiving Party may provide Confidential Information disclosed to it, and disclose the existence and terms of this Agreement as may be reasonably required in order to perform its obligations and to exploit its licenses and other rights under this Agreement, or in connection with financing transactions, and specifically (a) to Affiliates and Sublicensees, and their employees, directors, agents, consultants, or advisors to the extent necessary for the potential or actual performance of its obligations or exercise of its licenses and other rights under this Agreement, or in connection with financing transactions, in each case who have a *bona fide* need to know such information and are under an obligation of confidentiality with respect to such information that is no less stringent than the terms of this Section 10.1; (b) to a Governmental Authority, including any other Regulatory Authorities (including in order to exploit its rights under this Agreement) or perform its obligations under this Agreement, provided that such Confidential Information will be disclosed only to the extent reasonably necessary to do so, and where permitted, subject to confidential treatment; (c) to the extent required by Applicable Law, including by the rules or regulations of the SEC or similar Regulatory Authority in a country other than the United States or of any stock exchange or listing entity; (d) with respect to the terms of this Agreement only, to any *bona fide* actual or prospective acquirers, underwriters, investors, lenders or other financing sources and any *bona fide* actual or prospective collaborators, licensors, Sublicensees, licensees or strategic partners and to employees, directors, agents, consultants and advisers of such Third Party, in each case who are under an obligation or confidentiality with respect to such information that is no less stringent than the terms of this Section 10.1 (but of duration customary in confidentiality agreements entered into for a similar purpose) and (e) to Third Parties to the extent a Party is required to do so pursuant to the terms of an in-license provided that the material terms of such in-license have been disclosed to the Disclosing Party. If a Party is required by Applicable Law to disclose Confidential Information of the other Party that is subject to the non-disclosure provisions of this Section 10.1, such Party will promptly inform the other Party of the disclosure that is being sought in order to provide the other Party an opportunity to challenge or limit the disclosure.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

10.1.4. Notwithstanding Section 10.1.1, Confidential Information that is permitted or required to be disclosed will remain otherwise subject to the confidentiality and non-use provisions of this Section 10.1. If either Party concludes that a copy of this Agreement must be filed with the SEC or similar regulatory agency in a country other than the United States, such Party will, a reasonable time prior to any such filing, provide the other Party with a copy of such agreement showing any provisions hereof as to which the Party proposes to request confidential treatment, will provide the other Party with an opportunity to comment on any such proposed redactions and to suggest additional redactions, and will take such Party's reasonable comments into consideration before filing such agreement and use Commercially Reasonable Efforts to have terms identified by such other Party afforded confidential treatment by the applicable regulatory agency.

10.2. **Publication and Publicity.**

10.2.1. Publication. Except for disclosures permitted pursuant to Section 10.1 and Section 10.2.2, if (a) Pieris wishes to make a publication or public presentation relating to: (i) a Product or (ii) any results of Research and Development activities under this Agreement or (b) either Party wishes to make a publication or public presentation relating to any jointly carried out activity that contains the Confidential Information of the other Party (the "**Publishing Party**"), the Publishing Party will deliver to the other Party (the "**Reviewing Party**") a copy of the proposed written publication or presentation at least [***] days prior to submission for publication or presentation. The Reviewing Party shall notify the Publishing Party within [***] days of receipt of such publication or presentation: (x) of its intent to propose modifications to such publication or presentation for Patent reasons or trade secret reasons or to remove Confidential Information of the Reviewing Party or its Affiliates, or (y) to request a reasonable delay in submission or presentation in order to protect patentable information. If the Reviewing Party notifies the Publishing Party of its intent to propose modifications, if requested by the Reviewing Party within [***] days of such notice, the Publishing Party will remove all Confidential Information of the Reviewing Party and otherwise take such Party's reasonable comments into consideration in good faith. If the Reviewing Party requests a delay in order to protect patentable information, the Publishing Party will delay submission or presentation for a period of [***] days (or such shorter period as may be mutually agreed by the Parties) to enable the Reviewing Party to file patent applications protecting such Party's rights in such information. The Publishing Party may submit or present such publication or presentation upon the earlier of expiration of such [***] days (or such shorter period as may be mutually agreed by the Parties) and the date the Reviewing Party has filed such patent applications. For the avoidance of doubt, if the Reviewing Party does not: (1) notify the Publishing Party within [***] days of receipt of such publication or presentation, or (2) provide

proposed modifications within [***] days of such notice, in each case (1) and (2), the Publishing Party may submit or present such publication or presentation. With respect to any proposed publications or disclosures by investigators or academic or non-profit collaborators, such materials will be subject to review under this Section 10.2.1 (in the case of BP to the extent that BP has the right and ability (after using Commercially Reasonable Efforts to obtain such right and ability) to do so).

10.2.2. Publicity. Except as set forth in Section 10.1, Section 10.2.1 and Section 10.3, the terms of this Agreement may not be disclosed by either Party, and neither Party will use the name or Trademark of the other Party or its employees in any publicity, news release or disclosure relating to this Agreement, its subject matter, or the activities of the Parties hereunder without the prior express written permission of the other Party except (a) as may be required by Applicable Law, including by the rules or regulations of the SEC or similar Regulatory Authority in any country other than the United States or of any stock exchange or listing entity, provided that the Party issuing such press release gives reasonable notice prior to use of such name or Trademark of the other Party, and otherwise complies with Section 10.3.2, or (b) as expressly permitted by the terms hereof.

10.3. **Press Release**.

10.3.1. Initial Press Release. The Parties agree to issue the joint press release attached hereto as Exhibit 10.3.1 on the Effective Date.

10.3.2. Further Press Releases.

10.3.2.1. Except as provided in this Section 10.3, neither Party will issue a press release or public announcement relating to this Agreement without the prior written approval of the other Party (such approval not to be unreasonably withheld, conditioned or delayed), except that a Party may (a) once a press release or other public statement is approved in writing by both Parties, make subsequent public disclosure of the information contained in such press release or other written statement without the further approval of the other Party, and (b) issue a press release or public announcement as required by Applicable Law (including a press release corresponding to any securities disclosure, such as pursuant to a Form 8-K), including by the rules or regulations of the SEC or similar Regulatory Authority in a country other than the United States or of any stock exchange or listing entity, provided that the Party issuing such press release gives reasonable prior notice to the other Party of and the opportunity to comment on the press release or public announcement, and otherwise complies with this Section 10.3. In addition, Pieris may, with BP's prior written approval, such approval not to be unreasonably withheld, conditioned or delayed, issue a press release

regarding (x) the sublicense of the Product by BP or (y) the payment or receipt of any milestone payments under this Agreement with respect to the Product, provided, that such press release otherwise complies with this Section 10.3.

10.3.2.2. Subject to its confidentiality obligations, BP shall have the right to make press releases related to the Product as it chooses, in its sole discretion, without the approval of Pieris. BP shall provide notice and a copy of such press release reasonably in advance of disclosure.

11. REPRESENTATIONS & WARRANTIES

11.1. **Representations, Warranties and Covenants of Both Parties**. Each Party hereby represents and warrants as of the Effective Date, and covenants, to the other Party that:

11.1.1. such Party is duly organized and validly existing under the Applicable Law of the jurisdiction of its incorporation or organization;

11.1.2. it has the power, authority and the legal right to enter into this Agreement and perform its obligations hereunder, and that it has taken all necessary action on its part required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder;

11.1.3. this Agreement has been duly executed and delivered on behalf of such Party and constitutes a legal, valid and binding obligation of such Party and is enforceable against it in accordance with its terms subject to the effects of bankruptcy, insolvency or other laws of general application affecting the enforcement of creditor rights and judicial principles affecting the availability of specific performance and general principles of equity, whether enforceability is considered a proceeding at law or equity;

11.1.4. to the extent required, all necessary consents, approvals and authorizations of other parties required to be obtained by such Party in connection with the execution and delivery of this Agreement and the performance of its obligations hereunder have been obtained;

11.1.5. the execution and delivery of this Agreement and the performance of such Party's obligations hereunder (a) do not conflict with or violate any requirement of Applicable Law or any provision of the certificate of incorporation, bylaws or any similar instrument of such Party, as applicable, in any material way, and (b) do not conflict with, violate, or breach or constitute a default or require any consent not already obtained under, any contractual obligation or court or administrative order by which such Party is bound;

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

11.1.6. no consent by any Third Party or Governmental Authority is required with respect to the execution and delivery of this Agreement by either Party or the consummation by either Party of the transactions contemplated hereby;

11.1.7. it will perform its activities pursuant to this Agreement in all material respects:

11.1.7.1. in compliance with good laboratory and clinical practices and cGMP and Applicable Law; and

11.1.7.2. with respect to the care, handling and use in Development activities hereunder of any nonhuman animals by or on behalf of such Party, will at all times comply (and will ensure compliance by any of its subcontractors) with all Applicable Law of the country and the state and local government wherein such activities are conducted; and

11.1.8. such Party is not debarred under the United States Federal Food, Drug and Cosmetic Act or comparable Applicable Law and it does not, and will not during the Term, employ or use the services of any Person who is debarred, in connection with the Development, Manufacture or Commercialization of the Product. If either Party becomes aware of the debarment or threatened debarment of any Person providing services to such Party, including the Party itself and its Affiliates or Sublicensees, which directly or indirectly relate to activities under this Agreement, the other Party will be immediately notified in writing.

11.2. **Representations, Warranties and Covenants of BP**. BP hereby represents and warrants to Pieris, as of the Effective Date and covenants, that (except as disclosed to Pieris in writing):

11.2.1. BP is a wholly-owned subsidiary of Boston Pharma.

11.2.2. The Board of Managers of Boston Pharma has authorized BP to enter into this Agreement and has allocated an initial budget of up to [***] Dollars ($[***]) in the aggregate for the costs and expenses related to this Agreement. For the avoidance of doubt, this Section 11.2 (including the information contained herein) is and shall be the Confidential Information of BP.

11.3. **Representations, Warranties and Covenants of Pieris**. Pieris hereby represents and warrants to BP, as of the Effective Date and covenants, that (except as disclosed to BP in writing):

11.3.1. Pieris is the owner of, or otherwise has the right to grant the rights and licenses it purports to grant to BP with respect to the Pieris IP (including the Product

IP) under this Agreement without violating any right of or breaching any obligation to any Person;

11.3.2. to Pieris' knowledge, there is no material unauthorized use, infringement or misappropriation of the Pieris IP;

11.3.3. the Pieris Patents (including the Product Patents) are subsisting and have been filed and maintained properly and correctly in all material respects and are not the subject of any litigation procedure, discovery process, interference, reissue, reexamination, opposition, or appeal proceedings;

11.3.4. Pieris has not previously entered into any agreement, whether written or oral, with respect to, or otherwise assigned, transferred, licensed, conveyed or otherwise encumbered its right, title or interest in or to, the Pieris IP (including by granting any covenant not to sue with respect thereto) that is inconsistent with the rights and licenses granted to BP under this Agreement, and it will not enter into any such agreements or grant any such right, title or interest to any Person that is inconsistent with the rights and licenses granted to BP under this Agreement;

11.3.5. Each of the Pieris Patents (including the Product Patents) properly identifies each and every inventor of the claims thereof as determined in accordance with the laws of the jurisdiction in which such Patent issued or such application is pending;

11.3.6. Pieris has not received any written claim alleging, and does not have knowledge of any fact or circumstance indicating, that any of the Pieris IP is invalid or unenforceable;

11.3.7. Pieris has not received any written claim alleging, and does not have knowledge of any fact or circumstance indicating, that any of Pieris' activities relating to Product or the practice of the Pieris Platform Technology infringe or misappropriate any Intellectual Property Rights of a Third Party;

11.3.8. Pieris has not received any written claim or notice of dispute from any Person relating to the Pieris IP including any dispute with a licensor and does not have any knowledge of any fact or circumstance indicating that a claim or dispute could arise;

11.3.9. there are no additional licenses (beyond those provided in this Agreement and the Known Third-Party Obligations) under any Intellectual Property Rights Controlled by Pieris or its Affiliates as of the Effective Date, that would be necessary in order for BP to Exploit the Product as contemplated under this Agreement;

11.3.10. it has the full right to provide BP with the [***] and [***] (subject to the Product Cell Line License), and the purified protein set forth in Exhibit 4.3.2;

11.3.11. Pieris is not and as far as Pieris is aware, the counter party is not in breach of the Product Cell Line License;

11.3.12. Pieris and its Affiliates have not conducted any Clinical Studies with any Product and has conducted, and has required its contractors and consultants to conduct, where applicable, preclinical studies related to each Product in compliance with good laboratory and clinical practices and cGMP and Applicable Law, in each case as applicable under the laws and regulations of the country and the state and local government wherein such activities were conducted;

11.3.13. true and complete copies of all material information, documents and data relating to the Product and the Pieris Platform Technology (including all toxicology, safety and efficacy data) in the possession or control of Pieris or its Affiliates have been provided to BP;

11.3.14. all tangible information and data (including Materials and Data) provided by or on behalf of Pieris to BP on or before the Effective Date related to the Product in contemplation of this Agreement was and is true, accurate and complete in all material respects, and Pieris has not failed to disclose, or cause to be disclosed, any information or data that would cause such information and data that has been disclosed to be misleading in any material respect.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Execution Version

12. INDEMNIFICATION, LIABILITY & INSURANCE

12.1. **Indemnification by BP**. BP agrees to defend Pieris, its Affiliates and their respective directors, officers, stockholders, employees and agents, and their respective successors, heirs and assigns (collectively, the "**Pieris Indemnitees**"), and will indemnify and hold harmless the Pieris Indemnitees, from and against any liabilities, losses, costs, damages, fees or expenses payable to a Third Party, and reasonable attorneys' fees and other legal expenses with respect thereto (collectively, "**Losses**") arising out of any claim, action, lawsuit or other proceeding by a Third Party (collectively, "**Third Party Claims**") brought against any Pieris Indemnitee and resulting from or occurring as a result of: (a) any activities conducted by a BP employee, consultant or (sub)contractor in the performance of the BP Conducted Activities, (b) the performance by BP or its Affiliates, Sublicensees, distributors or contractors of BP's obligations under this Agreement, (c) any breach by BP of any of its representations, warranties or covenants set forth in Section 11.1, or (d) the negligence or willful misconduct of BP or any BP Affiliate or Sublicensee in the performance of this Agreement; except in any such case to the extent such Losses result from: (i) the negligence or willful misconduct of any Pieris Indemnitee, (ii) any breach by Pieris of any of its representations, warranties, covenants or obligations pursuant to this Agreement, or (iii) any breach of Applicable Law by any Pieris Indemnitee.

12.2. **Indemnification by Pieris**. Pieris agrees to defend BP, its Affiliates and their respective directors, officers, stockholders, employees and agents, and their respective successors, heirs and assigns (collectively, the "**BP Indemnitees**"), and will indemnify and hold harmless the BP Indemnitees, from and against any Losses arising out of (a) Third Party Claims brought against any BP Indemnitee and resulting from or occurring as a result of: (i) any activities conducted by a Pieris employee, consultant or (sub)contractor in the performance of the Pieris Conducted Activities, (ii) any breach by Pieris of any of its representations, warranties or covenants set forth in Section 11.1 and Section 11.3, (iii) the negligence or willful misconduct of any Pieris Indemnitee or any (sub)contractor of Pieris in the performance of this Agreement, or (iv) the Development, Manufacture or Commercialization of any Product by Pieris or its Affiliates, Sublicensees, distributors or contractors; and (b), any Losses arising out of any dispute between Pieris and the [***] under the Research and License Agreement by and between Pieris and [***], dated as of [***] and superseded and replaced on [***] (the "[***] **License Agreement**") including any termination of that agreement except in any such case to the extent such Losses result from: (x) the negligence or willful misconduct of any BP Indemnitee, (y) any breach by BP of any of its representations, warranties, covenants or obligations pursuant to this Agreement, or (z) any breach of Applicable Law by any BP Indemnitee.

12.3. **Notice of Claim**. All indemnification claims provided for in Section 12.1 and Section 12.2 will be made solely by such Party to this Agreement (the "**Indemnified Party**"). The Indemnified Party will give the indemnifying Party prompt written notice (an "**Indemnification Claim Notice**") of any Losses or the discovery of any fact upon which

the Indemnified Party intends to base a request for indemnification under Section 12.1 or Section 12.2, but in no event will the indemnifying Party be liable for any Losses to the extent such Losses result from any delay in providing such Indemnification Claim Notice. Each Indemnification Claim Notice must contain a description of the claim and the nature and amount of such Loss (to the extent that the nature and amount of such Loss is known at such time). The Indemnified Party will furnish promptly to the indemnifying Party copies of all papers and official documents received in respect of any Losses and Third Party Claims.

12.4. **Defense, Settlement, Cooperation and Expenses**.

12.4.1. Control of Defense. At its option, the indemnifying Party may assume the defense of any Third Party Claim by giving written notice to the Indemnified Party within [***] days after the indemnifying Party's receipt of an Indemnification Claim Notice. The assumption of the defense of a Third Party Claim by the indemnifying Party will not be construed as an acknowledgment that the indemnifying Party is liable to indemnify the Indemnified Party in respect of the Third Party Claim, nor will it constitute a waiver by the indemnifying Party of any defenses it may assert against the Indemnified Party's claim for indemnification. Upon assuming the defense of a Third Party Claim, the indemnifying Party may appoint as lead counsel in the defense of the Third Party Claim any legal counsel selected by the indemnifying Party. In the event the indemnifying Party assumes the defense of a Third Party Claim, the Indemnified Party will as soon as reasonably possible deliver to the indemnifying Party all original notices and documents (including court papers) received by the Indemnified Party in connection with the Third Party Claim. Should the indemnifying Party assume the defense of a Third Party Claim, except as provided in this Section 12.4.1, the Indemnified Party will be responsible for the legal costs or expenses subsequently incurred by such Indemnified Party in connection with the analysis, defense or settlement of the Third Party Claim.

12.4.2. Right to Participate in Defense. Without limiting Section 12.4.1, any Indemnified Party will be entitled to participate in, but not control, the defense of such Third Party Claim and to employ counsel of its choice for such purpose; provided, however, that such employment will be at the Indemnified Party's own cost and expense unless (a) the employment thereof has been specifically authorized by the indemnifying Party in writing, (b) the indemnifying Party has failed to assume the defense and employ counsel in accordance with Section 12.4.1 (in which case the Indemnified Party will control the defense), or (c) the interests of the Indemnified Party and the indemnifying Party with respect to such Third Party Claim are sufficiently adverse to prohibit the representation by the same counsel of both Parties under Applicable Law, ethical rules or equitable principles in which case the indemnifying Party will be responsible for any such costs and

expenses of counsel for the Indemnified Party.

12.4.3. Settlement. With respect to any Third Party Claims relating solely to the payment of money damages in connection with a Third Party Claim and that will not admit liability or violation of Applicable Law on the part of the Indemnified Party or result in the Indemnified Party's becoming subject to injunctive or other relief or otherwise materially, adversely affecting the business of the Indemnified Party in any manner (such as granting a license or admitting the invalidity of a Patent Controlled by an Indemnified Party), and as to which the indemnifying Party will have acknowledged in writing the obligation to indemnify the Indemnified Party hereunder, the indemnifying Party will have the sole right to consent to the entry of any judgment, enter into any settlement or otherwise dispose of such Loss, on such terms as the indemnifying Party, in its sole discretion, will deem appropriate. With respect to all other Losses in connection with Third Party Claims, where the indemnifying Party has assumed the defense of the Third Party Claim in accordance with Section 12.4.1, the indemnifying Party will have authority to consent to the entry of any judgment, enter into any settlement or otherwise dispose of such Loss provided it obtains the prior written consent of the Indemnified Party (which consent will not be unreasonably withheld). The indemnifying Party will not be liable for any settlement, consent to entry of judgment, or other disposition of a Loss by an Indemnified Party that is reached without the written consent of the indemnifying Party. Regardless of whether the indemnifying Party chooses to defend or prosecute any Third Party Claim, no Indemnified Party will admit any liability with respect to or settle, compromise or discharge, any Third Party Claim without the prior written consent of the indemnifying Party, such consent not to be unreasonably withheld.

12.4.4. Cooperation. Regardless of whether the indemnifying Party chooses to defend or prosecute any Third Party Claim, the Indemnified Party will, and will cause each other Indemnified Party to, cooperate in the defense or prosecution thereof and will furnish such records, information and testimony, provide such witnesses and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested in connection therewith. Such cooperation will include access during normal business hours afforded to indemnifying Party to, and reasonable retention by the Indemnified Party of, records and information that are reasonably relevant to such Third Party Claim, and making Indemnified Parties and other employees and agents available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder, and the indemnifying Party will reimburse the Indemnified Party for all its reasonable Out-of-Pocket Costs and expenses in connection therewith.

12.4.5. Costs and Expenses. Except as provided above in this Section 12.4, the costs and expenses, including attorneys' fees and expenses, incurred by the Indemnified

Party in connection with any claim will be reimbursed on a Calendar Quarter basis by the indemnifying Party, without prejudice to the indemnifying Party's right to contest the Indemnified Party's right to indemnification and subject to refund in the event the indemnifying Party is ultimately held not to be obligated to indemnify the Indemnified Party.

12.5. [***].

12.5.1. Boston Pharma [***] under this Agreement (including for avoidance of doubt, [***]) (collectively, the "[***]"); provided that, this [***] shall terminate and cease to be of any further force or effect at such time when BP is no longer an Affiliate of Boston Pharma.

12.5.2. BPInc [***] under this Agreement (collectively, the "[***]"); provided that, this [***] shall terminate and cease to be of any further force or effect at such time when BP is no longer an Affiliate of BPInc.

12.5.3. Boston Pharma hereby waives (a) all notices of the creation, renewal, extension, accrual or amendment of any of the [***] and notice of proof of reliance by Pieris on the [***] or acceptance of the [***]; (b) [***]; and (c) [***].

12.5.4. BPInc hereby waives (a) all notices of the creation, renewal, extension, accrual or amendment of any of the [***] and notice of proof of reliance by Pieris on [***]; (b) [***]; and (c) [***].

12.6. **Insurance**. Each Party will maintain, at its cost, reasonable insurance against liability and other risks associated with its activities contemplated by this Agreement, including its indemnification obligations herein, in such amounts and on such terms as are customary for prudent practices for biotech companies of similar size and with similar resources in the pharmaceutical industry (in the case of BP the size and resources of BP shall include Boston Pharma and its subsidiaries) for the activities to be conducted by it under this Agreement taking into account the scope of development of Products. Each Party will furnish to the other Party evidence of such insurance, upon request. It is understood and agreed that this insurance shall not be construed to limit either Party's liability with respect to its indemnification obligations hereunder.

12.7. **LIMITATION OF CONSEQUENTIAL DAMAGES**. EXCEPT FOR (A) CLAIMS THAT ARE SUBJECT TO INDEMNIFICATION UNDER SECTION 12.1 OR SECTION 12.2, (B) CLAIMS ARISING OUT OF A PARTY'S BREACH OF ITS CONFIDENTIALITY OBLIGATIONS UNDER THIS AGREEMENT, OR (C) SECTION 7.2 OR SECTION 14.2.2, NEITHER PARTY NOR ANY OF ITS AFFILIATES WILL BE LIABLE TO THE OTHER PARTY TO THIS AGREEMENT OR ITS AFFILIATES FOR ANY INCIDENTAL, CONSEQUENTIAL, SPECIAL,

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

PUNITIVE OR OTHER INDIRECT DAMAGES OR LOST OR IMPUTED PROFITS OR ROYALTIES, LOST DATA OR COST OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES, WHETHER LIABILITY IS ASSERTED IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT PRODUCT LIABILITY), INDEMNITY OR CONTRIBUTION, AND IRRESPECTIVE OF WHETHER THAT PARTY OR ANY REPRESENTATIVE OF THAT PARTY HAS BEEN ADVISED OF, OR OTHERWISE MIGHT HAVE ANTICIPATED THE POSSIBILITY OF, ANY SUCH LOSS OR DAMAGE.

12.8. **Anti-Bribery and Corruption Compliance**.

12.8.1. Each Party agrees, on behalf of itself, its officers, directors and employees and on behalf of its Affiliates that it will, and will use its diligent efforts to, procure that its agents, representatives, consultants and subcontractors hired for activities undertaken for or in connection with the performance of this Agreement, (together with such Party, the "**Party Representatives**") for the performance of its obligations hereunder that such Party Representatives will not directly or indirectly pay, offer or promise to pay, or authorize the payment of any money, or give, offer or promise to give, or authorize the giving of anything else of value, to:

12.8.1.1. any Government Official in order to influence official action;

12.8.1.2. any Person (whether or not a Government Official) (i) to influence such Person to act in breach of a duty of good faith, impartiality or trust ("**Improper Action**"), (ii) to reward such Person for such Improper Action, or (iii) where such Person would engage in an Improper Action by receiving the money or other thing of value;

12.8.1.3. any other Person while knowing or having reason to know that all or any portion of the money or other thing of value will be paid, offered, promised or given to, or will otherwise benefit, a Government Official in order to influence official action for or against either Party in connection with the matters that are the subject of this Agreement; or

12.8.1.4. any Person to reward that Person for an Improper Action or to induce that Person to engage in Improper Action.

12.8.2. Each Party will not and will use diligent efforts to procure that its Party Representatives will not, directly or indirectly, solicit, receive or agree to accept any payment of money or anything else of value in violation of the Anti-Corruption Laws.

12.8.3. Each Party acknowledges that its undertakings given in Section 12.8.1 and

Section 12.8.2 are material to the other Party in entering into a relationship with such Party.

12.8.4. Each Party, on behalf of itself and its Party Representatives, represents and warrants to the other Party that for the term of this Agreement and [***] years thereafter, it will and will use diligent efforts to procure that its Party Representatives keep and maintain accurate books and reasonably detailed records in connection with the performance of its obligation under this Agreement including all records required to establish compliance with Section 12.8.1 and Section 12.8.2 above.

12.8.5. Each Party will promptly provide the other Party with written notice of the following events: (a) upon becoming aware of any material breach or violation by it or its Party Representatives of any representation, warranty or undertaking set forth in Section 12.8.1 and Section 12.8.2; and (b) upon receiving a formal notification that it is the target of a formal investigation by a Governmental Authority for a Material Anti-Corruption Law Violation or upon receipt of information from any of its Party Representatives connected with this Agreement that any of them is the target of a formal investigation by a Governmental Authority for a material violation of Anti-Corruption Law.

12.8.6. For the term of this Agreement and [***] years thereafter, each Party will for the purpose of auditing and monitoring the performance of its compliance with this Section 12.8 permit the other Party, its Affiliates, any auditors of any of them and any Regulatory Authority to have access to any premises of such Party and to the extent that such Party is able to secure such access, its Party Representatives in each case used in connection with this Agreement, together with a right to access personnel and records that relate to this Agreement ("**Audit**").

12.8.7. Each Party will be responsible for any breach of any representation, warranty or undertaking in this Section 12.8 or of the Anti-Corruption Laws by any of its Party Representatives.

12.8.8. Each Party may disclose the terms of this Agreement or any action taken under this Section 12.8 to prevent a potential violation or continuing violation of applicable Anti-Corruption Laws, including the identity of the other Party and the payment terms, to any Governmental Authority if such Party determines, upon advice of counsel, that such disclosure is necessary.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Execution Version

13. TERM AND TERMINATION

13.1. **Agreement Term**. The term of this Agreement (the "**Term**") will commence on the Effective Date and will extend, unless this Agreement is terminated earlier in accordance with Section 13.2, on a Product-by-Product basis until such time as BP's payment obligations with respect to the sale of such Product in all countries expires. Upon the natural expiration (as opposed to termination) of BP's payment obligations with respect to a Product the licenses granted by Pieris to BP under this Agreement with respect to such Product shall remain in effect as granted in accordance with this Agreement and shall become perpetual, irrevocable, fully paid-up, royalty-free and sublicensable without restriction through multiple tiers.

13.2. **Termination**. Notwithstanding anything in this Agreement or elsewhere to the contrary, subject to Section 13.3.3 below, this Agreement may be terminated as follows:

13.2.1. Termination for Material Breach. Either Party shall have the right to terminate this Agreement in the event the other Party has materially breached or materially defaulted in the performance of any of its obligations hereunder which breach or default is material in the overall context of the Agreement, and such breach has continued for [***] days (or [***] days in the case of non-payment of undisputed amounts due and payable) after written notice thereof was provided to the breaching Party by the non-breaching Party which clearly describes the remedies that the non-breaching Party intends to apply should the breach remain uncured. Any such termination shall become effective at the end of such [***] day (or [***] day with respect to non-payment of undisputed amounts due and payable) period if, prior to the expiration of the [***] day (or [***] day, as applicable) period, the breaching Party has not cured any such breach or default. In the event that the breach is not susceptible to cure during such [***] day period, then, upon written notice to the non-breaching Party during the initial [***] day period, the breaching Party may have additional time, not to exceed another [***] days to cure such breach. If the allegedly breaching Party disputes the breach and provides written notice of that dispute to the other Party, the matter shall be addressed under the dispute resolution provisions in Section 14.1, and the notifying Party may not terminate this Agreement until it has been finally determined under Section 14.1, that the Agreement was materially breached as described above and the breaching Party does not cure the breach within a reasonable time as determined by the dispute resolution provisions in Section 14.1 (including arbitration under Section 14.1.4.1 below).

13.2.2. Termination by Mutual Agreement. This Agreement may be terminated by the mutual written consent of the Parties.

13.2.3. Termination by BP for Convenience. BP may terminate this Agreement in

its entirety or on a Product-by-Product basis by providing [***] days' prior written notice to Pieris (unless the Product has achieved Marketing Approval, in which case such period shall be [***] days). Notwithstanding the foregoing, BP may not terminate this Agreement within the first [***] months following the Effective Date.

13.2.4. Termination for Insolvency. Either Party may terminate this Agreement if, at any time, the other Party will file in any court or agency pursuant to any statute or regulation of any state or country, a petition in bankruptcy or insolvency or for the appointment of a receiver or trustee of the Party or of substantially all of its assets, or if the other Party proposes a written agreement of composition or extension of substantially all of its debts, or if the other Party will be served with an involuntary petition against it, filed in any insolvency proceeding, and such petition will not be dismissed within [***] days after the filing thereof, or if the other Party will propose or be a party to any dissolution or liquidation, or if the other Party will make an assignment of substantially all of its assets for the benefit of creditors. Upon the bankruptcy of any Party, the non-bankrupt Party will further be entitled to a complete duplicate of, or complete access to, any such intellectual property, and such, if not already in its possession, will be promptly delivered to the non-bankrupt Party, unless the bankrupt Party elects to continue, and continues, to perform all of its obligations under this Agreement.

13.2.5. Termination for Patent Challenge. Pieris may terminate this Agreement if BP or its Affiliates disputes, or assists any Third Party to dispute, the validity of any Patent within the Pieris IP in a patent re-examination, *inter partes* review, post-grant or other patent office proceeding, opposition, litigation, or other court proceeding and, within [***] days written notice from Pieris, BP or such Affiliates fails to rescind any and all of such actions, provided however that, nothing in this clause prevents BP or its Affiliates from taking any of the actions referred to in this clause and provided further that Pieris will not have the right to terminate if BP or its Affiliates:

13.2.5.1. asserts invalidity as a defense in any court proceeding brought by Pieris asserting infringement of one of the foregoing Patents;

13.2.5.2. acquires a Third Party that has an existing challenge, whether in a court or administrative proceeding, against one of the foregoing Patents; or

13.2.5.3. licenses a product for which Pieris has an existing challenge, whether in a court or administrative proceeding, against one of the foregoing Patents.

13.3. **Effects of Termination**.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

13.3.1. Effects of Termination. In the event of any termination of this Agreement in its entirety or with respect to any given Product or given country other than termination (i) by BP for Pieris' material breach under Section 13.2.1, (ii) by BP due to Pieris' insolvency under Section 13.2.4, or (iii) under Section 13.2.2 (termination by mutual agreement), then the following shall apply (in each case solely to the extent relating to such Product(s) as each such Product exists (a) as of the Effective Date and (b) at the time of termination (the "**Terminated Product(s)**") that are the subject of such termination):

13.3.1.1. At Pieris' request, BP will return to Pieris or destroy (and certify such destruction to Pieris), at Pieris' option, all Pieris' Confidential Information related to the Terminated Product(s) and Pieris Know-How related to the Terminated Product(s) (provided that BP shall be entitled to retain one (1) copy for archival and compliance purposes, and as required by Applicable Law or regulatory requirement). At BP's request, subject to Section 13.3.1.6, Pieris will return to BP or destroy (and certify such destruction to BP), at BP's option, all other BP Confidential Information related to the Terminated Product(s) and all other BP Know-How related to the Terminated Product(s) (provided that Pieris shall be entitled to retain one (1) copy for archival and compliance purposes, and as required by Applicable Law or regulatory requirement).

13.3.1.2. Pieris shall have the right to acquire some or all of the available inventory of the Terminated Product, as requested by Pieris, in the possession of BP and its Affiliates as of the date of such termination, provided that, if Pieris so acquires any or all such inventory, Pieris shall reimburse BP the cost incurred by BP for such inventory plus a [***] percent ([***]%) mark-up and if Pieris does not purchase such inventory BP shall be entitled to continue selling any such inventory for [***] months following the effective date of termination; provided that the cause for termination of BP was not due to a failure in such inventory being Manufactured, stored and sold in compliance with cGMP and Applicable Law. Any such inventory remaining following such [***] month period shall be offered for sale to Pieris at a price equal to the cost incurred by BP for such inventory plus a [***] percent ([***]%) mark-up.

13.3.1.3. All licenses and sublicenses granted by Pieris to BP with respect to the Terminated Product(s) hereunder shall terminate, provided however that they will continue solely to enable BP to (i) complete sales of the Terminated Product(s) for any purchase orders that were in place prior to the effective date of termination and (ii) sell off any existing inventory of the Terminated Product(s) pursuant to Section 13.3.1.2; thereafter, BP will discontinue Commercialization of the Terminated Product(s).

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

13.3.1.4. BP shall grant to Pieris a non-exclusive (sub)license under Intellectual Property Rights Controlled by BP (subject to any and all restrictions on BP and its Affiliates) to the extent reasonably necessary or reasonable useful to Exploit the Terminated Product(s) solely to Exploit the Terminated Product in the Field and in the Territory. Pieris shall be solely responsible for paying any royalties, milestones or other sums which may be due to Third Parties in respect of any Intellectual Property Rights licensed by BP to Pieris pursuant to this Section 13.3.1.4 and for reimbursing BP for its reasonable costs and expenses incurred in connection with complying with this Section 13.3.1.4. Pieris shall take over responsibility for the Prosecution and Maintenance and shall have sole enforcement rights (with BP providing any reasonably requested assistance at Pieris' sole cost and expense) of any Patents in the Key IP that Cover the Terminated Product.

13.3.1.5. At the request of Pieris, BP shall transition all ongoing Clinical Studies and all ongoing Manufacturing campaigns with respect to the Terminated Product(s) in a manner that permits Pieris to achieve Completion of such Clinical Study and completion of such Manufacturing campaign. Pieris shall be responsible for all costs associated with such ongoing Clinical Studies and ongoing Manufacturing campaigns as of the effective date of termination.

13.3.1.6. At the request of Pieris, BP shall use Commercially Reasonable Efforts, at Pieris' sole cost and expense, to: (i) transfer and assign to Pieris or Pieris' designee BP's right, title and interest in and to all material governmental or regulatory filings and approvals (including all Marketing Approvals and pricing approvals, and Regulatory Materials, in all cases, specifically and exclusively relating to the Development, Manufacture or Commercialization of the Terminated Product(s) and (ii) transfer to Pieris or Pieris' designee copies of all material Data, Know-How, Clinical Study data and safety data in BP's possession and Control to the extent specifically related to and required for the Research, Development, Manufacture or Commercialization of such Terminated Product. In addition, at the request of Pieris and at Pieris' sole cost and expense, BP will appoint Pieris as BP's and/or BP's Affiliates' agent for all Terminated Product-related matters involving Regulatory Authorities until all Marketing Approvals, regulatory approvals and other regulatory filings hereunder have been assigned to Pieris or its designee. In the event of (x) failure to obtain assignment or (y) with respect to regulatory items that would otherwise fall within (i) and (ii) but for such materials not being specifically related to the relevant Product(s) but nonetheless which are reasonably necessary for the

Development, Manufacture or Commercialization of such Terminated Product, in each of (x) and (y) BP hereby consents and grants to Pieris the right to access and reference (without any further action required on the part of BP, whose authorization to file this consent with any Regulatory Authority is hereby granted) any such item with respect to such Terminated Product.

13.3.1.7. If BP or its Affiliates are Manufacturing the Terminated Product(s) on the effective date of termination, at Pieris' option and upon Pieris' request, BP or its Affiliates will use Commercially Reasonable Efforts to supply such Terminated Product to Pieris at BP's Fully Burdened Manufacturing Cost plus [***] percent ([***]%), until the earlier of (i) such time as Pieris has procured or developed its own source of such Terminated Product supply, or (ii) [***] months following the effective date of termination. Should Pieris not be able to procure or develop its own source of Product supply within [***] months, then the Parties will discuss in good faith a potential extension of supply by BP to avoid any supply interruption. The Parties will promptly negotiate a supply and related quality agreement to govern the specific terms and conditions of such supply.

13.3.1.8. If Pieris so requests in writing within [***] days of the effective date of termination, the Parties will cooperate (with BP using Commercially Reasonable Efforts), to the extent legally permissible (including to the extent permitted under BP's obligations to Third Parties on the effective date of termination), to assign to Pieris any Third Party agreements that are specific to and exclusively relating to the Development, Manufacture or Commercialization of the Terminated Product(s) to which BP is a party, subject to any required consents of such Third Party.

13.3.1.9. Upon Pieris' request and at Pieris' sole cost and expense, BP shall promptly transfer and assign or license (or, if applicable, will cause its Affiliates to assign or license) to Pieris all of BP's (and such Affiliates') worldwide right, title and interest in and to any registered trademarks or registered internet domain names that are specific to the Terminated Product (it being understood that the foregoing will not include any trademarks or internet domain names that contain the corporate or business name(s) of BP or any of its Affiliates or any other product of BP or any of its Affiliates).

13.3.1.10. BP shall cooperate in good faith and use Commercially Reasonable Efforts for a reasonable time not to exceed [***] months to ensure a smooth and orderly transition of the Terminated Product, including any Development, Manufacturing, or Commercialization activities ongoing at the time of termination to Pieris, and negotiating reasonably and in good

faith the terms and conditions of any further agreements or the signature of documents consistent with this Section 13.3.1.

13.3.2. For Material Breach or Insolvency. In the event that BP terminates this Agreement in its entirety or with respect to any given Terminated Product as a result of Pieris' material breach under Section 13.2.1 or due to Pieris' insolvency under Section 13.2.4, then the following terms shall apply (in each case solely to the extent relating to such Terminated Product(s) that are the subject of such termination):

13.3.2.1. At the Disclosing Party's request, the Receiving Party will return to the Disclosing Party or destroy (and certify such destruction to the Disclosing Party), at Disclosing Party's option and sole cost and expense, all Disclosing Party's Confidential Information related to such Terminated Product(s) (provided that the Receiving Party shall be entitled to retain one (1) copy for archival and compliance purposes, and as required by Applicable Law or regulatory requirement).

13.3.2.2. All Development, Manufacture and Commercialization of the Terminated Product(s) by the Parties shall immediately cease;

13.3.2.3. The licenses granted by Pieris to BP with respect to the Terminated Product(s) shall immediately terminate; and

13.3.2.4. The non-compete set forth in Section 7.2 regarding the Terminated Product will no longer apply.

13.3.3. Rights in Bankruptcy. All rights and licenses granted under or pursuant to this Agreement are, and shall otherwise be deemed to be, for all purposes of Section 365(n) of the United States Bankruptcy Code and of any similar or analogous provisions of Applicable Law outside of the United States (the "**Bankruptcy Code**"), licenses and rights to "intellectual property" as defined under Section 101(35A) of the U.S. Bankruptcy Code. Pieris agrees that BP, as licensee of such rights under this Agreement, shall retain and may fully exercise all of its rights and elections under the Bankruptcy Code. In the event of the commencement of a bankruptcy proceeding by or against Pieris under the Bankruptcy Code (the "**Insolvent Party**"), BP shall be entitled to a complete duplicate of (or complete access to, as appropriate) any intellectual property and Know-How licensed to BP under this Agreement and held by Pieris and its successors and assigns (and all embodiments of such intellectual property and Know-How), provided that, a Party shall not be required to provide any duplicate copies and embodiments of such intellectual property or Know-How to the other Party so long it has already provided such intellectual property and Know-How it is required to provide to

under this Agreement, and, if not already in its possession, shall be promptly delivered to it (a) upon any such commencement of a bankruptcy proceeding upon its written request therefore, unless the Insolvent Party continues to perform all of its obligations under this Agreement, or (b) if not delivered or granted under (a) above, following the rejection of this Agreement by or on behalf of the Insolvent Party upon written request therefore by the other Party.

13.3.4. Survival. The termination or expiration of this Agreement shall not affect any payment of any debts or obligations accruing prior to or after such date of termination or expiration. The provisions of Section 1 (to the extent necessary to give effect to the surviving provisions), Section 8 (with respect to any payments due but not yet received and any Net Sales accrued following the Term during a permitted sell-off period under Section 13.3.1.2), Section 8.8.2 (for any final reports and final payments), Section 8.8.3, Section 10.1 (except for the last sentence of Section 10.1.2), Section 12, Section 13 (until completion of termination obligations) and Section 14 will survive the expiration or any termination of this Agreement for any reason, in accordance with their respective terms and conditions, and for the respective duration stated therein, and where no duration is stated, will survive indefinitely. In addition, any Section that is referred to in the above listed Sections shall survive solely for the interpretation or enforcement of the above listed Sections.

14. MISCELLANEOUS

14.1. **Dispute Resolution.**

14.1.1. Resolution by Senior Representatives. The Parties will seek to settle amicably any and all disputes, controversies or claims arising out of or in connection with this Agreement (a "**Dispute**"). Any Dispute between the Parties will be promptly presented to the Senior Representatives for resolution. Such Senior Representatives will meet in person or by teleconference as soon as reasonably possible thereafter, and use their good faith efforts to mutually agree upon the resolution of the Dispute.

14.1.2. Escalation to Senior Executives. Either Party may, by written notice to the other Party, request that a Dispute that remains unresolved by the Senior Representatives for a period of [***] days as set forth in Section 14.1.1, be resolved by the Senior Executives, within [***] days after referral of such Dispute to them. If the Senior Executives cannot resolve such Dispute within [***] days after referral of such Dispute to them, then, at any time after such [***] day period, either Party may proceed to enforce any and all of its rights with respect to such Dispute in accordance with this Section 14.1.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

14.1.3. Request for Arbitration. Upon completion of its obligations under Section 14.1.1 and Section 14.1.2 and subject to Section 14.1.5 and Section 14.2.2, either Party may upon written notice to the other submit the Dispute to binding arbitration pursuant to Section 14.1.4.1 below. No statements made by either Party during such discussions will be used by the other Party or admissible in arbitration or any other subsequent proceeding for resolving the Dispute.

14.1.4. Arbitration.

14.1.4.1. Subject to Section 14.1 and Section 14.2, any Dispute (including any dispute, claim or controversy arising from or related in any way to this Agreement or the interpretation, application, breach, termination or validity thereof, including any claim of inducement of this Agreement by fraud or otherwise, not resolved under the provisions of Section 14.1.1 or Section 14.1.2), will be resolved by final and binding arbitration conducted in accordance with the terms of this Section 14.1.4.1. The arbitration will be held in New York, New York, USA according to the CPR Non-Administered International Arbitration Rules in effect on the date of this Agreement ("**Rules**"). The arbitration will be conducted by a panel of three (3) arbitrators with significant experience in the pharmaceutical industry, unless otherwise agreed by the Parties, appointed in accordance with applicable Rules. Any arbitration herewith will be conducted in the English language to the maximum extent possible. The arbitrators will render a written decision no later than [***] months following the selection of the arbitrators, including a basis for any damages awarded and a statement of how the damages were calculated. Any award will be promptly paid in U.S. dollars free of any tax, deduction or offset. Each Party agrees to abide by the award rendered in any arbitration conducted pursuant to this Section 14.1.4.1. With respect to money damages, nothing contained herein will be construed to permit the arbitrator or any court or any other forum to award punitive or exemplary damages, except in the case of breach of Section 10.1. By entering into this agreement to arbitrate, the Parties expressly waive any claim for punitive or exemplary damages, except in the case of breach of Section 10.1. Each Party will pay its legal fees and costs related to the arbitration (including witness and expert fees). Judgment on the award so rendered will be final and may be entered in any court having jurisdiction thereof.

14.1.4.2. EACH PARTY HERETO WAIVES ITS RIGHT TO TRIAL OF ANY ISSUE BY JURY. EACH PARTY HERETO WAIVES ANY CLAIM FOR ATTORNEYS' FEES AND COSTS AND PREJUDGMENT INTEREST FROM THE OTHER.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

14.1.5. Court Actions. Nothing contained in this Agreement will deny either Party the right to seek injunctive or other equitable relief from a court of competent jurisdiction in the context of a bona fide emergency or prospective irreparable harm, and such an action may be filed and maintained notwithstanding any ongoing Dispute resolution discussions or arbitration proceeding. In addition, either Party may bring an action in any court of competent jurisdiction to resolve Disputes pertaining to the validity, construction, scope, enforceability, infringement or other violations of patents or other proprietary or Intellectual Property Rights, and no such claim will be subject to arbitration pursuant to Section 14.1.4.1.

14.2. **Governing Law, Jurisdiction, Equitable Relief, Losses, and Remedies.**

14.2.1. This Agreement will be governed by and construed and enforced in accordance with the laws of the State of New York, USA, without reference to any rules of conflicts of laws. For clarification, any Dispute relating to the scope, validity, enforceability or infringement of any Patents will be governed by and construed and enforced in accordance with the patent laws of the applicable jurisdiction.

14.2.2. Each Party acknowledges and agrees that the restrictions set forth in Section 7.2 of this Agreement are reasonable and necessary to protect the legitimate interests of the other Party and that the other Party would not have entered into this Agreement in the absence of such restrictions, and that any breach or threatened breach of any of these provisions will probably result in irreparable injury to the other Party for which there will be no adequate remedy at law. In the event of a breach or threatened breach of any such provision, each Party will be authorized and entitled to obtain from any court of competent jurisdiction equitable relief, whether preliminary or permanent, specific performance and an equitable accounting of all earnings, profits and other benefits arising from such breach, which rights will be cumulative and in addition to any other rights or remedies to which such Party may be entitled in law or equity. Each Party agrees to waive any requirement that the other Party (a) post a bond or other security as a condition for obtaining any such relief, and (b) show irreparable harm, balancing of harms, consideration of the public interest or inadequacy of monetary damages as a remedy. Nothing in this Section 14.2.2 is intended, or should be construed, to limit a Party's rights to equitable relief or any other remedy for a breach of any other provision of this Agreement. Except for (i) any amount awarded to be paid by one Party to the other by the panel of arbitrators in a final and binding arbitration proceeding adjudicated under Section 14.1.4.1, and (ii) any offset of undisputed but unpaid amounts under this Agreement, neither Party will have the right to set off any amount it is owed or believes it is owed against payments due or payable to the other Party under this Agreement.

14.2.3. Neither Party will be entitled to recover any Losses relating to any matter arising under one provision of this Agreement to the extent that such Party has already recovered Losses with respect to such matter pursuant to other provisions of this Agreement (including recoveries under Section 12).

14.3. **Assignments and Successors**. Neither this Agreement nor any obligation of a Party hereunder may be assigned by either Party without the consent of the other, except that each Party may assign this Agreement and the rights, obligations and interests of such Party, in whole or in part, without the other Party's consent, to any of its Affiliates for as long as such entity remains an Affiliate, to any purchaser of all or substantially all of its assets to which this Agreement or relevant part relates or to any successor corporation resulting from any merger, consolidation, share exchange or other similar transaction. In addition, Pieris may assign or transfer its rights to receive payments under this Agreement (but no liabilities) with BP's consent (not to be unreasonably withheld, conditioned or delayed) to an Affiliate or to a Third Party in connection with a payment factoring transaction. Upon execution of such agreement and upon Pieris' request, BP shall provide royalty reports described under Section 8.8.2 and direct payments to such Third Party of specified amounts otherwise due to Pieris and such provision and direction shall satisfy any obligation to provide such a payment or report to Pieris. Any purported assignment or transfer made in contravention of this Section 14.3 will be null and void. This Agreement shall be binding upon the successors and permitted assigns of the Parties.

14.4. **Acquiror IP**. Notwithstanding anything to the contrary in this Agreement, in the event of a Change of Control involving either Party or its business after the Effective Date (the Third Party acquiring such Party or its business being the "**Acquiror**"), whether by merger, asset purchase or otherwise, as to any such Acquiror, the non-acquired Party shall not obtain rights, licenses, options or access to any Intellectual Property Rights or Know-How, product candidates or Product that are held by the Acquiror or any Affiliate of the Acquiror that becomes an Affiliate of the acquired Party as a result of such acquisition (but excluding the acquired Party itself), that were not generated through any use or access to the Intellectual Property Rights or Know-How of the acquired Party, or that are not used by the acquired Party in connection with a Product under this Agreement.

14.5. **Change of Control.**

14.5.1. Notice. Each Party will provide written notice ("**COC Notice**") to the other Party within [***] days following the closing of a Change of Control involving such Party, and such notice will identify the Third Party acquiring company (the "**COC Acquiror**").

14.5.2. Competing Products in a Change of Control. In the event that Pieris is subject to a Change of Control and the entity that acquires Pieris has a Competing Product, Pieris shall include in its COC Notice provided to BP under Section 14.5.1

information regarding whether such COC Acquiror has a Competing Product that would otherwise violate Section 7.2. In such event, then such COC Acquiror and Pieris may commit to a divestiture of such Competing Product in connection with such Change in Control where they have no operational role in the development or commercialization of the Competing Product and shall be considered in compliance with Section 7.2 notwithstanding any provisions to the contrary. In the event of a Change of Control that involves an acquisition of Pieris and where the COC Acquiror has a Competing Product and does not commit to a divestiture of such Competing Product, then upon BP's written election after receipt of such COC Notice from Pieris (such election ("**BP COC Election Notice**") shall be made in writing to Pieris no later than [***] Business Days after receipt of the COC Notice from Pieris), and effective as of the closing date of such Change of Control:

14.5.2.1. BP shall not be obligated to share any further updates to the Development Plan to Pieris;

14.5.2.2. Except as provided below, Pieris shall have no further right of input or insight into BP's Exploitation of the Products hereunder;

14.5.2.3. BP shall have no further reporting obligations hereunder with respect to the Exploitation of, and regulatory activities for, the Products other than its financial reporting and record-keeping obligations, and audit rights, to the extent necessary to verify the accuracy of the calculation of the royalties or milestones paid or payable to Pieris;

14.5.2.4. Pieris' right to a right of first negotiation under Section 2.4 shall terminate;

14.5.2.5. BP shall have no further obligation to disclose to Pieris any BP Know-How developed or reduced to practice after the closing date of the Change of Control; and

14.5.2.6. Pieris shall put in place a "firewall" of reasonable safeguards between individuals with access to Pieris Product Know-How and BP Confidential Information, on the one hand, and the personnel responsible for the Exploitation of such Competing Product, on the other hand, such that the Exploitation of such Competing Product does not make use of or incorporate any technology Covered by Pieris IP, Key IP, BP Confidential Information or BP Patents; and

14.5.3. For avoidance of doubt, except as set forth in this Section 14.5, the Parties' rights and obligations under this Agreement shall remain in effect in the event of a Change of Control or an assignment of this Agreement.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

14.6. **Force Majeure**. No Party will be held responsible to the other Party nor be deemed to be in default under, or in breach of any provision of, this Agreement for failure or delay in performing any obligation of this Agreement when such failure or delay is due to force majeure, and without the fault or negligence of the Party so failing or delaying. For purposes of this Agreement, force majeure means a cause beyond the reasonable control of a Party, which may include acts of God; acts, regulations, or laws of any government; war; terrorism; civil commotion; fire, flood, earthquake, tornado, tsunami, explosion or storm; pandemic; epidemic and failure of public utilities or common carriers. In such event the Party so failing or delaying will immediately notify the other Party of such inability and of the period for which such inability is expected to continue. The Party giving such notice will be excused from such of its obligations under this Agreement as it is thereby disabled from performing for so long as it is so disabled for up to a maximum of [***] days, after which time the Parties will negotiate in good faith any modifications of the terms of this Agreement that may be necessary to arrive at an equitable solution, unless the Party giving such notice has set out a reasonable timeframe and plan to resolve the effects of such force majeure and executes such plan within such timeframe. To the extent possible, each Party will use reasonable efforts to minimize the duration of any force majeure.

14.7. **Notices**. Any notice, request, approval or consent required or permitted to be given under or in connection with this Agreement shall be in writing, in English, effective only upon receipt and will be deemed to have been sufficiently given if personally delivered, sent by internationally recognized overnight express courier service (prepaid with signature required), or by email (receipt verified), to the Party for which such notice is intended, at the address set forth for such Party below:

If to Pieris, addressed to:
Pieris Pharmaceuticals GmbH
Attention: Alliance Manager
Zeppelinstraße 3
85399 Hallbergmoos, Germany

With a copy to:
Pieris Pharmaceuticals, Inc.
Attention: [***]
255 State Street, 9th Floor
Boston, MA 02109
[***]

If to BP, addressed to:
BP Asset XII, Inc.
Attention: [***]
55 Cambridge Parkway, Suite 400
Cambridge, MA 02142
[***]

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

With a copy to: Gunderson Dettmer Stough Villeneuve Franklin & Hachigian LLP
Attention: [***]
One Marina Park Drive, Suite 900
Boston, MA 02210
[***]

or to such other address for such Party as it will have specified by like notice to the other Party. It is understood and agreed that this Section 14.7 is not intended to govern the day to day business communications necessary between the parties in performing their duties, in due course, under the terms of this Agreement.

14.8. **Export Clause**. Each Party acknowledges that the laws and regulations of the United States and other countries may restrict the export and re-export of commodities and technical data of United States or such foreign country origin. Each Party agrees that it will not export or re-export restricted commodities or the technical data of the other Party in any form without the appropriate United States and/or foreign government licenses.

14.9. **Waiver**. Neither Party may waive or release any of its rights or interests in this Agreement except in writing. The failure of either Party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement will not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition. No waiver by either Party of any condition or term in any one or more instances will be construed as a continuing waiver or subsequent waiver of such condition or term or of another condition or term.

14.10. **Severability**. If any provision of this Agreement is held to be illegal, invalid or unenforceable by a court of competent jurisdiction, such adjudication will not affect or impair, in whole or in part, the validity, enforceability, or legality of any remaining portions of this Agreement. All remaining portions will remain in full force and effect as if the original Agreement had been executed without the invalidated, unenforceable or illegal part. The Parties shall make a good faith effort to replace the invalid or unenforceable provision with a valid one which in its economic effect is most consistent with the invalid or unenforceable provision.

14.11. **Entire Agreement; Modifications**. This Agreement (including exhibits) sets forth and constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof, and all prior agreements, including prior rights and obligations with respect to Confidential Information exchanged under prior confidentiality agreements, understandings, promises and representations, whether written or oral, with respect thereto are superseded hereby. Each Party confirms that it is not relying on any representations or warranties of the other Party except as specifically set forth herein. No amendment,

modification, release or discharge will be binding upon the Parties unless in writing and duly executed by authorized representatives of both Parties.

14.12. **Relationship of the Parties**. It is expressly agreed that the Parties will be independent contractors of one another and that the relationship between the Parties will not constitute a partnership, joint venture or agency.

14.13. **Interpretation**. Except as otherwise explicitly specified to the contrary, (a) references to an article, section, appendix, exhibit or schedule means an article, section of, or appendix, schedule or exhibit to this Agreement, unless another agreement is specified, (b) the word "including" (in its various forms) means "including without limitation," (c) the words "will" and "shall" have the same meaning, (d) references to a particular statute or regulation include all rules and regulations thereunder and any predecessor or successor statute, rules or regulation, in each case as amended or otherwise modified from time to time, (e) references to a particular Person include such Person's successors and assigns to the extent not prohibited by this Agreement, (f) unless otherwise specified, "$" is in reference to United States dollars, (g) the headings contained in this Agreement, in any exhibit or schedule to this Agreement and in the table of contents to this Agreement are for convenience only and will not in any way affect the construction of or be taken into consideration in interpreting this Agreement; and (h) or the context otherwise requires, the word "or" is used in the inclusive sense (and/or).

14.14. **Books and Records**. Any books and records to be maintained under this Agreement by a Party or its Affiliates or Sublicensees will be maintained in accordance with generally accepted accounting principles, or in the case of non-United States sales, other applicable Accounting Standards, consistently applied.

14.15. **Construction of Agreement**. The terms and provisions of this Agreement represent the results of negotiations between the Parties and their representatives, each of which has been represented by counsel of its own choosing, and neither of which has acted under duress or compulsion, whether legal, economic or otherwise. Accordingly, the terms and provisions of this Agreement will be interpreted and construed in accordance with their usual and customary meanings, and each of the Parties hereto hereby waives the application in connection with the interpretation and construction of this Agreement of any rule of law to the effect that ambiguous or conflicting terms or provisions contained in this Agreement will be interpreted or construed against the Party whose attorney prepared the executed draft or any earlier draft of this Agreement.

14.16. **Supremacy**. In the event of any express conflict or inconsistency between this Agreement and any Schedule, Exhibit or Appendix hereto, the terms of this Agreement will apply to the extent of such conflict or inconsistency. The Parties understand and agree that the Schedules and Appendices hereto are not intended to be the final and complete embodiment of any terms or provisions of this Agreement, and are to be updated from time

to time during the Term, as appropriate and in accordance with the provisions of this Agreement.

14.17. **Counterparts**. This Agreement may be signed in counterparts, each of which will be deemed an original, notwithstanding variations in format or file designation which may result from the electronic transmission, storage and printing of copies of this Agreement from separate computers or printers. Signatures transmitted via electronic mail in PDF format will be treated as original signatures.

14.18. **Compliance with Laws**. Each Party will, and will ensure that its Affiliates and Sublicensees will, comply in all material respects with the relevant laws (including all Applicable Law) and regulations in exercising its rights and fulfilling its obligations under this Agreement in each case as applicable under the laws and regulations of the country and the state and local government wherein such activities are conducted.

[SIGNATURE PAGE FOLLOWS]

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Execution Version

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their representatives thereunto duly authorized as of the Effective Date.

Pieris Pharmaceuticals, Inc.

By: /s/ Stephen S. Yoder

Name: Stephen S. Yoder
Title: President & CEO
Date: April 24, 2021

Pieris Pharmaceuticals GmbH

By: /s/ Stephen S. Yoder

Name: Stephen S. Yoder
Title: Managing Director
Date: April 24, 2021

BP Asset XII, Inc.

By: /s/ Rob Armstrong

Name: Rob Armstrong
Title: President & CEO
Date: April 24th, 2021

Acknowledged and agreed by Boston Pharma Holdings, LLC (solely for the purposes of Section 12.5.1 and Section 12.5.3)

By: /s/ Rob Armstrong

Name: Rob Armstrong
Title: President and CEO
Date: April 24th, 2021

Acknowledged and agreed by Boston Pharmaceuticals, Inc. (solely for the purposes of Section 12.5.2 and Section 12.5.4)

By: /s/ Rob Armstrong

Name: Rob Armstrong
Title: President and CEO
Date: April 24th, 2021

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Execution Version

Exhibit Index

Exhibit 1.21: Arising Patents

Exhibit 1.128: Pieris Building Block Patents

Exhibit 1.134: Pieris Patents

Exhibit 1.138: Pieris Platform Patents

Exhibit 1.142: Pieris Product Patents

Exhibit 1.144: Product Sequence

Exhibit 2.3.2: Pieris Approved Subcontractors

Exhibit 4.1: Initial Product Development Plan

Exhibit 4.3.2: Technology Transfer Plan

Exhibit 8.6.2: Initial Product Sequence

Exhibit 10.3.1: Initial Press Release

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Execution Version

Exhibit 1.21: Arising Patents

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Execution Version

Exhibit 1.128: Pieris Building Block Patents

[***]

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Execution Version

Exhibit 1.134: Pieris Patents

[***]

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Execution Version

Exhibit 1.138: Pieris Platform Patents

[***]

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Execution Version

Exhibit 1.142: Pieris Product Patents

[***]

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Execution Version

Exhibit 1.144: Product Sequence

[***]

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Execution Version

Exhibit 2.3.2: Pieris Approved Subcontractors

[***]

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Execution Version

Exhibit 4.1: Initial Product Development Plan

[***]

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Execution Version

Exhibit 4.3.2: Technology Transfer Plan

[***]

EXHIBIT 10.1

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Execution Version

Exhibit 8.6.2: Initial Product Sequence

[***]

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Execution Version

Exhibit 10.3.1: Initial Press Release

PRESS RELEASE

Pieris Pharmaceuticals and Boston Pharmaceuticals Enter into an Exclusive Worldwide Product License for PRS-342, a 4-1BB/GPC3 Immuno-Oncology Bispecific

- **Pieris will receive $10 million upfront and be entitled to receive additional milestone payments and tiered royalties**
- **Boston Pharmaceuticals will be primarily responsible for development of the program, with both parties collaborating during the investigational new drug (IND)-enabling stage**

BOSTON and CAMBRIDGE, Mass., April 26, 2021 - ***Pieris Pharmaceuticals, Inc. (NASDAQ: PIRS)*** and Boston Pharmaceuticals today announced that the companies have entered into an exclusive product license agreement to develop PRS-342, a 4-1BB/GPC3 preclinical immuno-oncology Anticalin®-antibody bispecific fusion protein. Under the terms of the agreement, Boston Pharmaceuticals has exclusively licensed worldwide rights to PRS-342. Pieris will receive an upfront payment of $10 million and is further entitled to receive up to approximately $353 million in development, regulatory, and sales-based milestone payments, and tiered royalties on sales of PRS-342. Pieris will also contribute an undisclosed amount toward manufacturing activities.

"Based on the encouraging preclinical data from PRS-342, as well as data demonstrative of the 4-1BB mechanism of action we have seen from Pieris' other immuno-oncology programs, we are excited to have the opportunity on a global scale to progress this program into clinical development in areas of significant unmet need," said Robert Armstrong, Chief Executive Officer of Boston Pharmaceuticals. "We look forward to working with Pieris, benefiting from both their strong early-stage development expertise and their deep understanding of immuno-oncology bispecifics."

"Our recent presentations at AACR for our HER2- and PD-L1-targeting 4-1BB bispecifics demonstrate the potency of our costimulatory approach, especially our bispecific antibodies' ability to achieve clinical benefit, including in patients who have failed checkpoint therapy. It is therefore rewarding to see another one of our 4-1BB-based Anticalin bispecifics for immuno-oncology moving towards the clinic," said Stephen S. Yoder, President and Chief Executive Officer of Pieris. "Boston Pharmaceuticals has a strong leadership team and proven track record of developing a broad range of assets, including in oncology, and we look forward to the advancement of this next-generation bispecific and to directly supporting some crucial next steps towards clinical initiation."

About Pieris Pharmaceuticals:

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Pieris is a clinical-stage biotechnology company that discovers and develops Anticalin® protein-based drugs to target validated disease pathways in a unique and transformative way. Our pipeline includes inhalable Anticalin proteins to treat respiratory diseases and immuno-oncology multi-specifics tailored for the tumor microenvironment. Proprietary to Pieris, Anticalin proteins are a novel class of therapeutics validated in the clinic and by partnerships with leading pharmaceutical companies, including AstraZeneca, Seagen, and Servier. Anticalin® is a registered trademark of Pieris. For more information, visit www.pieris.com.

About Boston Pharmaceuticals:

Boston Pharmaceuticals is a clinical stage biopharmaceutical company that leverages an experienced drug development team to advance a portfolio of high value candidates that address important unmet medical needs. The Company partners with innovative biotechnology and pharmaceutical companies to acquire drug development candidates. We adhere to a rigorous decision-making process, follow the data, and advance only those programs that meet our stringent development hurdles. We look to establish value creating partnerships with the world's leading biotechnology and pharmaceutical companies that help advance programs to commercial stage. We are continuously seeking new opportunities to leverage our model to create a path to value for our patients and partners. Boston Pharmaceuticals is a portfolio company of Waypoint Capital, an investment firm based in Europe and focused on healthcare, medical technologies, and asset management. For more information, please visit www.bostonpharmaceuticals.com or follow us on Twitter @BosPharma and LinkedIn.

***Forward-Looking Statements**:*

This press release contains forward-looking statements as that term is defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Statements in this press release that are not purely historical are forward-looking statements. Such forward-looking statements include, among other things, whether data from patients enrolled to date will be sufficient to inform the recommended phase 2 dose for the Company's planned proof of concept study of cinrebafusp alfa in gastric cancer; the expected timing and potential outcomes of the reporting by the Company of key clinical data from its programs, references to novel technologies and methods and our business and product development plans, including the advancement of our proprietary and co-development programs into and through the clinic and the expected timing for reporting data, making IND filings or achieving other milestones related to our programs, including PRS-060/AZD1402, cinrebafusp alfa, PRS-344, and PRS-352 and the expected timing of the initiation of the next stage of cinrebafusp alfa's development in gastric cancer. Actual results could differ from those projected in any forward-looking statements due to numerous factors. Such factors include, among others, our ability to raise the additional funding we will need to continue to pursue our business and product development plans; the inherent uncertainties associated with developing new products or technologies and operating as a development stage company; our ability to develop, complete clinical trials for, obtain approvals for and commercialize any of our product candidates, including our ability to recruit and enroll patients in our studies; competition in the industry in which we operate; delays or disruptions due to COVID-19; and market conditions. These forward-looking statements are made as of the date of this press release, and we assume no obligation to update the forward-looking

statements, or to update the reasons why actual results could differ from those projected in the forward-looking statements, except as required by law. Investors should consult all of the information set forth herein and should also refer to the risk factor disclosure set forth in the reports and other documents we file with the SEC available at www.sec.gov, including without limitation the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 and the Company's Quarterly Reports on Form 10-Q.

Contacts:

Pieris Pharmaceuticals, Inc.
Maria Kelman
Executive Director, Investor Relations
+1 857 362 9635
kelman@pieris.com

Boston Pharmaceuticals
Susan Sharpe or Emily Wong
MacDougall
+1 781 235 3060
bostonpharmaceuticals@macbiocom.com

EXHIBIT 10.3

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Research Collaboration and License Agreement

This Agreement is entered into with effect as of the Effective Date (as defined below)

by and between

Genentech, Inc.

with offices at 1 DNA Way, South San Francisco, California 94080, US **("Genentech")** on the one hand

and

Pieris Pharmaceuticals GmbH

with an office and place of business at Zeppelinstrasse 3, 85399 Hallbergmoos, Germany **("Pieris Hallbergmoos**")

and

Pieris Pharmaceuticals, Inc.

with an office and place of business at 255 State Street, 9th Floor, Boston, MA 02109, USA **("Pieris US**"; Pieris Hallbergmoos and Pieris US collectively referred to as "**Pieris**")

on the other hand.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

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Research Collaboration and License Agreement

WHEREAS, Pieris has access to a proprietary Anticalin® (lipocalin derived) discovery and manufacturing platform, possesses proprietary technology and intellectual property rights relating thereto, and is developing certain programs in the area of inhaled biologics to treat respiratory diseases; and

WHEREAS, Genentech has target biology expertise as well as expertise in the research, development, manufacture and commercialization of pharmaceutical and diagnostic products; and

WHEREAS, the Parties wish to combine their respective expertise to develop binders that inhibit or specifically bind to certain targets using Pieris Technology for application in particular in the respiratory and ophthalmology therapeutic areas, and the Parties will collaborate from the beginning of lead identification through a mutually agreeable preclinical research stage set forth in the Research Plan.

WHEREAS, Genentech wishes to develop for commercialization such binders and explore their potential applications in various indications; and

WHEREAS, Pieris is willing to grant to Genentech rights to use certain of its intellectual property rights to make, use, offer for sale, sell and import and export such binders (including Collaboration Products containing such binders) in the Territory for use in the Field (as such terms are respectively defined below), as contemplated herein; and

NOW, THEREFORE, in consideration of the mutual covenants and promises contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, do hereby agree as follows:

1. Definitions

As used in this Agreement, the following terms, whether used in the singular or plural, shall have the following meanings:

1.1 Affiliate

The term “Affiliate” shall mean any individual, corporation, association or other business entity that directly or indirectly controls, is controlled by, or is under common control with the Party in question. As used in this definition of “Affiliate,” the term “control” shall mean the direct or indirect ownership of more than fifty percent (>50%) of the stock having the right to vote for directors thereof or the ability to otherwise control the management of the corporation or other business

entity whether through the ownership of voting securities, by contract, resolution, regulation or otherwise. Anything to the contrary in this paragraph notwithstanding, Chugai Pharmaceutical Co., Ltd, a Japanese corporation ("**Chugai**") and its subsidiaries shall not be deemed an Affiliate of Genentech unless Genentech provides written notice to Pieris of its desire to include Chugai as an Affiliate of Genentech.

1.2 Agreement
The term "Agreement" shall mean this document including any and all appendices and amendments to it as may be added and/or amended from time to time in accordance with the provisions of this Agreement.

1.3 Agreement Term
The term "Agreement Term" shall mean the period of time commencing on the Effective Date and, unless this Agreement is terminated sooner as provided in Article 19, expiring on the date when no royalty or other payment obligations under this Agreement are or will become due.

1.4 Anticalin
The term "Anticalin" or "Anticalin Protein" shall mean, whether in nucleic acid or protein form, (i) any lipocalin mutein isolated from the Anticalin Libraries, or (ii) any lipocalin mutein that, in each case, has been derived (either physically, intellectually or by reverse engineering, in one (1) or more steps) from any lipocalin mutein referred to in Section (i) of this definition, in each case, which binds and recognizes a specific target. For the sake of this Section, mutein shall mean a protein arising as a result of a mutation or a recombinant DNA procedure.

1.5 Anticalin Affinity Maturation
The term "Anticalin Affinity Maturation" shall mean the process of engineering for an Anticalin to enhance its developability profile, such as increasing binding activities and specificity by introducing, e.g., one or more amino acid mutations.

1.6 Anticalin Expression
The term "Anticalin Expression" shall mean heterologous expression of an Anticalin in E. coli or other hosts as may be mutually agreed between the Parties.

1.7 Anticalin Libraries
The term "Anticalin Libraries" shall mean any phage or yeast display library based on (i) the [***] lipocalin ([***]), (ii) the [***] lipocalin ([***]), or (iii) [***] lipocalin, if applicable. For clarity, as of the Effective Date, Pieris does not own any Anticalin Library referred to in Section (iii) of this definition and this Section (iii) only becomes relevant if and when Pieris develops or acquires such Anticalin Library during the Agreement Term. For further clarity, notwithstanding anything to the contrary in this Agreement, Pieris has no obligation to develop or acquire any such Anticalin Library during the Agreement Term.

1.8 Anticalin Selection
The term "Anticalin Selection" shall mean the process of screening an Anticalin Library with a defined target through the process of phage display, within a solution, and physically separating the target, containing binding Anticalins, from the solution containing non-binding Anticalins.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

1.9 Applicable Law

The term "Applicable Law" shall mean any law, statute, ordinance, code, rule or regulation that has been enacted by a government authority (including without limitation, any Regulatory Authority and the United States Securities and Exchange Commission ("SEC")) and is in force as of the Effective Date or come into force during the Agreement Term, in each case to the extent that the same are applicable to the performance by the Parties of their respective obligations under this Agreement.

1.10 Availability

The term "Availability" or "Available" shall mean that a given target nominated by Genentech as set forth in Section 3 is, at the time of receipt of the written request from Genentech by Pieris, not subject to (i) a written license agreement with a Third Party under Pieris Background IP, or (ii) an active internal program at Pieris, meaning that (A) such target has been designated (and documented as such) as part of an active program through Pieris' governance processes, (B) Pieris has initiated in the laboratory and continued a screening campaign for more than two (2) months with respect to such Target, and (C) such program is still currently active.

1.11 Binder

The term "Binder" shall mean an Anticalin or Anticalin Protein discovered under the Research Plan that specifically binds to a Collaboration Target.

1.12 Binder IP

The term "Binder IP" means (a) all Know-How generated by or on behalf of either party after the Effective Date in the course of performing activities under this Agreement Covering any Binder; and (b) any Patent Rights claiming the foregoing Know-How in Section 1.12(a) Covering any Binder, but in each case specifically excludes the Pieris Platform Improvement IP and the Pieris Background IP.

1.13 Biosimilar Product

The term "Biosimilar Product" shall mean a product that is not produced, licensed or owned by the Roche Group and is, according to the relevant Regulatory Authority for the given country or jurisdiction, highly similar with respect to a given Collaboration Product, notwithstanding minor differences in clinically inactive components, and with no clinically meaningful differences between the Biosimilar Product and the given Collaboration Product in terms of the safety, purity and potency of the product.

For countries or jurisdictions where no explicit biosimilar regulations exist, Biosimilar Product includes products which (i) have been deemed to be a Biosimilar Product by a Regulatory Authority in another country or jurisdiction or (ii) have the identical amino acid sequence.

1.14 Calendar Quarter

The term "Calendar Quarter" shall mean each period of three (3) consecutive calendar months, ending March 31, June 30, September 30, and December 31.

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1.15 Calendar Year
The term "Calendar Year" shall mean the period of time beginning on January 1 and ending December 31, except for the first year which shall begin on the Effective Date and end on December 31.

1.16 Change of Control
The term "Change of Control" shall mean, with respect to a Party: (a) the acquisition by any Third Party of beneficial ownership of fifty percent (50%) or more of the then outstanding common shares or voting power of such Party, other than acquisitions by employee benefit plans sponsored or maintained by such Party; (b) the consummation of a business combination involving such Party, unless, following such business combination, the stockholders of such Party immediately prior to such business combination beneficially own directly or indirectly more than fifty percent (50%) of the then outstanding common shares or voting power of the entity resulting from such business combination; or (c) the sale of all or substantially all of such Party's assets or business relating to the subject matter of the Agreement.

1.17 Change of Control Group
The term "Change of Control Group" shall mean with respect to a Party, the person or entity, or group of persons or entities, that is the acquirer of, or a successor to, a Party in connection with a Change of Control, together with affiliates of such persons or entities that are not Affiliates of such Party immediately prior to the completion of such Change of Control of such Party.

1.18 Clinical Study
The term "Clinical Study" shall mean a Phase I Study, Phase II Study, Phase III Study, as applicable.

1.19 Collaboration Product
The term "Collaboration Product" shall mean any product or composition containing [***]. A Collaboration Product shall differentiate itself from another Collaboration Product by addressing a different Collaboration Target.

1.20 Collaboration Product Valid Claim
The term "Collaboration Product Valid Claim" shall mean, for a given Collaboration Product in a given country of the Territory, (a) [***]; or (b) [***].

1.21 Collaboration Target
The term "Collaboration Target" shall mean the [***]. As of the Effective Date, the two Collaboration Targets are [***] (together, the "**Initial Targets**", as further described in Appendix 1.18).

1.22 Combination Product
The term "Combination Product" shall mean
a) [***],
b) [***], or
c) [***].

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

1.23 Commercially Reasonable Efforts

The term "Commercially Reasonable Efforts" shall mean such level of efforts required to carry out such obligation in a sustained manner consistent with the efforts Genentech or Pieris, as applicable, devotes at the same stage of development or commercialization, as applicable, for its own internally developed pharmaceutical products in a similar area with similar market potential, at a similar stage of their product life taking into account the existence of other competitive products in the market place or under development, the proprietary position of the product, the regulatory structure involved, the anticipated profitability of the product and other relevant factors. It is understood that such product potential may change from time to time based upon changing scientific, business and marketing and return on investment considerations.

However, Genentech (and its Affiliates) does not always seek to market its own products in every country or seek to obtain regulatory approval in every country or for every potential indication. As a result, the exercise of diligence by Genentech is to be determined by judging Genentech's commercially reasonable efforts, taken as a whole.

1.24 Companion Diagnostic

The term "Companion Diagnostic" shall mean [***].

1.25 Competing Product

The term "Competing Product" shall mean, with respect to each Collaboration Product, any [***], as applicable.

1.26 Compulsory Sublicense

The term "Compulsory Sublicense" shall mean a license or sublicense granted to a Third Party (a "**Compulsory Sublicensee**"), through the order, decree or grant of a governmental authority having competent jurisdiction, authorizing such Third Party to manufacture, use, sell, offer for sale, import or export a Collaboration Product in any country in the Territory.

1.27 Confidential Information

The term "Confidential Information" shall mean any and all information, data or know-how (including Know-How), whether technical or non-technical, oral or written, that is disclosed by one Party or its Affiliates ("**Disclosing Party**") to the other Party or its Affiliates ("**Receiving Party**"). Confidential Information shall not include any information, data or know-how that:

(i) was generally available to the public at the time of disclosure, or information that becomes available to the public after disclosure by the Disclosing Party other than through fault (whether by action or inaction) of the Receiving Party or its Affiliates,

(ii) can be evidenced by written records to have been already known to the Receiving Party or its Affiliates prior to its receipt from the Disclosing Party,

(iii) is obtained at any time lawfully from a Third Party under circumstances permitting its use or disclosure,

(iv) is developed independently by the Receiving Party or its Affiliates as evidenced by written records other than through knowledge of Confidential Information, or

(v) is approved in writing by the Disclosing Party for release by the Receiving Party.

The terms of this Agreement shall be considered Confidential Information of the Parties.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Any information resulting from the Research Plan(s) directly related to Selected Binders (including, for the avoidance of doubt, Binders that will subsequently become Selected Binders) shall be considered Genentech's Confidential Information. Pieris Platform Technology or improvements to Pieris Platform Technology shall be considered Pieris' Confidential Information. For avoidance of doubt, Know-how and information related to (a) Pieris' experimental methods and assays conducted by or on behalf of Pieris in connection with the Research Plan(s), including the discovery and development of the Binders, as well as the Pieris Platform Technology and improvements to Pieris Platform Technology are and shall remain Pieris' Confidential Information, and (b) Genentech's experimental methods or assays deployed in connection with the Research Plan(s), whether used by Genentech or Pieris, are and shall remain Genentech's Confidential Information.

1.28 Continuation Election Notice
The term "Continuation Election Notice" shall mean the notice Pieris may provide to Genentech under Section 19.3.4.

1.29 Control
The term "Control" shall mean (as an adjective or as a verb including conjugations and variations such as "Controls" "Controlled" or "Controlling") (a) with respect to Patent Rights and/or Know-How, the possession by a Party of the ability to grant a license or sublicense of such Patent Rights and/or Know-How without violating the terms of any agreement or arrangement between such Party and any other party and (b) with respect to proprietary materials, the possession by a Party of the ability to supply such proprietary materials to the other Party as provided herein without violating the terms of any agreement or arrangement between such Party and any other party.

1.30 Cover
The term "Cover" shall mean (as an adjective or as a verb including conjugations and variations such as "Covered," "Coverage" or "Covering") (a) that the developing, making, using, offering for sale, promoting, selling, exporting or importing of a given compound, formulation, process or product would—in the absence of a license—infringe a Patent Right (or, in the case of a Patent Right that has not yet issued, would infringe any then-pending claim in such Patent Right if it were to issue with such claim) or (b) with respect to the applicable invention, discovery, process or product, any Know-How, that, in the absence of a (sub)license under, or ownership of, such Know-How, the development, manufacture or commercialization (including making, using, offering for sale, selling or importing thereof) of such invention, discovery, process or product incorporates, embodies or otherwise makes use of such Know-How. The determination of whether a compound, formulation, process or product is Covered by a particular Valid Claim shall be made on a country-by-country basis.

1.31 Dev Go Decision
The term "Dev Go Decision" shall mean, for a given Collaboration Product, [***].

1.32 Development Event
The term "Development Event" shall mean achievement of a certain development stage by a given Collaboration Product.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

1.33 Dollars
The term "Dollars" or "$" shall mean the lawful currency of the US.

1.34 Effective Date
The term "Effective Date" shall mean May 19, 2021.

1.35 EU
The term "EU" shall mean the European Union and all its then-current member countries.

1.36 EU4
The term "EU4" shall mean Germany, France, Italy and Spain.

1.37 Expert
The term "Expert" shall mean a person with no less than fifteen (15) years of pharmaceutical industry experience and expertise having occupied at least one senior position within a large pharmaceutical company relating to product development and/or licensing but excluding any current or former employee or current consultant of either Party. Such person shall be fluent in the English language.

1.38 FDA
The term "FDA" shall mean the Food and Drug Administration of the United States of America.

1.39 FDCA
The term "FDCA" shall mean the Food, Drug and Cosmetics Act.

1.40 Field
The term "Field" shall mean all biopharmaceutical, biomedical and diagnostic uses, including all therapeutic and prophylactic uses.

1.41 Filing
The term "Filing" shall mean the filing of an application by the FDA as defined in the FDCA and applicable regulations, or the equivalent application to the equivalent agency in any other country or group of countries, the official approval of which is required before any lawful commercial sale or marketing of Collaboration Products.

1.42 First Commercial Sale
The term "First Commercial Sale" shall mean, on a country-by-country basis, the first invoiced sale of a Collaboration Product to a Third Party by the Roche Group following the receipt of any Regulatory Approval required for the sale of such Collaboration Product, or if no such Regulatory Approval is required, the date of the first invoiced sale of a Collaboration Product to a Third Party by the Roche Group in such country.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

1.43 GLP Tox Study
The term "GLP Tox Study" shall mean a study in accordance with the Good Laboratory Practice (GLP) to generate data by which the hazards and risks to users, consumers and third parties, including the environment, can be assessed for a product.

1.44 Governmental Authority
The term "Governmental Authority" shall mean any applicable government authority, court, tribunal, arbitrator, agency, department, legislative body, commission or other instrumentality of (a) any government of any country or territory, (b) any nation, state, province, county, city or other political subdivision thereof or (c) any supranational body.

1.45 Handle
The term "Handle" shall mean preparing, filing, prosecuting (including Third Party observations, interference and opposition proceedings) and maintaining (including interferences, reissue, re-examination, post-grant reviews, inter-parties reviews, derivation proceedings, invalidation proceedings, and opposition proceedings).

1.46 HSR
The term "HSR" shall mean the Hart-Scott-Rodino Antitrust Improvements Act.

1.47 ICD
The term "ICD" shall mean the Tenth Revision of the International Classifications of Diseases and Related Health Problems of 2010.

1.48 IFRS
The term "IFRS" shall mean International Financial Reporting Standards.

1.49 IND
The term "IND" shall mean an application as defined in the FDCA and applicable regulations promulgated by the FDA, or the equivalent application to the equivalent agency in any other country or group of countries, the filing of which is necessary to commence clinical testing of the Collaboration Products in humans.

1.50 Indication
The term "Indication" shall mean a distinct type of disease or medical condition in humans to which a Collaboration Product is directed and eventually approved. To distinguish one Indication from another Indication, the two Indications have to be (i) [***] and (ii) [***]. Notwithstanding the foregoing, [***]. For clarity, (a) [***] and (b) [***].

1.51 Initiation
The term "Initiation" or "Initiated" shall mean, with respect to Clinical Studies, the date that a human is first dosed with the Collaboration Product in a Clinical Study approved by (or allowed by) the respective Regulatory Authority, or, with respect to GLP Tox Studies, the date an animal is first dosed with the Collaboration Product in a GLP Tox Study approved by (or allowed by) the respective Regulatory Authority.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

1.52 Insolvency Event
The term "Insolvency Event" shall mean circumstances under which a Party (i) has a receiver or similar officer appointed over all or a material part of its assets or undertaking; (ii) passes a resolution for winding-up (other than a winding-up for the purpose of, or in connection with, any solvent amalgamation or reconstruction) or a court makes an order to that effect or a court makes an order for administration (or any equivalent order in any jurisdiction); (iii) enters into any composition or arrangement with its creditors (other than relating to a solvent restructuring); (iv) ceases to carry on business; (v) is unable to pay its debts as they become due in the ordinary course of business.

1.53 Invention
The term "Invention" shall mean an invention that is conceived or reduced to practice in connection with any activity carried out pursuant to this Agreement. Under this definition, an Invention may be made (including conceived) by employees of Pieris solely or jointly with a Third Party (a "**Pieris Invention**"), by employees of Genentech solely or jointly with a Third Party (a "**Genentech Invention**"), or jointly by employees of Pieris and employees of Genentech with or without a Third Party (a "**Joint Invention**"). Inventorship shall be determined in accordance with US patent laws.

1.54 JRC
The term "JRC" shall mean the joint research committee described in Section 6.

1.55 Know-How
The term "Know-How" shall mean data, knowledge and information, including materials, samples, chemical manufacturing data, toxicological data, pharmacological data, preclinical data, assays, platforms, formulations, specifications, quality control testing data, that are necessary or useful for the discovery, manufacture, development or commercialization of Selected Binders and Collaboration Products.

1.56 LSR Go Decision
The term "LSR Go Decision" shall mean, for a given Collaboration Target, the [***].

1.57 NDA
The term "NDA" shall mean a new drug application, including all necessary documents, data, and other information concerning a Collaboration Product, required for Regulatory Approval of the Collaboration Product as a pharmaceutical product by the FDA or an equivalent application to the equivalent agency in any other country or group of countries (e.g. the marketing authorization application (MAA) in the EU).

1.58 Net Sales
The term "Net Sales" shall mean, for a Collaboration Product in a particular period, the amount calculated by subtracting from the Sales of such Collaboration Product for such period: (i) [***]; (ii) [***]; (iii) [***]; and (iv) government mandated fees and taxes and other government charges accrued [***]. For clarity, no deductions taken in calculating Sales under Section 1.80 may be taken a second time in calculating Net Sales.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

1.59 New IP
The term "New IP" means the (a) Binder IP; and (b) Pieris Platform Improvement IP.

1.60 Non-Selected Binder(s)
The term "Non-Selected Binder(s)" shall mean Binders (i) [***]; (ii) [***]; and (iii) [***].

1.61 Non-Selected-Binder IP
The term "Non-Selected-Binder IP" is defined in Section 14.2.

1.62 Party
The term "Party" shall mean Pieris or Genentech, as the case may be, and "Parties" shall mean Pieris and Genentech collectively.

1.63 Patent Rights
The term "Patent Rights" shall mean all rights under any patent or patent application, in any country of the Territory, including any patents issuing on such patent application, and further including any substitution, extension or supplementary protection certificate, reissue, reexamination, renewal, division, continuation or continuation-in-part of any of the foregoing.

1.64 Phase I Study
The term "Phase I Study" shall mean a human clinical trial in any country that would satisfy the requirements of 21 C.F.R. § 312.21(a) (FDCA), as amended from time to time, and the foreign equivalent thereof.

1.65 Phase II Study
The term "Phase II Study" shall mean a human clinical trial, for which the primary endpoints include a determination of dose ranges and/or a preliminary determination of efficacy in patients being studied as described in 21 C.F.R. § 312.21(b) (FDCA), as amended from time to time, and the foreign equivalent thereof.

1.66 Phase III Study
The term "Phase III Study" shall mean a human clinical trial that is prospectively designed to demonstrate statistically whether a product is safe and effective for use in humans in a manner sufficient to obtain regulatory approval to market such product in patients having the disease or condition being studied as described in 21 C.F.R. § 312.21(c) (FDCA), as amended from time to time, and the foreign equivalent thereof.

1.67 Pieris Background IP
The term "Pieris Background IP" shall mean (a) Know-How (i) Controlled by Pieris as of the Effective Date, or created and Controlled by Pieris after the Effective Date outside the course of activities conducted under this Agreement; and (ii) during the Agreement Term that is reasonably necessary or reasonably useful for the discovery, manufacture, development or commercialization of any Binder, Selected Binder or Collaboration Product; and (b) any Patent Rights Controlled by Pieris and claiming the foregoing Know-How in Section 1.66(a) ("**Pieris Background Patent Rights**"). The Pieris Background Patent Rights existing as of the Effective

Date are set forth in Appendix 1.66 and shall be updated from time to time upon written request of Genentech. Notwithstanding the foregoing, [***].

1.68 Pieris Platform Background IP
The term "Pieris Platform Background IP" means (a) all Know-How within the Pieris Background IP that are necessary or useful for the practice of the Pieris Technology and (b) those Patent Rights Controlled by Pieris within the Pieris Background IP claiming the foregoing Know-How in Section 1.68(a). ("**Pieris Platform Background Patent Rights**"). The Pieris Platform Background Patent Rights existing as of the Effective Date are set forth in Appendix 1.68 and shall be updated from time to time upon written request of Genentech.

1.69 Pieris Platform Improvement IP
The term "Pieris Platform Improvement IP" means (a) [***] and (b) [***] ("**Pieris Platform Improvement Patent Rights**").

1.70 Pieris Technology
The term "Pieris Technology" shall mean Anticalin Libraries, Anticalin Selection, Anticalin Expression and Anticalin Affinity Maturation methods.

1.71 Qualified Hit
The term "Qualified Hit" shall mean, [***].

1.72 Regulatory Approval
The term "Regulatory Approval" shall mean any approvals, licenses, registrations or authorizations by Regulatory Authority, necessary for the sale of a Collaboration Product in the Field in a regulatory jurisdiction in the Territory.

1.73 Regulatory Authority
The term "Regulatory Authority" shall mean any national, supranational (e.g., the European Commission, the Council of the European Union, the European Medicines Agency), regional, state or local regulatory agency, department, bureau, commission, council or other governmental entity including the FDA, in each country involved in the granting of Regulatory Approval for the Collaboration Product.

1.74 Research Plan
The term "Research Plan" shall mean a plan of research for each Collaboration Target, outlining the work expected to be performed by Pieris and Genentech including which work will be commissioned to a Third Party (for clarity, the Party responsible for an activity under a Research Plan shall bear any cost of such work being commissioned to a Third Party in accordance with the Research Plan). The Research Plans for the Initial Targets are attached as Appendix 1.78 (A) and 1.78 (B), as such plans may be updated from time to time as permitted in this Agreement. The Research Plans for any Replacement Target or Subsequent Target shall be prepared by the JRC as further described in Section 3.1.5.

1.75 Roche Group
The term "Roche Group" shall mean collectively Genentech, its Affiliates and its Sublicensees.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

1.76 Royalty Term
The term "Royalty Term" shall mean, with respect to a Collaboration Product and for a given country, the period of time commencing on the date of First Commercial Sale of such Collaboration Product in such country and ending on the later of the date that is (a) [***], and (b) [***].

1.77 Sales
The term "Sales" shall mean, for a Collaboration Product in a particular period, [***]:

(i) [***].

By way of example, the gross-to-net deductions taken in accordance with IFRS as of the Effective Date include the following:

(a) credits, reserves or allowances granted for (i) damaged, outdated, returned, rejected, withdrawn or recalled Collaboration Product, (ii) wastage replacement and short-shipments; (iii) billing errors and (iv) indigent patient and similar programs (*e.g.*, price capitation);

(b) governmental price reductions and government mandated rebates;

(c) chargebacks, including those granted to wholesalers, buying groups and retailers;

(d) customer rebates, including cash sales incentives for prompt payment, cash and volume discounts; and

(e) taxes and any other governmental charges or levies imposed upon or measured by the import, export, use, manufacture or sale of a Collaboration Product (excluding income or franchise taxes).

For purposes of clarity, [***].

(ii) for Sublicensees that are not Genentech Affiliates (and excluding Compulsory Sublicensees), [***]. For the purpose of clarity, any such Sublicensee sales as reported to Genentech in accordance with Compulsory Sublicense agreements shall be [***].

1.78 Screening Failure
The term "Screening Failure" shall mean a screening campaign that fails to identify at least [***] as defined in the applicable Research Plan.

1.79 Selected Binder
The term "Selected Binder" shall mean, [***].

1.80 Selected Binder IP
The term "Selected Binder IP" is defined in Section 14.2.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

1.81 Sublicensee
The term "Sublicensee" shall mean an entity to which Genentech has licensed any right (through one or multiple tiers), other than through a Compulsory Sublicense, pursuant to this Agreement.

1.82 Substitution Period
The term "Substitution Period" shall mean, on a Collaboration Target-by-Collaboration Target basis, the period that is [***].

1.83 Target Term
The term "Base Target Term" shall mean, for each of the Initial Targets, a period commencing on the Effective Date and ending on the earlier of completion of the applicable Research Plan or after [***]. The Target Term for a given Replacement Target or a Subsequent Target commences on the date the JRC approves the Research Plan for the applicable Collaboration Target and ends on the earlier of completion of such Research Plan or after [***]. At the end of the Target Term for each Collaboration Target, Genentech will have the option, at its sole discretion, to extend the Target Term by up to [***] to facilitate completion of the Research Plan ("**Extended Target Term**"). The term "Target Term" shall include "Base Target Term" and "Extended Target Term" when such extension is requested.

1.84 Territory
The term "Territory" shall mean all countries of the world.

1.85 Third Party
The term "Third Party" shall mean a person or entity other than (i) Pieris or any of its Affiliates or (ii) a member of the Roche Group.

1.86 UK
The term "UK" shall mean the United Kingdom.

1.87 US
The term "US" shall mean the United States of America and its territories and possessions.

1.88 Valid Claim
The term "Valid Claim" shall mean, with respect to a particular country, (a) a claim in any unexpired and issued Patent Rights that has not been disclaimed, revoked or held invalid by a final non-appealable decision of a court of competent jurisdiction or government agency or (b) a claim of pending Patent Rights that has not been abandoned, finally rejected or expired without the possibility of appeal or refiling; provided, however, that Valid Claim will exclude any such pending claim in an application that has not been granted within [***] years following the earliest priority filing date for such application, excluding, [***].

1.89 Additional Definitions
Each of the following definitions is set forth in the Section of this Agreement indicated below:

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Definition	Section
Accounting Period	11.1
Acquired Party	19.2.3
Alliance Director	6.8
Anticalin Protein	1.4
Bankruptcy Code	20
Biologic	3.1.8
Breaching Party	19.2.1
Chairperson	6.2
Chugai	1.1
Companion Diagnostic Product	10.4
Compulsory Sublicensee	1.25
Disclosing Party	1.26
Expert Committee	10.7
Extended Target Term	1.84
Genentech Indemnified Parties	16.2
Indemnified Party	16.3
Indemnifying Party	16.3
Joint Invention	1.53
Members	6.2
Non-Acquired Party	19.2.3
Non-Breaching Party	19.2.1
Non-Selected-Binder IP	14.2
Patent Term Extensions	14.12
Payment Currency	11.3
Peremptory Notice Period	19.2.1
Pieris Indemnified Parties	16.1
Pieris Invention	1.53
Progress Reports	3.1.6
Publishing Notice	18.4
Publishing Party	18.4
Receiving Party	1.26
Reference Product Sponsor	14.11
Relative Commercial Value	10.7
Replacement Target	3.1.3
Research Records	3.1.7
Genentech Invention	1.53
Genentech Valid Claim	19.3.4 (b)
Samples	19.3.4 (b)
SEC	1.9
Sales Event	10.4
Selected Binder IP	14.2
[***]	14.9.1
Sensitive Information	19.2.3

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Definition	Section
Similar Program	3.1.8
SPCs	14.12
Stand-alone Diagnostic Product	10.4
Subsequent Target(s)	3.1.2
Subsequent Target Fee	10.2
Target Substitution Fee	10.3

2. Grant of License

2.1 Research Licenses

Pieris grants to Genentech during the Agreement Term an exclusive (even as to Pieris, except for activities performed under the Research Plan) right and license, including the right to sublicense through multiple tiers, under Pieris Background IP and a non-exclusive right and license, including the right to sublicense through multiple tiers, under Pieris Platform Improvement IP and Non-Selected-Binder IP that are necessary or useful for the discovery, manufacture or development of Binders, Selected Binders and Collaboration Products, in particular to enable Genentech to identify and evaluate Binders in order to enable selection of Selected Binders; notwithstanding the foregoing, such license shall be non-exclusive with respect to the Pieris Platform Background IP.

2.2 Commercial License to Genentech

Pieris hereby grants to Genentech (a) an exclusive (even as to Pieris) right and license, including the right to sublicense through multiple tiers, under Pieris' interest in the Pieris Background IP; and (b) a non-exclusive right and license, including the right to sublicense through multiple tiers, to the Pieris Platform Improvement IP and Non-Selected-Binder IP to research, have researched, develop, have developed, register, have registered, use, have used, make, have made, import, have imported, export, have exported, market, have marketed, distribute, have distributed, sell and have sold Collaboration Products in the Field in the Territory; notwithstanding the foregoing, such license shall be non-exclusive with respect to the Pieris Platform Background IP.

2.3 Sublicense

Genentech shall have the right to sublicense or subcontract (through multiple tiers); provided, however, that in the event of such sublicensing, (a) such Sublicensees will be subject to the same confidentiality and diligence obligations Genentech has hereunder, and (b) Genentech will remain liable for all the terms and conditions of this Agreement.

2.4 License to Pieris after Target Term

Effective upon [***], Genentech hereby grants to Pieris [***].

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

3. Research Collaboration

3.1.1 Scope

During the Target Term, Genentech and Pieris will collaborate on the discovery and preclinical development of molecules against up to [***] Collaboration Targets pursuant to detailed Research Plans that are mutually agreed between the Parties and that outline research activities, responsibilities, and criteria for advancement of Binders and Selected Binders.

Pieris will be responsible for research activities following target nomination through LSR Go Decision, including lead selection, lead optimization and lead candidate(s) characterization. The Parties will collaborate for drug candidate characterization until the Dev Go Decision. Genentech will advise Pieris throughout the collaboration on the development of the Selected Binder(s) for LSR Go Decision.

3.1.2 Subsequent Target rights and reserved targets

Genentech shall have the right to nominate [***] additional Collaboration Targets ("**Subsequent Target(s)**") as set forth in Section 3.1.3. For a period of [***] years following the Effective Date, [***]. All other potential Replacement or Subsequent Targets are subject to Availability. Each potential Collaboration Target nominated by Genentech as set forth in Section 3.1.3 shall be believed by Genentech, at its reasonable discretion, based on scientific research or literature to play a role for the prevention, mitigation or treatment of respiratory or ophthalmic diseases.

3.1.3 Nomination of Subsequent Targets and Replacement Targets; Audit Right

a) Nomination of Subsequent Targets. As early as [***], but no later than [***] following the Effective Date, Genentech may nominate at any time (simultaneously or at different times) up to [***] potential Subsequent Targets through written request to Pieris. Pieris shall notify Genentech about the Availability of such nominated Target within [***] days of receipt of such written request. If such nominated Target is Available, it shall become designated as a Subsequent Target at the time of such notification by Pieris, and Genentech shall owe Pieris the Subsequent Target Fee as set forth in Section 10.2. If such nominated Target is not Available, then Genentech may nominate a different potential Subsequent Target within the timeframe set forth in the first sentence of this Section 3.1.3.

b) Nomination of Replacement Targets. Additionally, at any time during the Substitution Period and subject to Availability, Genentech may substitute each Collaboration Target (other than, for the avoidance of doubt, any Replacement Target) with a different Collaboration Target (a "**Replacement Target**") up to [***] (i) at [***] cost in case of a Screening Failure, or (ii) [***] set forth in Section 10.3 in all other cases. Pieris shall notify Genentech about the Availability of such nominated Target within [***] days of receipt of such written request. If such nominated Target is Available, it shall become designated as a Replacement Target at the time of such notification by Pieris. If such nominated Target is not Available, then Genentech may nominate a different potential Replacement Target within the Substitution Period.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

c) Audit Right. If a Subsequent Target and/or a Replacement Target is not accepted by Pieris to be Available, Genentech may, by providing Pieris with written notice within [***] days of receipt of such rejection notice, employ an independent, internationally recognized law firm and/or public accounting firm acceptable to Pieris (the "**Auditor**") to review Pieris's applicable records that demonstrate that the Subsequent Target and/or a Replacement Target (as applicable) was not Available. Within [***] days after the appointment of the Auditor, Pieris will provide to the Auditor a complete and accurate copy of its relevant records demonstrating that the applicable Subsequent Target and/or a Replacement Target was not Available. Depending on Pieris's rationale for applicable Subsequent Target and/or a Replacement Target was not Available, the relevant records that Pieris would provide to the Auditor could consist of a copy of the applicable license agreement(s) that evidence that Pieris was under the applicable obligations to a Third Party (subject to redaction by Pieris with respect to financial terms and other information that is unnecessary for the Auditor to make its determination), a copy of notebooks or other documentation demonstrating Pieris's internal efforts on such Subsequent Target and/or a Replacement Target (as applicable).

Prior to performing an audit hereunder, the Auditor shall promptly enter into a written confidentiality agreement with Pieris, consistent with this Section and Article 18. The Auditor will provide its audit report to both Parties, and if it concludes that the rejected Subsequent Target and/or a Replacement Target (as applicable) was Available, such originally rejected Subsequent Target and/or a Replacement Target (as applicable) shall automatically be accepted as a Subsequent Target and/or a Replacement Target (as applicable), and [***]. If, on the other hand, the audit report concludes that the rejected Subsequent Target and/or a Replacement Target (as applicable) was not Available, [***] and may nominate a further Subsequent Target and/or a Replacement Target (as applicable) as per the applicable Sections. All such records reviewed by the Auditor shall be used only for the purpose of confirming whether or not a rejected Subsequent Target and/or a Replacement Target (as applicable) is Available and shall be treated as Pieris's Confidential Information subject to the obligations of this Agreement. The Auditor shall state only factual findings in the audit report, shall not interpret this Agreement, shall not reveal any Pieris Confidential Information to Genentech and shall not disclose the Pieris-provided documents.

3.1.4 Diligent Efforts

For each Collaboration Target, Genentech and Pieris shall each use Commercially Reasonable Efforts to perform, and complete within the Target Term or Extended Target Term, as applicable, their respective tasks and obligations in conducting all activities ascribed to it in the then-current Research Plan for such Collaboration Target, in accordance with the time parameters set forth therein. If the objectives in the applicable Research Plan have not been completed by the end of the Extended Target Term, the Parties shall strive to agree on whether to further extend the applicable Target Term and the share of funding by each party.

3.1.5 Research Plans

The Parties will conduct the research for a given Collaboration Target in accordance with the applicable Research Plan. Each Party will bear its cost to carry out its obligations under each

Research Plan. The Research Plans for the Initial Targets are attached as Appendix 1.78 (A) and 1.78 (B). Research Plans for each Subsequent or Replacement Target, as applicable, shall be prepared by the JRC as soon as possible, but no later than within [***] days after Pieris confirms Availability of such Subsequent Target or Replacement Target and Pieris shall initiate activities included in such Research Plan as soon as possible, but no later than within [***] days after such Research Plan has been prepared. Notwithstanding the foregoing, should [***] Targets become designated as Subsequent Target(s) or replacement Target(s) within a period of less than [***] months, then Pieris shall have [***] days to initiate activities included in the applicable Research Plan for the second such designated Subsequent or Replacement Target. In alignment with Section 6.3, each Research Plan will be updated as needed by the JRC, with such updates to be documented in an updated Research Plan as part of the applicable JRC Minutes. Each Research Plan will set forth (i) the scope of the research and the resources that will be dedicated to the activities contemplated within the scope of the research, including the responsibilities of each Party, and (ii) specific objectives for each Research Plan task, which objectives will be updated or amended, as appropriate, by the JRC as research progresses.

3.1.6 Progress Reports and Information Exchange

At least [***] during the Target Term for a given Collaboration Target, Pieris shall have the obligation to prepare and provide to the JRC a detailed written report summarizing the progress of the work performed by Pieris under the applicable Research Plan during the preceding Calendar Quarter. Genentech will provide updates about its activities under such Research Plan through the JRC meetings. On a Collaboration Target-by-Collaboration Target basis, promptly upon expiry of the Target Term, Pieris shall provide a final written report summarizing its activities under the applicable Research Plan and the results thereof. Upon the written request of Genentech and not more than [***], Pieris shall permit Genentech, [***], to have access during normal business hours to those records of Pieris that may be necessary to verify the basis for any payments hereunder.

3.1.7 Research Records

Each Party shall maintain records regarding the execution of the Research Plan(s) (or cause such records to be maintained) in sufficient detail and in good scientific manner as will properly reflect all work done and results achieved by or on behalf of such Party in the performance of the Research Plan(s).

3.1.8 Work on Target by Pieris

After expiry of the applicable Target Term, Pieris shall be permitted to research, develop, or commercialize alone, or with a Third Party, Binders against such Collaboration Target that are [***]. Further, and subject to [***], Pieris shall be permitted, at any time after expiry of the applicable Target Term, [***].

In addition, [***], Pieris shall be permitted to [***]. Further, [***], Pieris shall be permitted, [***].

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

In case Pieris undergoes a Change of Control and the Change of Control Group has or puts in place a research program with a Biologic (the term "**Biologic**" meaning a [***]) targeting a given Collaboration Target through the same route of administration as the corresponding Collaboration Product and that does not activate the same Collaboration Target (namely through inhaled or intraocular delivery, as applicable, such research program being defined as a "**Similar Program**"), or if Pieris takes over control of a Third Party having such a Similar Program, then Pieris shall put or have put in place appropriate fire walls in order to avoid any spillover of information regarding the Research Plan and associated Progress Reports, Research Records and Confidential Information received from Genentech under this Agreement outside of the organisation of Pieris that exists before such Change of Control or take over takes place. Pieris may not perform work on Pieris Technology with regard to a Collaboration Target except as provided for under this Agreement.

4. Diligence and limited Non-Compete

4.1 In General

Genentech and Pieris shall use Commercially Reasonable Efforts to perform their respective activities contemplated by this Agreement or as may be agreed upon in any subsequent written agreements with respect to the subject matter hereof, including but not limited to any activities under a Research Plan. Specifically, Genentech agrees to use Commercially Reasonable Efforts to pursue development and commercialization of [***] Collaboration Product per Collaboration Target in the Field in the Territory, which minimally shall require that Genentech shall seek to market [***] Collaboration Product per Collaboration Target in [***]. Notwithstanding anything to the contrary in this Agreement, [***].

4.2 Diligence of Genentech in Case of Similar Program

If Genentech or any of its Affiliates (i) [***], or (ii) [***], then, [***]. The diligence obligation under this Section 4.2 expires when [***].

4.3 Limited non-compete

With respect to each Collaboration Target and until the earlier of (i) [***] or (ii) termination of the corresponding Collaboration Product, each Party covenants that it and its Affiliates will not research, develop, manufacture or commercialize, itself or with a Third Party, any Competing Product in the Field.

4.4 Limits

For clarity, the foregoing limitations and obligations associated with acquiring or internally developing products targeting a given Collaboration Target as described in Section 4.2 shall not apply to [***].

5. Development

5.1 Development by Genentech

After a Selected Binder against a given Collaboration Target has been transferred from Pieris to Genentech as specified in the applicable Research Plan, Genentech, [***], shall be responsible for pursuing pre-clinical and clinical development of Collaboration Product(s) against such Collaboration Target, subject to the terms of this Agreement.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

5.2 Provision of Information

Pieris shall disclose and make available to Genentech (i) all data and information developed under the Research Plan, and (ii) all additional data and information that Pieris reasonably believes are necessary to conduct development of Collaboration Products. Pieris, through the JRC, shall answer any questions reasonably posed and provide any information reasonably requested. Notwithstanding the foregoing, Pieris shall not be obligated to disclose any confidential information received from a Third Party to Genentech.

6. Governance

6.1 Joint Research Committee

Within [***] days after the Effective Date of this Agreement, the Parties shall establish a JRC to oversee the research and development activities under this Agreement.

6.2 Members

The JRC shall be composed of [***] persons ("**Members**"). Genentech and Pieris each shall be entitled to appoint [***] Members with appropriate seniority and functional expertise. Each Party may replace any of its Members and appoint a person to fill the vacancy arising from each such replacement. A Party that replaces a Member shall notify the other Party at least[***] days prior to the next scheduled meeting of the JRC. Both Parties shall use reasonable efforts to keep an appropriate level of continuity in representation. Both Parties may invite a reasonable number of additional experts and/or advisors to attend part or the whole JRC meeting with prior notification to the JRC. Members may be represented at any meeting by another person designated by the absent Member. The JRC shall be chaired by [***] ("**Chairperson**").

6.3 Responsibilities of the JRC

The JRC shall have the responsibility and authority to:

a) approve the Research Plan for any Collaboration Target other than the Initial Targets;

b) review and approve revisions to the Research Plans;

c) oversee the execution of the Research Plans;

d) establish timelines and criteria for decision points;

e) determine whether a recommendation should be made to the relevant Genentech governance body whether the success- and other criteria have been met;

f) evaluate Binders and select Selected Binders

g) review the efforts of the Parties and allocate those resources for the Research Plans (including the budget);

h) identify and agree on the appropriate resources necessary to conduct the Research Plans;

i) establish a touch point site or similar tool to enable secured exchange of data generated under the Research Plans;

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

j) monitor and implement the transfer of the Selected Binders, both in terms of material available at Pieris and the corresponding[***], and any associated data generated under the Research Plan to Genentech;

k) recommend action items to its respective decision-making bodies;

l) in a JRC meeting towards the end of the applicable Target Term, list the materials and information to be provided by Pieris to Genentech according to the applicable Research Plan;

m) attempt to resolve any technical disputes on an informal basis;

n) determine the mechanism of project information exchange, including project team meetings.

The JRC shall have no responsibility and authority other than that expressly set forth in this section or otherwise expressly provided in this Agreement.

6.4 Meetings

The Chairperson or his/her delegate is responsible for sending invitations and agendas for all JRC meetings to all Members at least [***] days before the next scheduled meeting of the JRC. The venue for the meetings shall be agreed by the JRC. The JRC shall hold meetings at least [***] per calendar year, either in person or by tele-/video-conference (but at least [***] per year in person), and in any case as frequently as the Members of the JRC may agree shall be necessary, but not more than [***] times a year. The Alliance Director of each Party may attend the JRC meetings as a permanent participant and may be a JRC Member.

6.5 Minutes

The Chairperson is responsible for designating a Member to record in reasonable detail and circulate draft minutes of JRC meetings to all members of the JRC for comment and review within [***] days after the relevant meeting. The Members of the JRC shall have [***] days to provide comments. The Party preparing the minutes shall incorporate timely received comments and distribute finalized minutes to all Members of the JRC within [***] days of the relevant meeting. The Chairperson approves the final version of the minutes before its distribution.

6.6 Decisions

6.6.1 Decision Making Authority

The JRC shall decide matters within its responsibilities set forth in Section 6.3.

6.6.2 Consensus; Good Faith

The Members of the JRC shall act in good faith to cooperate with one another and seek agreement with respect to issues to be decided by the JRC. The Parties shall endeavor to make decisions by consensus.

6.6.3 Failure to Reach Consensus

If the JRC is unable to decide a matter by consensus, then (i) [***], and (ii) [***].

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

6.7 Information Exchange

Pieris and Genentech shall exchange the information in relation to their activities under the applicable Research Plan through the JRC and Pieris and Genentech may ask reasonable questions in relation to the above information and offer advice in relation thereto. The JRC may determine other routes of information exchange.

6.8 Alliance Director

Each Party shall appoint one person to be the point of contact within each Party with responsibility for facilitating communication and collaboration between the Parties (each, an "**Alliance Director**"). The Alliance Directors may participate in the JRC meetings. The Alliance Directors shall facilitate resolution of potential and pending issues and potential disputes to enable the JRC to reach consensus and avert escalation of such issues or potential disputes.

6.9 Limitations of Authority

The JRC shall have no authority to amend or waive any terms of this Agreement.

6.10 Expenses

Each Party shall be responsible for [***] incurred in connection with the JRC.

6.11 Lifetime and Genentech Reporting Obligations

The JRC shall exist until the end of the last Target Term. After the end of the Target Term for any given Collaboration Target, Genentech shall provide Pieris annual reports describing in reasonable detail the development progress of the corresponding Collaboration Product(s), including if a potential milestone is expected within the next [***] months. At Pieris' request, Genentech will participate in a telephone conference to answer Pieris' questions regarding such annual report. Such annual progress reports shall be provided to Pieris within [***] days after the end of each Calendar Year.

7. Supply

7.1 Supply of Collaboration Product(s) after Target Term

On a Collaboration Target-by-Collaboration Target basis, following the technology transfer (as needed) at the end of the applicable Target Term, [***] for the manufacture and supply of the corresponding Collaboration Product(s).

7.2 Commercial Supply of Collaboration Product(s)

[***] for the commercial manufacture and commercial supply of Collaboration Product(s) for sale in the Territory, either by itself or through Third Parties.

7.3 Provision of Information

Pieris shall disclose and make available to Genentech all additional data and information that Pieris reasonably believes are necessary or useful to manufacture and supply the Collaboration Product(s).

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

8. Regulatory

8.1 Responsibility

Genentech, [***], shall pursue all regulatory affairs related to Collaboration Product(s) in the Territory including the preparation and filing of applications for regulatory approval, as well as any or all governmental approvals required to develop, have developed, make, have made, use, have used, manufacture, have manufactured, import, have imported, sell and have sold Collaboration Products. Genentech shall be responsible for pursuing, compiling and submitting all regulatory filing documentation, and for interacting with regulatory agencies, for all Collaboration Products in all countries in the Territory. Genentech or its Affiliates shall own and file in their discretion all regulatory filings and regulatory approvals for all Collaboration Products in all countries of the Territory.

Genentech, [***], shall report to appropriate authorities in accordance with local requirements all adverse events related to use of the Collaboration Products in the Territory.

8.2 Information Exchange

With respect to any Anticalin Protein being developed by Pieris for (i) inhaled application for the prevention, mitigation or treatment of respiratory diseases, or (ii) for intraocular application for the prevention, mitigation or treatment of ophthalmic diseases, within [***] days after receipt of any Regulatory Authority communications related to a clinical study hold for safety reasons or for a potential withdrawal from the market for a safety issue or a report of a serious safety finding by a Regulatory Authority for such Anticalin Protein, Pieris will provide Genentech, subject to any confidentiality obligations to Third Parties, with a brief written description of the principal issues raised in such Regulatory Authority communication.

With respect to each Collaboration Product, within [***] days after receipt of any Regulatory Authority communications related to a clinical study hold for safety reasons or for a potential withdrawal from the market for a safety issue or a report of a serious safety finding by a Regulatory Authority, Genentech will provide Pieris, subject to any confidentiality obligations to Third Parties, with a brief written description of the principal issues raised in such Regulatory Authority communication.

The Parties will reasonably cooperate in case a Party reasonably believes that a regulatory filing by a Party could affect the other Party's programs, including any Collaboration Product, and in the case of Pieris, Pieris Technology, including for example for safety reporting requirements.

9. Commercialization

9.1 Responsibility

Genentech, [***], shall have [***] responsibility and decision making authority for the marketing, promotion, sale and distribution of Collaboration Products in the Territory in accordance with Applicable Law.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

10. Payment

10.1 Upfront Fee

Within [***] after the Effective Date and receipt of an invoice from Pieris, Genentech shall pay to Pieris twenty million Dollars ($ 20,000,000).

10.2 Subsequent Target Fee

Genentech shall pay Pieris a fee of [***] for each Subsequent Target (the "**Subsequent Target Fee**"), payable within [***] after the JRC approves the Research Plan for such Subsequent Target as set forth in Section 3.1.5 and of receipt of an invoice from Pieris.

10.3 Target Substitution Fee

Genentech shall pay Pieris a fee of [***] Dollars ($ [***]) for each Replacement Target (the "**Replacement Target Fee**") if applicable as set forth in Section 3.1.3 (ii), payable within [***] days after the JRC approves the Research Plan for such Replacement Target and receipt of an invoice from Pieris.

10.4 Development Event Payments

On a Collaboration Target-by-Collaboration Target basis, for the first Collaboration Product that reaches the respective Development Event, Genentech shall pay to Pieris the following [***] payments at the following respective amounts (as listed in the table below):

Development Event (numbers in Dollars)	[***]	[***]
(a) Qualified Hit	$[***]	[***]
(b) LSR Go Decision*	$[***]	[***]
(c) Dev Go Decision	$[***]	[***]
(d) Initiation of Phase I Study	$[***]	[***]
(e) Initiation of Phase II Study	$[***]	$[***]
(f) Initiation of Phase III Study	$[***]	$[***]
(g) [***] Filing in [***]	$[***]	[***]
(h) [***] Filing in [***]	$[***]	[***]
(i) [***] Filing in [***]	$[***]	[***]
(j) Regulatory Approval in [***]	[***]	$[***]
(k) Regulatory Approval in [***]	[***]	$[***]

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

(l) Regulatory Approval in [***]	[***]	$[***]
(m) First Commercial Sale in [***]	$[***]	
(n) First Commercial Sale in [***]	$[***]	
(o) First Commercial Sale in [***]	$[***]	

* In case [***] is not reached until the [***] is reached, the [***] milestone payment will be paid concurrently with the [***] milestone payment.

For clarity, the maximum amount of Development Event based payments payable under this Agreement will be [***] US dollars ($[***]) per Collaboration Target.

Upon reaching Development Events, Genentech shall timely notify Pieris and Development Event payments shall be paid by Genentech to Pieris within [***] days from occurrence of the applicable event and receipt of a correct invoice from Pieris.

If any of the above Development Events are skipped (i.e., a later Development Event payment is payable before an earlier Development Event payment), then the skipped Development Event will be deemed to have been achieved upon the achievement of the subsequent Development Event and the corresponding Development Event payment(s) shall then become due, as applicable.

10.5 Sales Based Events

On a Collaboration Target-by-Collaboration Target basis, for the first Collaboration Product that reaches the respective sales event, Genentech shall pay to Pieris the following [***] payments at the following respective amounts (as listed in the table below):

Sales Event (numbers in Dollars)	Amount
(p) First Calendar Year in which [***] Net Sales of a Collaboration Product exceed [***] US dollars ($[***])	$[***]
(q) First Calendar Year in which [***] Net Sales of a Collaboration Product exceed [***] US dollars ($[***])	$[***]
(r) First Calendar Year in which [***] Net Sales of a Collaboration Product exceed [***] US dollars ($[***])	$[***]

For clarity, the maximum amount of sales event based payments payable under this Agreement will be [***] US dollars ($[***]) per Collaboration Target.

Each of the sales based event payments shall be paid no more than [***] during the Agreement Term per Collaboration Target, at [***] of the event for the Collaboration Product in the Territory

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

[***] reaching the respective Net Sales threshold, irrespective of whether or not the previous sales based event payment was triggered by the same or by a different Collaboration Product (to the extent such different Collaboration Product is directed to the same Collaboration Target), and shall be non-refundable, and shall be paid within [***] days after the end of the Calendar Year in which the event first occurs.

Notwithstanding anything contained in Section 10.4 and 10.5, [***].

10.6 Royalty Payments

10.6.1 Royalty Term

Royalties shall be payable by Genentech on Net Sales of Collaboration Products on a Collaboration Product-by-Collaboration Product and country-by-country basis until the expiry of the Royalty Term. Thereafter, the licenses granted to Genentech shall be fully paid up, irrevocable, and royalty-free.

10.6.2 Royalty Rates

Genentech shall, on a Collaboration Product-by-Collaboration Product basis, pay to Pieris royalties by applying the following royalty rates to the respective tiers of Calendar Year Net Sales of a given Collaboration Product in the Territory on an incremental basis, as follows:

Tier of Calendar Year Net Sales in Dollars of a Collaboration Product:	**Percent (%) of Net Sales:**
Up to $[***] Net Sales	[***]
More than $[***] Net Sales and up to $[***] Net Sales	[***]
More than $[***] Net Sales and up to $[***] Net Sales	[***]
More than $[***] Net Sales	[***]

E.g., if in a Calendar Year Net Sales are $[***], then Genentech would pay $[***].

10.6.3 Royalty Reductions

For the purpose of calculating royalties of a Collaboration Product, Calendar Year Net Sales and the royalty rates shall be subject to the following adjustments, as applicable:

10.6.3.1 No Valid Claim

If no Collaboration Product Valid Claim exists in a given country, or if such claim that previously existed loses its validity during the applicable Calendar Year, then the royalty payments due to Pieris for such Collaboration Product in such country shall be [***].

10.6.3.2 Biosimilar Product

Upon the first entry in a given country of a Biosimilar Product, the royalties in such country for the corresponding Collaboration Product shall be [***] as follows:

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

a) [***].
b) [***].

10.6.4 Collaboration Products used as Diagnostics

Notwithstanding anything contained in this Section 10.6, [***].

[***].

10.7 Combination Product

If Genentech or its Affiliates intend to sell a Combination Product, then the Parties shall meet approximately [***] prior to the anticipated First Commercial Sale of such Combination Product in the Territory to negotiate in good faith and agree to an appropriate adjustment to Net Sales to reflect the relative commercial value contributed by the components of the Combination Product (the "**Relative Commercial Value**"). If, after such good faith negotiations not to exceed [***] days, the Parties cannot agree to an appropriate adjustment, the dispute shall be initially referred to the Alliance Directors of the Parties in accordance with Section 21.2. Should the Parties fail to agree within [***] days of such referral, then the Relative Commercial Value shall be determined by an Expert Committee under the procedures of this Section.

If the Parties are unable to agree on the Relative Commercial Value, then Genentech will select [***] who would qualify as an Expert, Pieris will select [***] who would qualify as an Expert, and those [***] shall select [***] who would qualify as an Expert and who shall be chairman of a committee of the [***] (the "**Expert Committee**"), each with a single deciding vote. The Expert Committee will promptly hold a meeting to review the issue under review, at which it will consider memoranda submitted by each Party at least [***] days before the meeting, as well as reasonable presentations that each Party may present at the meeting. The determination of the Expert Committee as to the issue under review will be binding on both Parties. The Parties will [***] of the Expert Committee. Unless otherwise agreed to by the Parties, the Expert Committee may not decide on issues outside the scope mandated under terms of this Agreement.

Notwithstanding the foregoing, for any Combination Product that includes a Companion Diagnostic Product (i.e., not a Companion Diagnostic), the Relative Commercial Value of such Companion Diagnostic Product shall [***].

10.8 Third Party Payments

With the exception of [***] and [***], [***] owed to any Third Party in relation to Third Party intellectual property rights. [***]

10.9 Disclosure of Payments

Each Party acknowledges that the other Party may be obligated to disclose this financial arrangement, including all fees, payments and transfers of value, as may be advisable or required under Applicable Law, including the US Sunshine Act.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

11. Accounting and reporting

11.1 Timing of Payments

Genentech shall calculate royalty payments set forth in Section 10.6 [***] as of [***] (each being the last day of a reporting period). Genentech shall pay such payments [***] within [***] days after the end of each reporting period in which Net Sales occur.

11.2 Late Payment

Any payment under this Agreement that is not paid on or before the date such payment is due shall bear interest, to the extent permitted by Applicable Law, at [***] percentage points above the average one-month Secured Overnight Financing Rate (SOFR), as reported by Reuters from time to time, calculated on the number of days such payment is overdue.

11.3 Method of Payment

Royalties on Net Sales and all other amounts payable by Genentech hereunder shall be paid by Genentech in Dollars (the "**Payment Currency**") to account(s) designated by Pieris.

11.4 Currency Conversion

When calculating the Sales of any royalty-bearing Collaboration Product that occur in currencies other than the Payment Currency, Genentech shall convert the amount of such sales into the Payment Currency using Genentech's then-current internal foreign currency translation actually used on a consistent basis in preparing its audited financial statements (at the Effective Date, YTD average rate as reported by Reuters).

11.5 Royalties and Sales Reporting

With each payment as set forth in Section 11.1 above, Genentech shall provide Pieris in writing for the relevant [***] on a Collaboration Product-by-Collaboration Product and region-by-region (i.e. US, EU, Japan and rest of world) basis the following information: [***].

12. Taxes

Pieris shall pay all sales, turnover, income, revenue, value added, and other taxes levied on account of any payments accruing or made to Pieris under this Agreement. Genentech agrees to reasonably assist Pieris in claiming exemption from such taxes and in minimizing the amount required to be so paid.

If provision is made in law or regulation of any country for withholding of taxes of any type, levies or other charges with respect to any royalty or other amounts payable under this Agreement to Pieris, then Genentech shall promptly pay such tax, levy or charge for and on behalf of Pieris to the proper governmental authority, and shall promptly furnish Pieris with receipt of payment. Genentech shall be entitled to deduct any such tax, levy or charge actually paid from royalty or other payment due to Pieris or be promptly reimbursed by Pieris if no further payments are due to Pieris. Each Party agrees to reasonably assist the other Party in claiming exemption from such deductions or withholdings under double taxation or similar agreement or treaty from time to time in force and in minimizing the amount required to be so withheld or deducted.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

13. Auditing

13.1 Pieris' Right to Audit

Genentech shall keep, and shall require its Affiliates and Sublicensees to keep, full, true and accurate books of account containing all particulars that may be necessary for the purpose of calculating all royalties payable under this Agreement. Such books of accounts shall be kept at their principal place of business. At the expense of Pieris, Pieris shall have the right to engage an independent public accountant reasonably acceptable to Genentech to perform, on behalf of Pieris an audit of such books and records of Genentech and its Affiliates, its licensees and Sublicensees, that are deemed necessary by Genentech's independent public accountant to report on Net Sales of Collaboration Product for the period or periods requested by Pieris, and the correctness of any financial report or payments made under this Agreement.

Upon timely request and at least [***] days' prior written notice from Pieris, such audit shall be conducted in the countries specifically requested by such independent public accountant, during regular business hours in such a manner as to not unnecessarily interfere with Genentech's normal business activities, and shall be limited to results in the [***] Years prior to audit notification.

Such audit shall not be performed more frequently than [***] nor more frequently than once with respect to records covering any specific period of time.

All information, data documents and abstracts herein referred to shall be used only for the purpose of verifying royalty statements, shall be treated as Genentech's Confidential Information subject to the obligations of this Agreement and need neither be retained more than [***] after completion of an audit hereof, if an audit has been requested; nor more than[***] from the end of the Calendar Year to which each shall pertain; nor more than [***] after the date of termination of this Agreement.

13.2 Audit Reports

The auditors shall only state factual findings in the audit reports and shall not interpret the agreement. The auditors shall share all draft audit reports with both Parties at the same time and before the final document is issued. The final audit report shall be shared with Genentech at the same time it is shared with Pieris.

13.3 Over- or Underpayment

If the audit reveals an overpayment, Pieris shall reimburse Genentech for the amount of the overpayment within [***] days. If the audit reveals an underpayment, Genentech shall make up such underpayment with the next royalty payment or, if no further royalty payments are owed by Genentech, Genentech shall reimburse Pieris for the amount of the underpayment within [***] days. Genentech shall pay for the audit costs if the underpayment of Genentech exceeds [***] of the aggregate amount of royalty payments owed with regard to the royalty statements subject to the audit. Section 11.2 shall apply to this Section 13.3.

13.4 Duration of Audit Rights

The failure of Pieris to request verification of any royalty calculation within the period during which corresponding records must be maintained under this Article 13 will be deemed to be acceptance of the royalty payments and reports.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

14. Intellectual Property

14.1 Ownership of Pieris Background IP

Pieris shall remain the owner of Pieris Background IP (including Pieris Platform Background IP).

14.2 Ownership of New IP

New IP shall consist of Pieris Platform Improvement IP and Binder IP (which consists of Selected Binder IP and Non-Selected-Binder IP as defined below).

[***]

For each [***], at the end of the applicable Target Term, [***] i) [***]; ii) [***]; and iii) [***] ("**Non-Selected-Binder IP**"). [***] ("**Selected Binder IP**").

The Parties shall reasonably cooperate in the filing and prosecution of Patent Rights for Selected Binder IP and Non-Selected-Binder IP in order to effectuate the ownership described above, which may require the filing of divisional patent applications.

Except as specifically set forth herein, this Agreement shall not be construed as (i) giving any of the Parties any license, right, title, interest in or ownership to the Confidential Information; (ii) granting any license or right under any intellectual property rights; or (iii) representing any commitment by either Party to enter into any additional agreement, by implication or otherwise.

14.3 German Statute on Employee's Inventions

In accordance with the German Statute on Employees' Inventions, each Party agrees to claim the unlimited use of any Invention conceived, reduced to practice, developed, made or created in the performance of, or as a result of, any research program by employees of any German Affiliates or any other persons acting on behalf of such German Affiliates. For the avoidance of doubt, each Party is responsible for fulfilling the obligations towards their employees under the German Statute of Employee's Inventions.

14.4 Prosecution of Patent Rights within Binder IP prior to the end of the Target Term and the Non-Selected-Binder IP

The Parties shall align on the time point and content with respect to the [***] that would Cover (i) Selected Binders or (ii) [***]. Notwithstanding the foregoing, Genentech (a) shall not include any Pieris' Confidential Information as defined in Section 1.26 in its filings associated with the Patent Rights within the Binder IP [***], (b) shall ensure that the claims of all Patent Rights within the Binder IP [***] are limited to the applicable Collaboration Target, unless Pieris provides prior written consent (such written consent not to be unreasonably withheld, conditioned or delayed) to expand such filing beyond the applicable Collaboration Target, and (c) shall not take any action in the Handling of Patent Rights within the Binder IP [***] that materially impairs the Pieris Background IP or Pieris Platform Improvement IP.

[***].

14.5 Prosecution of Patent Rights within the Pieris Platform Improvement IP by Pieris

Subject to Section 14.4 above, Pieris shall [***].

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

14.6 Prosecution of Patent Rights within the Selected Binder IP by Genentech

Subject to Section 14.4 above, Genentech shall[***].

14.7 CREATE Act

This Agreement is a 'joint research agreement' as defined in 35 USC 103(c)(3) or Public Law 108-53 (the "Create Act"). Neither Party may invoke the CREATE Act with respect to any invention that is developed pursuant to this Agreement without the prior written consent of the other Party. In the event that either Party intends to overcome a rejection of a claimed invention within the Binder IP, Selected Binder IP, Non-Selected-Binder IP, Pieris Platform Improvement IP, and/or Pieris Background IP pursuant to the provisions of the Create Act, such Party shall first obtain the prior written consent of the other Party and the Parties shall work together in good faith to agree on how such rejection should be overcome and whether filing of a terminal disclaimer is required; provided, however, that the Parties shall use Commercially Reasonable Efforts not to impede each other's ability to own Patent Rights related to their platform and products (including Collaboration Products), or not to shorten the patent term of such Patent Rights as a result of filing any terminal disclaimer.

14.8 Defense

If the manufacture, use, importation, offer for sale or sale of any Collaboration Product pursuant to this Agreement results in any claim, suit or proceeding alleging patent infringement or trade secret misappropriation against Pieris or a member of the Roche Group, then such Party shall promptly notify the other Party hereto in writing. The Parties shall cooperate with each other in connection with any such claim, suit or proceeding and shall keep each other reasonably informed of all material developments in connection with any such claim, suit or proceeding.

If a Third Party asserts that Patent Rights owned by or licensed to it are infringed by the development, manufacture, use, importation, offer for sale or sale of Collaboration Products by a member of the Roche Group, or that its trade secrets were misappropriated in connection with such activity, then [***]. Notwithstanding the above, [***].

If an action for infringement is commenced against Pieris, its licensees or its sublicensees related to Pieris's conduct of the research program within the scope of the Research Plan or the discovery of a Collaboration Product, then [***].

14.9 Enforcement

14.9.1 Enforcement of [***] or any other Patent Rights owned or Controlled by Genentech

Genentech shall [***]. If Genentech requests so, [***].

14.9.2 Enforcement of Patent Rights within the Pieris Background IP and the Pieris Platform Improvement IP

Genentech shall [***]. Notwithstanding the foregoing, [***].

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

14.10 Common Interest Disclosures

With regard to any information or opinions disclosed pursuant to this Agreement by one Party to each other regarding intellectual property and/or technology owned by Third Parties, the Parties agree that they have a common legal interest in determining whether, and to what extent, Third Party intellectual property rights may affect the conduct of the Research Plan and/or Compounds and/or Collaboration Products, and have a further common legal interest in defending against any actual or prospective Third Party claims based on allegations of misuse or infringement of intellectual property rights relating to the conduct of the Research Plan and/or Compounds and/or Collaboration Products. Accordingly, the Parties agree that all such information and materials obtained by Pieris and Genentech from each other will be used solely for purposes of the Parties' common legal interests with respect to the conduct of the Agreement. All information and materials will be treated as protected by the attorney-client privilege, the work product privilege, and any other privilege or immunity that may otherwise be applicable. By sharing any such information and materials, neither Party intends to waive or limit any privilege or immunity that may apply to the shared information and materials. Neither Party shall have the authority to waive any privilege or immunity on behalf of the other Party without such other Party's prior written consent, nor shall the waiver of privilege or immunity resulting from the conduct of one Party be deemed to apply against any other Party.

14.11 Biosimilar or interchangeable biological products

If Genentech requests so, within [***] years after the approval of a Collaboration Product that has been licensed in the US as a biological product under 42 USC §262(a), and as may be needed from time to time thereafter, the Parties shall consult as to potential strategies with respect to unexpired US Patent Rights that Cover the Collaboration Product. Specifically, in anticipation of a receipt by the Collaboration Product's reference product sponsor ("**Reference Product Sponsor**") of a biosimilar or interchangeable product application pursuant to the Biologics Price Competition and Innovation Act of 2009 (Public Law 111-148), the Parties will discuss the Reference Product Sponsor's likely course of action with regard to each such US Patent Right in the procedural steps set forth under 42 USC §262(l), including a general plan for timely communication between the Parties in light of the statutory response deadlines.

14.12 Patent Term Extensions

The Parties shall use Commercially Reasonable Efforts to obtain all available patent term extensions, adjustments or restorations, or supplementary protection certificates ("**SPCs**", and together with patent term extensions, adjustments and restorations, "**Patent Term Extensions**"). Pieris shall execute such authorizations and other documents and take such other actions as may be reasonably requested by Genentech to obtain such Patent Term Extensions, including designating Genentech as its agent for such purpose as provided in 35 U.S.C. Section 156. All filings for such Patent Term Extensions shall be made by Genentech (or its Affiliates); provided, that in the event that Genentech elects not to file for a Patent Term Extension, Genentech shall (a) promptly inform Pieris of its intention not to file and (b) grant Pieris the right to file for such Patent Term Extension. Each Party shall execute such authorizations and other documents and take such other actions as may be reasonably requested by the other Party to obtain such extensions. The Parties shall cooperate with each other in gaining patent term restorations,

extensions and/or SPCs wherever applicable to such Patent Rights. Notwithstanding the forgoing, [***]. For clarity, [***].

14.13 Inventorship; Exclusive Dispute Resolution Process

Inventorship shall, to the extent legally permitted, be determined according to the US patent law. In the event of a dispute between the Parties over inventorship of Binder IP, Selected Binder IP, Non-Selected-Binder IP, or Pieris Platform Improvement IP, the Parties shall, notwithstanding anything to the contrary in Article 21.2, refer such dispute to a mutually acceptable independent outside patent counsel to determine inventorship and shall use all reasonable efforts to do so in an efficient and expedient manner. The Parties agree that the decision rendered by such independent outside patent counsel shall be the sole, exclusive and binding resolution and remedy between them regarding such dispute, and the Parties shall share equally the fees and expenses of the independent outside patent counsel in resolving such dispute.

15. Representations and Warranties

15.1 Third Party Patent Rights

As of the Effective Date, Pieris has no knowledge of the existence of any patent or patent application owned by or licensed to any Third Party that could prevent Genentech from making, having made, using, offering for sale, selling or importing Selected Binders and Collaboration Products in the Territory.

15.2 Ownership of Patent Rights

Pieris is the exclusive owner of all right, title and interest in, or is the exclusive licensee, with the right to sublicense in the Field and in the Territory of, the Patent Rights related to Pieris Background IP.

15.3 Inventors

Pieris warrants that, for Patent Rights owned by Pieris and its Affiliates, the inventors of the Inventions disclosed and/or claimed in Pieris Background IP have transferred to Pieris full ownership of the patent rights and know-how licensed under this Agreement.

15.4 Grants

Pieris has the lawful right to grant Genentech and its Affiliates the rights and licenses described in this Agreement.

15.5 Authorization

The execution, delivery and performance of this Agreement by either Party and all instruments and documents to be delivered by a Party hereunder: (i) are within the corporate power of such Party; (ii) have been duly authorized by all necessary or proper corporate action; (iii) are not in contravention of any provision of the certificate of formation or limited liability company agreement of such Party; (iv) to the knowledge of such Party, will not violate any law or regulation or any order or decree of any court of governmental instrumentality; (v) will not violate the terms of any indenture, mortgage, deed of trust, lease, agreement, or other instrument to which such Party is a party or by which such Party or any of its property is bound, which violation would have an adverse effect on the financial condition of such Party or on the ability of such Party to perform its

obligations hereunder; and (vi) do not require any filing or registration with, or the consent or approval of, any governmental body, agency, authority or any other person, which has not been made or obtained previously (other than approvals required under the HSR Act, Regulatory Approvals required for the sale of Collaboration Products and filings with Regulatory Authorities required in connection with Collaboration Products).

15.6 Validity of Patent Rights

As of the Effective Date, to the best of Pieris' knowledge, Pieris is not in possession of information that could render invalid and/or unenforceable any claims that are in any of the Patent Rights related to Pieris Background IP. Pieris has no knowledge of any inventorship disputes concerning any Patent Rights related to Pieris Background IP.

15.7 Control and Validity of Know-How

Each Party represents with respect to its own Know-How that the Know-How of that Party is Controlled by such Party and has not been misappropriated from any Third Party. The Parties have taken reasonable measures to protect the confidentiality of its Know-How.

15.8 No Claims

There are no claims or investigations, pending or threatened against Pieris or any of its Affiliates, at law or in equity, or before or by any governmental authority relating to the matters contemplated under this Agreement and that would materially adversely affect Pieris' ability to perform its obligations hereunder.

15.9 No Conflict

Neither Party nor any of their respective Affiliates is or will be under any obligation to any person, contractual or otherwise, that is conflicting with the terms of this Agreement or that would impede the fulfillment of their respective obligations hereunder.

15.10 No Other Representations

EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, THE FOREGOING REPRESENTATIONS AND WARRANTIES ARE IN LIEU OF ALL OTHER REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF PRODUCTS, VALIDITY AND ENFORCEABILITY OF ANY PATENT RIGHT LICENSED HEREUNDER, AND NON-INFRINGEMENT OF ANY PRODUCT.

16. Indemnification

16.1 Indemnification by Genentech

Genentech shall indemnify, hold harmless and defend Pieris and its Affiliates, directors, officers, employees and agents ("**Pieris Indemnified Parties**") from and against any and all losses, expenses, cost of defense (including without limitation attorneys' fees, witness fees, damages, judgments, fines and amounts paid in settlement) and any amounts Pieris becomes legally obligated to pay because of any claim or claims against Peiris Indemnified Parties to the extent that such claim or claims arise out of activities conducted by or on behalf of Genentech under this

Agreement, except to the extent such losses, expenses, costs and amounts are due to the gross negligence or willful misconduct or failure to act of the Pieris Indemnified Parties.

16.2 Indemnification by Pieris

Pieris shall indemnify, hold harmless and defend Genentech and its Affiliates, directors, officers, employees and agents ("**Genentech Indemnified Parties**") from and against any and all losses, expenses, cost of defense (including without limitation attorneys' fees, witness fees, damages, judgments, fines and amounts paid in settlement) and any amounts Genentech becomes legally obligated to pay because of any claim or claims against Genentech Indemnified Parties to the extent that such claim or claims arise out of activities conducted by or on behalf of Pieris under this Agreement, except to the extent such losses, expenses, costs and amounts are due to the gross negligence or willful misconduct or failure to act of the Genentech Indemnified Parties.

16.3 Procedure

In the event of a claim by a Third Party against a Party entitled to indemnification under this Agreement ("**Indemnified Party**"), the Indemnified Party shall promptly notify the other Party ("**Indemnifying Party**") in writing of the claim and the Indemnifying Party shall undertake and solely manage and control, at its sole expense, the defense of the claim and its settlement. The Indemnified Party shall cooperate with the Indemnifying Party and may, at its option and expense, be represented in any such action or proceeding by counsel of its choice. The Indemnifying Party shall not be liable for any litigation costs or expenses incurred by the Indemnified Party without the Indemnifying Party's written consent. The Indemnifying Party shall not settle any such claim unless such settlement fully and unconditionally releases the Indemnified Party from all liability relating thereto, unless the Indemnified Party otherwise agrees in writing.

17. Liability

17.1 Limitation of Liability

Subject to Article 4, neither Party shall be liable to the other Party as a result of failure or delay to develop and/or commercialize the Collaboration Product(s), as applicable, including but not limited to, a) a delay in timelines, or b) delay or failure to recruit patients, or c) a change in its respective study protocols, or d) failure of the other Party to obtain regulatory approval for the Collaboration Product(s), as applicable.

17.2 Disclaimer

THE FOREGOING REPRESENTATIONS AND WARRANTIES ARE IN LIEU OF ALL OTHER REPRESENTATIONS AND WARRANTIES NOT EXPRESSLY SET FORTH HEREIN. PIERIS AND GENENTECH DISCLAIM ALL OTHER WARRANTIES, WHETHER EXPRESS OR IMPLIED, WITH RESPECT TO EACH OF THEIR RESEARCH, DEVELOPMENT AND COMMERCIALIZATION EFFORTS HEREUNDER, INCLUDING, WITHOUT LIMITATION, WHETHER THE PRODUCTS CAN BE SUCCESSFULLY DEVELOPED OR MARKETED, THE ACCURACY, PERFORMANCE, UTILITY, RELIABILITY, TECHNOLOGICAL OR COMMERCIAL VALUE, COMPREHENSIVENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WHATSOEVER OF THE PRODUCTS. IN NO EVENT SHALL EITHER PIERIS OR GENENTECH BE LIABLE FOR SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

DAMAGES ARISING OUT OF THIS AGREEMENT BASED ON CONTRACT, TORT OR ANY OTHER LEGAL THEORY.

17.3 Insurance

17.3.1 Insurance Coverage

Subject to Section 17.3.3, each Party shall obtain and maintain comprehensive general liability insurance customary in the industry for companies of similar size conducting similar business, and in any case sufficient to cover its obligations.

17.3.2 Evidence of Insurance

Within [***] days of the Effective Date, each Party shall provide the other Party with its certificate of insurance evidencing the insurance coverage set forth Section 17.3.1. Each Party shall provide to the other Party at least [***] days prior written notice of any cancellation, non-renewal or material change in any of such insurance coverage.

17.3.3 Election to Self-Insure

In the event that either Party is an entity which, together with its Affiliates, has worldwide revenues from pharmaceutical sales in excess of [***] Dollars (($[***]) per year, the obligations set forth in Section 17.3.1 and Section 17.3.2 above shall not apply with respect to such Party, if such Party notifies the other Party in writing that it elects to provide coverage through a commercially reasonable program of self-insurance; provided, however, that the obligations set forth in Section 17.3.1 and Section 17.3.2 above shall resume with respect to such Party and its Affiliates, or successor-in-interest and its Affiliates, if such program of self-insurance is terminated or discontinued for any reason.

18. Obligation Not to Disclose Confidential Information

18.1 Non-Use and Non-Disclosure

During the Agreement Term and for [***] years thereafter, a Receiving Party shall (i) treat Confidential Information provided by Disclosing Party as it would treat its own information of a similar nature, (ii) take all reasonable precautions not to disclose such Confidential Information to Third Parties, without the Disclosing Party's prior written consent, and (iii) not use such Confidential Information other than for fulfilling its obligations under this Agreement.

18.2 Permitted Disclosure

Notwithstanding the obligation of non-use and non-disclosure set forth in Section 18.1, the Parties recognize the need for certain exceptions to this obligation, specifically set forth below, with respect to press releases, patent rights, publications, and certain commercial considerations.

18.3 Press Releases

The Parties may issue a press release announcing the existence and selected key terms of this Agreement, as attached as Appendix 18.3.

Genentech shall issue press releases in accordance with its internal policy that typically does not issue a second press release until proof of concept has been achieved for a Collaboration Product.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Until the end of the applicable Target Term, Genentech shall provide Pieris with a copy of any draft press release related to the Agreement at least [***] weeks prior to its intended publication for Pieris' review. Pieris may provide Genentech with suggested modification to the draft press release. Genentech shall consider Pieris' timely suggestions in issuing its press release. After the end of the applicable Target Term, Genentech shall use reasonable efforts to provide Pieris with a copy of any draft press release related to the applicable Collaboration Product reasonably in advance of its intended publication.

Pieris shall only issue press release related to the activities contemplated by this Agreement that (i) have either been approved by Genentech in writing (such approval not to be unreasonably withheld), or (ii) are required to be issued by Pieris as a matter of law and Pieris has received competent legal advice to that effect. In all circumstances, Pieris shall provide Genentech with a draft press release at least [***] weeks prior to its intended publication for Genentech's review. During such period, Genentech shall (a) approve the draft press release and permit Pieris to issue the press release, (b) contact Pieris to discuss modification to the draft press release, or (c) contact Pieris and disapprove the press release. If Genentech asks for modification, then Pieris shall either make such modification or work with Genentech to arrive at a press release that Genentech approves. If Pieris issues a press release without Genentech's approval, then Pieris must obtain competent legal advice that the release was required to be issued by Pieris as a matter of law.

18.4 Publications

During the Agreement Term, the following restrictions shall apply with respect to disclosure by any Party of the other Party's Confidential Information relating to the Collaboration Product in any publication or presentation:

a) Both Parties acknowledge that it is their policy for the studies and results thereof to be registered and published in accordance with their internal guidelines. Genentech, in accordance with its internal policies and procedures, shall have the right to publish all studies, clinical trials and results thereof on the clinical trial registries that are maintained by or on behalf of Genentech.

b) A Party ("**Publishing Party**") shall provide the other Party with a copy of any proposed publication or presentation at least [***] days prior to submission for publication so as to provide such other Party with an opportunity to recommend any changes it reasonably believes are necessary to continue to maintain the Confidential Information disclosed by the other Party to the Publishing Party in accordance with the requirements of this Agreement. The incorporation of such recommended changes shall not be unreasonably refused; and if such other Party notifies ("**Publishing Notice**") the Publishing Party in writing, within [***] days after receipt of the copy of the proposed publication or presentation, that such publication or presentation in its reasonable judgment (i) contains an invention, solely or jointly conceived and/or reduced to practice by the other Party, for which the other Party reasonably desires to obtain patent protection or (ii) could be expected to have a material adverse effect on the commercial value of any Confidential Information disclosed by the other Party to the Publishing Party, the Publishing Party shall prevent such publication or delay such publication for a mutually agreeable period of time. In the case of inventions, a delay shall be for a period reasonably sufficient to permit the timely preparation and filing of a

patent application(s) on such invention, and in no event less than [***] days from the date of the Publishing Notice.

18.5 Commercial Considerations

(a) Nothing in this Agreement shall prevent Genentech or its Affiliates from disclosing Confidential Information of Pieris to (i) governmental agencies to the extent required or desirable to secure government approval for the development, manufacture or sale of Collaboration Product(s) in the Territory, (ii) Third Parties acting on behalf of Genentech, to the extent reasonably necessary for the development, manufacture or sale of Collaboration Product(s) in the Territory, or (iii) Third Parties to the extent reasonably necessary to market the Collaboration Product in the Territory, provided that for disclosures according to (ii) or (iii) of this Section, such Third Parties will be subject to the same confidentiality obligations as Genentech has hereunder.

(b) Nothing in this Agreement shall prevent Pieris or its Affiliates from disclosing (1) Confidential Information of Genentech to (i) governmental agencies to the extent required or desirable to secure government approval for the development, manufacture or sale of Collaboration Product(s) in the Territory as provided for in Section 19.3.4, (ii) Third Parties acting on behalf of Pieris, to the extent reasonably necessary for (A) Pieris to perform its activities and obligations under the Research Plan, or (B) the development, manufacture or sale of Collaboration Product(s) in the Territory as provided for in Section 19.3.4, or (iii) Third Parties to the extent reasonably necessary to market the Collaboration Product in the Territory as provided for in Section 19.3.4, or (2) to a Third Party the terms of this Agreement as part of confidential due diligence carried out by such Third Party in connection with a potential Change of Control of Pieris; provided that for disclosures according to (1) (ii) and (iii) or (2) of this Section, such Third Parties will be subject to the same confidentiality obligations as Pieris has hereunder.

(c) The Receiving Party may disclose Confidential Information of the Disclosing Party to the extent that such Confidential Information is required to be disclosed by the Receiving Party to comply with Applicable Law, to defend or prosecute litigation or to comply with governmental regulations, including without limitation any regulations of the SEC, provided that the Receiving Party provides prior written notice of such disclosure to the Disclosing Party and, to the extent practicable, takes reasonable and lawful actions to minimize the degree of such disclosure.

19. Term and Termination

19.1 Commencement and Term

This Agreement shall commence upon the Effective Date and continue for the Agreement Term.

19.2 Termination

19.2.1 Termination for Breach

A Party ("**Non-Breaching Party**") shall have the right to terminate this Agreement in its entirety, on a country-by-country basis, Collaboration Product-by-Collaboration Product basis in the event the other Party ("**Breaching Party**") is in breach of any of its material obligations under this Agreement. The Non-Breaching Party shall provide written notice to the Breaching Party, which

notice shall identify the breach and the countries in which the Non-Breaching Party intends to have this Agreement terminate. The Breaching Party shall have a period of [***] days after such written notice is provided ("**Peremptory Notice Period**") to cure such breach. If the Breaching Party has a dispute as to whether such breach occurred or has been cured, it will so notify the Non-Breaching Party, and the expiration of the Peremptory Notice Period shall be tolled until such dispute is resolved pursuant to Section 21.2. Upon a determination of breach or failure to cure, the Breaching Party may have the remainder of the Peremptory Notice Period to cure such breach. If such breach is not cured within the Peremptory Notice Period, then absent withdrawal of the Non-Breaching Party's request for termination, this Agreement shall terminate in such countries effective as of the expiration of the Peremptory Notice Period.

19.2.2 Insolvency

A Party shall have the right to terminate this Agreement, if the other Party incurs an Insolvency Event; provided, however, in the case of any involuntary bankruptcy proceeding, such right to terminate shall only become effective if the Party that incurs the Insolvency Event consents to the involuntary bankruptcy or such proceeding is not dismissed within [***] days after the filing thereof.

19.2.3 Effects of Change of Control

If there is a Change of Control, then the Party experiencing such Change of Control ("**Acquired Party**") shall provide written notice to the other Party ("**Non-Acquired Party**") promptly after completion of such Change of Control.

The Change of Control Group in connection with such Change of Control shall agree in writing with the Non-Acquired Party that it will not utilize any of the Non-Acquired Party's Know-How, Patent Rights, Inventions, or Confidential Information (collectively, "**Sensitive Information**") for the research, development or commercialization of any product for the treatment of any indication or patient population for which a Collaboration Product may be developed or commercialized.

Following consummation of the Change of Control, the Non-Acquired Party and the Change of Control Group shall adopt in writing reasonable procedures to prevent the disclosure of Sensitive Information beyond the Acquired Party's personnel who need to know the Sensitive Information solely for the purpose of fulfilling the Acquired Party's obligations under this Agreement. The Non-Acquired Party may restrict the Acquired Party's participation in the JRC and any other committee in effect at the time of the Change of Control, and decisions of the JRC and other such committees shall be made by Genentech.

If there is a Change of Control of Pieris involving a company that develops or commercializes biopharmaceutical products (for clarity, generally for itself and not typically on a contract basis for other companies), then, upon Genentech's written request or notice, (i) Pieris will immediately cease all activity and transfer to Genentech all data developed by Pieris, and (ii) the JRC may be disbanded at Genentech's discretion. For clarity, all licenses granted by Pieris to Genentech shall remain in effect subject to the payment and diligence obligations under this Agreement.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

19.2.4 Voluntary Termination by Genentech

19.2.4.1 Termination Without a Cause

After [***] from the Effective Date, Genentech shall have the right to terminate this Agreement at any time as a whole, or on a Collaboration Product-by-Collaboration Product and country-by-country basis upon [***] prior written notice before First Commercial Sale of a Collaboration Product or upon [***] days prior written notice after the First Commercial Sale of a Collaboration Product.

19.2.4.2 Effective Date of Termination

The effective date of termination under this Section 19.2.4 shall be the date [***] days (or [***] days as the case may be) after Genentech provides such written notice to Pieris.

19.3 Consequences of Termination

19.3.1 Termination by Pieris for Breach by Genentech or Insolvency of Genentech

Upon any termination by Pieris for breach by Genentech under Section 19.2.1 or Genentech insolvency under section 19.2.2, the rights and licenses granted by Pieris to Genentech under this Agreement shall terminate in their entirety or on a country-by-country, Collaboration Target-by-Collaboration Target basis and Collaboration Product-by-Collaboration Product basis, as applicable, on the effective date of termination, and all licenses granted by Genentech to Pieris under Section 2.4 shall remain in effect.

19.3.2 Termination by Genentech for Breach by Pieris or Pieris' Insolvency

Upon any termination by Genentech for breach by Pieris or Pieris' Insolvency, Genentech and its Affiliates may upon notice retain all rights and licenses granted to Genentech by Pieris under this Agreement; provided that after the effective date of termination the amounts of such payments and royalties that otherwise would have become due and payable shall continue to be due and payable to Pieris or its successor in interest (as applicable).

19.3.3 Voluntary Termination by Genentech

Upon any voluntary termination by Genentech, the rights and licenses granted by Pieris to Genentech under this Agreement shall terminate in their entirety or on a country-by-country, and Collaboration Product-by Collaboration Product basis, as applicable, on the effective date of termination, and all licenses granted by Genentech to Pieris under Section 2.4 shall remain in effect.

19.3.4 Termination Prior to Target Term

In case of termination of this Agreement (or a Collaboration Target) for any reason prior to end of the Target Term for such Collaboration Target, [***].

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

19.3.5 Continuation Election Notice

In the case of termination by [***] for breach by [***], for [***] or in case of [***], in each case after the end of [***].

19.3.6 Direct License

Irrespective of anything to the contrary in this Agreement, any existing, permitted sublicense granted by Genentech under Section 2.3 of this Agreement (and any further sublicenses thereunder) shall, upon the written request of Genentech, remain in full force and effect, provided that (i) such Sublicensee is not then in breach of its sublicense agreement (and, in the case of termination by Pieris for breach by Genentech, that such Sublicensee and any further sublicensees did not cause the breach that gave rise to the termination by Pieris); and (ii) such Sublicensee agrees to be bound to Pieris under the terms and conditions of such sublicense agreement, provided that the payments due to Pieris by such Sublicensee under such sublicense agreement are no less than the payments that would have been due to Pieris by Genentech under this Agreement.

19.3.7 Other Activities

19.3.7.1 Ongoing Activities

If Pieris does not provide timely Continuation Election Notice (Section 19.3.4), then Genentech (a) shall have the right to cancel all ongoing activities and (b) shall complete all non-cancellable activities at its own expense.

If Pieris provides such timely [***], then [***].

After the effective date of [***], [***].

19.3.7.2 Royalty and Payment Obligations

Termination of this Agreement by a Party, for any reason, shall not release Genentech from any obligation to pay royalties or make any payments to Pieris that are due and payable prior to the effective date of termination.

19.4 Survival

Section 11.2 (Late Payment), Article 13 (Auditing), Article 14 (Intellectual Property), Article 16 (Indemnification), Article 18 (Obligation Not to Disclose Confidential Information), Article 19 (Term and Termination), Section 21.1 (Governing Law), Section 21.2 (Disputes), Section 21.13 (Notice) and all definitions used in such Articles and Sections shall survive any expiration or termination of this Agreement for any reason.

20. Bankruptcy

All licenses (and to the extent applicable rights) granted under or pursuant to this Agreement by Pieris to Genentech are, and shall otherwise be deemed to be, for purposes of Section 365(n) of Title 11, US Code (the "**Bankruptcy Code**") licenses of rights to "intellectual property" as defined

under Section 101(60) of the Bankruptcy Code. Unless Genentech elects to terminate this Agreement, the Parties agree that Genentech, as a licensee or sublicensee of such rights under this Agreement, shall retain and may fully exercise all of its rights and elections under the Bankruptcy Code, subject to the continued performance of its obligations under this Agreement.

21. Miscellaneous

21.1 Governing Law

This Agreement shall be governed by, construed and interpreted in accordance with the laws of New York, without reference to its conflict of laws principles, and shall not be governed by the United Nations Convention of International Contracts on the Sale of Goods (the Vienna Convention).

21.2 Disputes

(a) Unless otherwise set forth in this Agreement, in the event of any dispute in connection with this Agreement, such dispute shall first be referred to the Alliance Director of each Party, which shall attempt to resolve such dispute within [***] days of referral, and if a resolution fails, then such dispute shall be referred to the respective executive officers of the Parties designated below or their designees, for good faith negotiations attempting to resolve the dispute. The designated executive officers are as follows:

For Pieris:	CEO
For Genentech:	VP, Genentech

(b) Should the Parties fail to agree within [***] days after such dispute has been referred to the Parties' designated executive officers, then either Party shall be entitled to request resolution of the dispute through arbitration, which shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three (3) arbitrators appointed in accordance with said rules. The place of arbitration shall be New York, US. The language to be used in the arbitration proceeding shall be English.

21.3 HSR

As Genentech may exercise its right to nominate up to [***] Subsequent Target(s) as set forth in Section 3.1.3, if needed each Party shall (i) cooperate with the other Party in the preparation, execution and filing of all documents that that may be required pursuant to HSR or any other Applicable Law, and (ii) observe all applicable waiting periods before such nomination is deemed to have occurred, however for clarity Genentech will be deemed to have timely exercised such nomination right if Genentech provides that nomination notice prior to expiration of the nomination period. Each Party shall bear its own costs (including counsel or other expert fees) with respect to preparing, executing and filing such documents. Subject to the terms and conditions of this Agreement, each Party shall use all reasonable efforts to take, or cause to be taken, all reasonable actions and to do, or cause to be done, all things necessary and appropriate to consummate the nomination of the Subsequent Target(s).

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

21.4 Assignment

Neither Party shall have the right to assign the present Agreement or any part thereof to any Third Party other than Affiliates without the prior written approval of the other Party which shall not unreasonably be withheld, provided however, if a Party is acquired or is to be acquired by a third party by merger, acquisition, or the sale of substantially all of the assets of the division of such Party to which the subject matter of this Agreement relates, then such Party may effect such an assignment or transfer to such acquiring Third Party without the consent of the other Party.

21.5 Debarment

Each Party represents and warrants that it has never been debarred or otherwise sanctioned by the FDA, or a corresponding regulatory authority. Neither Party has been debarred under 21 U.S.C. §335a, disqualified under 21 C.F.R. §312.70 or §812.119, sanctioned by a Federal Health Care Program (as defined in 42 U.S.C §1320 a-7b(f)), including without limitation the federal Medicare or a state Medicaid program, or debarred, suspended, excluded or otherwise declared ineligible from any other similar Federal or state agency or program. In the event either Party receives notice of debarment, suspension, sanction, exclusion, ineligibility or disqualification under the above-referenced statutes, such Party shall immediately notify the other Party in writing and such other Party shall have the right, but not the obligation, to terminate this Agreement, effective, at such Party's option, immediately or at a specified future date.

21.6 Independent Contractor

No employee or representative of either Party shall have any authority to bind or obligate the other Party to this Agreement for any sum or in any manner whatsoever or to create or impose any contractual or other liability on the other Party without said Party's prior written approval. For all purposes, and notwithstanding any other provision of this Agreement to the contrary, Pieris' legal relationship to Genentech under this Agreement shall be that of independent contractor.

21.7 Unenforceable Provisions and Severability

If any of the provisions of this Agreement are held to be void or unenforceable, then such void or unenforceable provisions shall be replaced by valid and enforceable provisions that will achieve as far as possible the economic business intentions of the Parties. However the remainder of this Agreement will remain in full force and effect, provided that the material interests of the Parties are not affected, i.e. the Parties would presumably have concluded this Agreement without the unenforceable provisions.

21.8 Waiver

The failure by either Party to require strict performance and/or observance of any obligation, term, provision or condition under this Agreement will neither constitute a waiver thereof nor affect in any way the right of the respective Party to require such performance and/or observance. The waiver by either Party of a breach of any obligation, term, provision or condition hereunder shall not constitute a waiver of any subsequent breach thereof or of any other obligation, term, provision or condition.

21.9 Appendices

All Appendices to this Agreement shall form an integral part to this Agreement.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

21.10 Entire Understanding
This Agreement contains the entire understanding between the Parties hereto with respect to the within subject matter and supersedes any and all prior agreements, understandings and arrangements, whether written or oral.

21.11 Amendments
No amendments of the terms and conditions of this Agreement shall be binding upon either Party hereto unless in writing and signed by both Parties.

21.12 Invoices
All invoices that are required or permitted hereunder shall be in writing and sent by Pieris to Genentech at the following address or other address as Genentech may later provide:

Genentech USA
PO Box 4354
Portland, OR 97208-4354
Attn: (name of a Genentech contact at time of invoice, e.g. the Alliance Director)

and **via email** to the Alliance Director with a copy to [***].

21.13 Notice
All notices that are required or permitted hereunder shall be in writing and sufficient if delivered personally, sent by facsimile (and promptly confirmed by personal delivery, registered or certified mail or overnight courier), sent by nationally recognized overnight courier or sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

if to Pieris, to:	Pieris Pharmaceuticals GmbH Zeppelinstraße 385399 Hallbergmoos Germany Attn: [***] Email: [***]
and:	Pieris Pharmaceuticals, Inc. 255 State Street, 9th floor Boston, MA 02109 U.S.A Attn: [***] Email: [***]
If to Genentech, to:	Genentech, Inc. 1 DNA Way South San Francisco, California 94080 U.S.A.

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Attn. [***]
Facsimile No.: +1 650 467-9146

with a copy to: Genentech, Inc.
1 DNA Way
South San Francisco, California 94080
U.S.A.
Attn. [***]
Facsimile No.: +1 650 467-3294

or to such other address as the Party to whom notice is to be given may have furnished to the other Party in writing in accordance herewith.

[Signature Page Follows]

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the Effective Date.

Pieris Pharmaceuticals GmbH

/s/ Stephen Yoder

Name: Stephen Yoder

Title: Managing Director

Pieris Pharmaceuticals, Inc.

/s/ Stephen Yoder

Name: Stephen Yoder

Title: President & CEO

Genentech, Inc.

/s/ Edward Harrington

Name: Edward Harrington

Title: CFO

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

CONFIDENTIAL

Appendix 1.84

Initial Targets

[***]

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Appendix 1.66

Pieris Background IP

[***]

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Appendix 1.68

Pieris Platform Background IP

[***]

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Appendix 1.78 (A)

Research Plan for NOTCH2

[***]

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Appendix 1.78 (B)

Research Plan for C3

[***]

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Appendix B

Target Candidate Profile (C3)

[***]

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Appendix 3.1.21.84

Reserved targets

[***]

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Appendix 18.3

Press Release

PRESS RELEASE

Pieris Pharmaceuticals Announces Respiratory and Ophthalmology Collaboration with Genentech

- **Pieris will receive $20 million as an upfront payment and is eligible to receive more than $1.4 billion in additional potential milestone payments plus royalties for commercialized programs**

- **Collaboration includes initial programs in respiratory disease and ophthalmology, with opportunity to nominate additional programs**

BOSTON, MA, May XX, 2021 - ***Pieris Pharmaceuticals, Inc. (NASDAQ: PIRS)***, a clinical-stage biotechnology company advancing novel biotherapeutics through its proprietary Anticalin® technology platform for respiratory diseases, cancer, and other indications, today announced it has entered into a multi-program research collaboration and license agreement with Genentech, a member of the Roche Group, to discover, develop and commercialize locally delivered respiratory and ophthalmology therapies that leverage Pieris' proprietary Anticalin® technology.

The research collaboration will enable Pieris to combine its robust discovery engine with Genentech's target as well as preclinical and clinical development expertise to create novel therapies for the treatment of respiratory and ophthalmological diseases. These two focus areas of the collaboration are uniquely suited to the advantages offered by the small size of Anticalin proteins when delivered locally.

"We look forward to working closely with Genentech on the development of new inhaled and ophthalmological treatments based on the Anticalin platform. This collaboration further expands our partnered efforts in respiratory diseases and opens a new avenue for our Anticalin technology to potentially provide patient benefit through local biological effects. This is our second respiratory alliance with a major biopharma company, and we remain deeply committed to inhaled biologics, which have already shown benefit in the clinic. We also look forward to pursuing another local application of our technology in ophthalmology, where Genentech has extensive capabilities," said Stephen S. Yoder, President and Chief Executive Officer of Pieris.

"Genentech has a longstanding commitment to understanding the underlying biology of respiratory and ocular diseases and translating this expertise into treatments for patients," said James Sabry, M.D., Ph.D., Global Head of Pharma Partnering, Roche. "We are excited to partner with Pieris Pharmaceuticals to advance potential new therapies that we hope could make a significant difference in the lives of people who need them."

[Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit have been omitted by means of marking such portions with asterisks as the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.]

Under the terms of the agreement, Pieris will receive $20 million as an upfront payment and may be eligible to receive more than $1.4 billion in additional milestone payments across multiple programs, as well as tiered royalties for commercialized programs. Pieris will be responsible for discovery research and early preclinical development of the programs, and Genentech will be responsible for IND-enabling activities, clinical development, and commercialization of those programs. Genentech will also have the option to select additional targets in return for an option exercise fee. The collaboration does not include any of Pieris' internal programs.

***About Pieris Pharmaceuticals**:*

Pieris is a clinical-stage biotechnology company that discovers and develops Anticalin protein-based drugs to target validated disease pathways in a unique and transformative way. Our pipeline includes inhalable Anticalin proteins to treat respiratory diseases and immuno-oncology multi-specifics tailored for the tumor microenvironment. Proprietary to Pieris, Anticalin proteins are a novel class of therapeutics validated in the clinic and by partnerships with leading pharmaceutical companies, including AstraZeneca, Seagen, and Servier. Anticalin® is a registered trademark of Pieris. For more information, visit www.pieris.com.

***Pieris Forward Looking Statements**:*

This press release contains forward-looking statements as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Statements in this press release that are not purely historical are forward-looking statements. Such forward-looking statements include, among other things, whether the combination of cinrebafusp alfa with other therapies could address a high medical need in HER2 gastric cancer patients who do not respond to traditional HER2-targeted therapies; whether the effects of the combination of cinrebafusp alfa with other therapies seen in preclinical studies will be observed in clinical trials; whether data from patients enrolled to date will be sufficient to inform the recommended phase 2 dose for the Company's planned proof of concept study of cinrebafusp alfa in gastric cancer; the expected timing and potential outcomes of the reporting by the Company of key clinical data from its programs, references to novel technologies and methods and our business and product development plans, including the Company's cash resources, the advancement of our proprietary and co-development programs into and through the clinic and the expected timing for reporting data, making IND filings or achieving other milestones related to our programs, including PRS-060/AZD1402, cinrebafusp alfa, PRS-344, and PRS-352 and the expected timing of the initiation of the next stage of cinrebafusp alfa's development in gastric cancer. Actual results could differ from those projected in any forward-looking statements due to numerous factors. Such factors include, among others, our ability to raise the additional funding we will need to continue to pursue our business and product development plans; the inherent uncertainties associated with developing new products or technologies and operating as a development stage company; our ability to develop, complete clinical trials for, obtain approvals for and commercialize any of our product candidates, including our ability to recruit and enroll patients in our studies; our ability to address the requests of the U.S. Food and Drug Administration; competition in the industry in which we operate; delays or disruptions due to COVID-19; and market conditions. These forward-looking statements are made as of the date of this press release, and we assume no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those projected in the forward-looking statements, except as required by law. Investors should consult all of the information set forth

herein and should also refer to the risk factor disclosure set forth in the reports and other documents we file with the Securities and Exchange Commission available at www.sec.gov, including without limitation the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 and the Company's Quarterly Reports on Form 10-Q.

Investor Relations Contact:

Pieris Pharmaceuticals, Inc.

Maria Kelman

Executive Director, Investor Relations

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Exhibit 31.1

CERTIFICATIONS UNDER
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Stephen S. Yoder, certify that:

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

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

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

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

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

b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 5, 2021

/s/ Stephen S. Yoder

Stephen S. Yoder
Title: Chief Executive Officer and President (principal executive officer)

Exhibit 31.2

CERTIFICATIONS UNDER
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Thomas Bures, certify that:

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

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

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

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

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

b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 5, 2021

/s/ Thomas Bures

Thomas Bures

Title: Vice President, Finance and Treasurer (principal financial officer and principal accounting officer)

Exhibit 32.1

CERTIFICATIONS UNDER SECTION 906

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Pieris Pharmaceuticals, Inc. (the "Company") hereby certifies, to his knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2021 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 5, 2021

/s/ Stephen S. Yoder

Stephen S. Yoder

Title: Chief Executive Officer and President
(principal executive officer)

Exhibit 32.2

CERTIFICATIONS UNDER SECTION 906

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Pieris Pharmaceuticals, Inc. (the "Company") hereby certifies, to his knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2021 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 5, 2021

/s/ Thomas Bures

Thomas Bures

Title: Vice President, Finance and Treasurer
(principal financial officer and principal accounting officer)