Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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, 2017

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	
(Address of principal executive offices)	**02109 (Zip Code)**

857-246-8998
(Registrant's telephone number, including area code)

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

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

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

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

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

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

The number of outstanding shares of the registrant's common stock, par value $0.001 per share, as of August 8, 2017 was 44,308,775.

Table of Contents

PIERIS PHARMACEUTICALS, INC.
FORM 10-Q — QUARTERLY REPORT
FOR THE QUARTERLY PERIOD ENDED June 30, 2017
TABLE OF CONTENTS

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 Report 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 most of our operations is 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 other comprehensive income.

Where in this Report 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 of 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. $1.142270 based on www.oanda.com as of June 30, 2017.

Forward Looking Statements

This section and other parts of 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 (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that involve risks and uncertainties, principally in the section entitled "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," "ongoing," "could," "estimates," "expects," "intends," "may," "appears," "future," "likely," "plans," "potential," "projects," "predicts," "should," "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, 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; 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; and regulatory developments in the United States and foreign countries.

You should not place undue reliance on any forward-looking statement, 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 year ended December 31, 2016 filed on March 30, 2017, 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.

Table of Contents

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash	$ 50,325,193	$ 29,355,528
Accounts receivable	48,470,309	57,582
Prepaid expenses and other current assets	3,947,997	3,259,503
Total current assets	102,743,499	32,672,613
Property and equipment, net	3,085,063	2,264,477
Other non-current assets	128,211	125,741
Total assets	$ 105,956,773	$ 35,062,831
Liabilities and Stockholders´ Equity		
Current liabilities:		
Accounts payable	$ 4,646,270	$ 2,386,183
Accrued expenses and other current liabilities	6,350,841	3,719,457
Deferred revenues, current portion	24,798,649	2,274,514
Total current liabilities	35,795,760	8,380,154
Deferred revenue, net of current portion	60,784,291	1,409,483
Other long-term liabilities	42,862	46,667
Total liabilities	96,622,913	9,836,304
Stockholders' equity:		
Preferred stock, $0.001 par value per share, 4,963 shares authorized and 4,963 and 4,963 issued and outstanding at June 30, 2017 and December 31, 2016	5	5
Common stock, $0.001 par value per share, 300,000,000 shares authorized and 43,840,909 and 43,058,827 issued and outstanding at June 30, 2017 and December 31, 2016	43,841	43,059
Additional paid-in capital	132,125,992	129,349,768
Accumulated other comprehensive loss	(2,092,523)	(1,501,452)
Accumulated deficit	(120,743,455)	(102,664,853)
Total stockholders' equity	9,333,860	25,226,527
Total liabilities and stockholders' equity	$ 105,956,773	$ 35,062,831

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

Table of Contents

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Revenue	$ 1,852,858	$ 1,072,862	$ 3,196,158	$ 2,319,506
Operating expenses				
Research and development	5,395,724	4,500,097	10,755,680	8,159,532
General and administrative	4,348,579	2,368,217	8,337,459	4,336,100
Total operating expenses	9,744,303	6,868,314	19,093,139	12,495,632
Loss from operations	(7,891,445)	(5,795,452)	(15,896,981)	(10,176,126)
Interest income, net	67	—	167	—
Other (expense)/income, net	(1,379,779)	(87,801)	(1,368,077)	131,819
Loss before income taxes	(9,271,157)	(5,883,253)	(17,264,891)	(10,044,307)
Income tax expenses	813,710	—	813,710	—
Net Loss	$(10,084,867)	$ (5,883,253)	$(18,078,601)	$(10,044,307)
Net loss per share				
Basic and diluted	$ (0.23)	$ (0.14)	$ (0.42)	$ (0.25)
Weighted average number of shares outstanding				
Basic and diluted	43,407,712	40,862,608	43,236,701	40,347,816

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Net loss	$(10,084,867)	$(5,883,253)	$(18,078,601)	$(10,044,307)
Other comprehensive (loss)/income components:				
Foreign currency translation	(641,905)	106,212	(591,071)	(53,200)
Total other comprehensive (loss)/income	(641,905)	106,212	(591,071)	(53,200)
Comprehensive loss	$(10,726,772)	$(5,777,041)	$(18,669,672)	$(10,097,507)

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six months ended June 30,	
	2017	2016
Operating activities:		
Net loss	$(18,078,601)	$(10,044,307)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	213,378	82,757
Stock-based compensation	1,312,070	980,228
Disposal of fixed assets	23,462	—
Changes in operating assets and liabilities:		
Accounts receivable	(46,485,468)	—
Prepaid expenses and other assets	(441,051)	(1,144,900)
Deferred revenue	78,386,937	5,111,418
Accounts payable	1,986,896	350,542
Accrued expenses and other current liabilities	2,332,924	580,908
Net cash provided by (used in) operating activities	19,250,547	(4,083,354)
Investing activities:		
Purchase of property and equipment	(853,110)	(124,608)
Proceeds from sale of property and equipment	10,698	—
Net cash used in investing activities	(842,412)	(124,608)
Financing activities:		
Proceeds from exercise of options	177,950	—
Proceeds from exercise of warrants	1,286,986	
Issuance of common and preferred stock, net of issuance costs	—	15,280,672
Net cash used in financing activities	1,464,936	15,280,672
Effect of exchange rate change on cash and cash equivalents	1,096,594	(47,401)
Net increase in cash and cash equivalents	20,969,665	11,025,309
Cash and cash equivalents at beginning of year	29,355,528	29,349,124
Cash and cash equivalents at end of year	$ 50,325,193	$ 40,374,433
Supplemental cash flow disclosures:		
Property and equipment included in accounts payable	$ 19,337	$ 207,068

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Interim Consolidated Financial Statements

The accompanying unaudited interim condensed consolidated financial statements of Pieris Pharmaceuticals, Inc. ("Pieris" or the "Company") were prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information. All significant intercompany balances and transactions have been eliminated in the consolidation. Certain information and footnotes normally included in financial statement prepared in accordance with U.S. GAAP have been omitted pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, the statements do not include all of the information and notes required by U.S. GAAP for complete annual consolidated financial statements. It is recommended that these financial statements be read in conjunction with the consolidated financial statements and related footnotes that appear in the Annual Report on Form 10-K of the Company for the year ended December 31, 2016 filed with the SEC on March 30, 2017 (the "2016 Annual Report").

In the opinion of management, the unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited condensed consolidated financial statements for the year ending December 31, 2016, and all adjustments, including normal recurring adjustments, considered necessary for the fair presentation of the Company's unaudited interim consolidated financial statements have been included. The results of operations, for the three and six months ended June 30, 2017, are not necessarily indicative of the results that may be expected for the year ending December 31, 2017 or any future period.

Use of estimates

The preparation of the condensed consolidated financial statements in accordance with U.S. GAAP requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues, and expenses in the financial statements and disclosures in the accompanying notes. Significant estimates are used for, but are not limited to, revenue recognition, deferred tax assets, liabilities and valuation allowances, fair value of stock options 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.

2. Critical Accounting Policies

Research and development expenses

Research and development expenses are charged to the condensed consolidated statement of operations as incurred. Research and development expenses are comprised of costs incurred in performing research and development activities, including salaries and benefits, facilities costs, pre-clinical and clinical costs, contract services, consulting, depreciation and amortization expense, and other related costs. Costs associated with acquired technology, in the form of upfront fees or milestone payments, are charged to research and development expense as incurred.

Revenue Recognition

Pieris has entered into several licensing and development agreements with collaboration partners for the development of Anticalin® therapeutics against a variety of targets in diseases and conditions. The terms of these agreements contain multiple elements and deliverables, which may include: (i) licenses, or options to obtain licenses, to Pieris' Anticalin technology and (ii) research activities to be performed on behalf of the collaborative partner. Payments to Pieris, under these agreements, may include upfront fees (which include license and option fees), payments for research 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. Pieris follows the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 605-25, *Revenue Recognition—Multiple-Element Arrangements ("605-25")* and ASC Topic 605-28, *Revenue Recognition—Milestone Method ("605-28")* in accounting for these agreements.

Multiple-Element Arrangements

When evaluating multiple-element arrangements, Pieris identifies the deliverables included within the agreement and evaluates which deliverables represent separate units of accounting based on whether the delivered element has stand-alone value to the customer or if the arrangement includes a general right of return for delivered items.

The consideration received is allocated among the separate units of accounting using the relative selling price method, and the applicable revenue recognition criteria are applied to each of the separate units of accounting. Pieris has used best estimate of selling price ("BESP") methodology to estimate the selling price for licenses and options to acquire additional licenses to its proprietary

technology because Pieris does not have vendor specific objective evidence ("VSOE") or third party evidence ("TPE") of selling price for these deliverables. To determine the estimated selling price of a license to its proprietary technology, Pieris considers market conditions as well as entity-specific factors, including those factors contemplated in negotiating the agreements, terms of previous collaborative agreements, similar agreements entered into by third parties, market opportunity, estimated development costs, probability of success, and the time needed to commercialize a product candidate pursuant to the license. In validating Pieris' best estimate of selling price, Pieris evaluates whether changes in the key assumptions used to determine the BESP will have a significant effect on the allocation of arrangement consideration among multiple deliverables.

Multiple element arrangements, such as license and development arrangements, are analyzed to determine whether the deliverables, which often include licenses and performance obligations such as research and development services and steering committee services, can be separated or whether they must be accounted for as a combined unit of accounting in accordance with U.S. GAAP. The Company recognizes the arrangement consideration allocated to licenses as revenue upon delivery of the license only if the license has stand-alone value. If the license is considered not to have stand-alone value, the license would then be combined with other undelivered elements into a combined unit of accounting and the license payments and payments for performance obligations would be recognized as revenue when the revenue recognition criteria have been satisfied for the last deliverable within the unit of accounting. In the case of combined units of accounting that include delivered licenses and undelivered services to be provided over time, revenue would be recognized over the estimated period during which services will be provided.

If the Company is involved in a steering committee as part of a multiple element arrangement, the Company assesses whether its involvement constitutes a performance obligation or a right to participate. Steering committee services that are determined to be performance obligations, are combined with other research services or performance obligations required under an arrangement, if any, in determining the level of effort required in an arrangement and the period over which the Company expects to complete its aggregate performance obligations.

The Company recognizes arrangement consideration allocated to each unit of accounting when all of the revenue recognition criteria in ASC 605-25 are satisfied for that particular unit of accounting. For each unit of accounting, the Company must determine the period over which the performance obligations will be performed and revenue will be recognized. Revenue will be recognized using either a proportional performance or straight-line method. The Company recognizes revenue using the proportional performance method provided the Company can reasonably estimate the level of effort required to complete its performance obligations under an arrangement and such performance obligations are provided on a best-effort basis. Full-time equivalents are typically used as the measure of performance.

If the Company cannot reasonably estimate when its performance obligation either ceases or becomes inconsequential and perfunctory, then revenue is deferred until the Company can reasonably estimate when the performance obligation ceases or becomes inconsequential.

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.

The accounting treatment for options granted to collaborators is dependent upon the nature of the option granted to the collaborative partner. Options are considered substantive if, at the inception of an agreement, Pieris is at risk as to whether the collaborative partner will choose to exercise the options to secure additional goods or services. Factors that are considered in evaluating whether options are substantive include the overall objective of the arrangement, the benefit the collaborator might obtain from the agreement without exercising the options, the cost to exercise the options relative to the total upfront consideration, and the additional financial commitments or economic penalties imposed on the collaborator as a result of exercising the options.

In arrangements where options to obtain additional deliverables are considered substantive, Pieris determines whether the optional licenses are priced at a significant and incremental discount. If the prices include a significant and incremental discount, the option is considered a deliverable in the arrangement. However, if not priced at a discount, the option is not considered a deliverable in the arrangement. When a collaborator exercises an option to acquire an additional license, the exercise fee that is attributed to the additional license and any incremental discount allocated at inception are recognized in a manner consistent with the treatment of up-front payments for licenses (*i.e.*, license and research services). In the event an option expires un-exercised, any incremental discounts deferred at the inception of the arrangement are recognized into revenue upon expiration. For options that are non-substantive, the additional licenses to which the options pertain are considered deliverables upon inception of the arrangement, and Pieris applies the multiple-element revenue recognition criteria to determine accounting treatment.

Payments or reimbursements resulting from Pieris' research and development efforts in multi-element arrangements, in which Pieris' research and development efforts are considered to be a deliverable, are included in allocable consideration and allocated to the units of accounting. These reimbursements are recognized as the services are performed and are presented on a gross basis so long as there

is persuasive evidence of an arrangement, the fee is fixed or determinable, and collection of the related receivable is reasonably

assured. Revenue recognized cannot exceed the amount that has been earned and has been billed or is currently billable. Amounts received prior to satisfying the above revenue recognition criteria are recorded as deferred revenue in the accompanying balance sheets.

Milestone Payments and Royalties

At the inception of each agreement that includes milestone payments, Pieris evaluates whether each milestone is substantive and at risk to both parties on the basis of the contingent nature of the milestone. This evaluation includes an assessment of whether: (a) the consideration is commensurate with either (1) the entity's performance to achieve the milestone, or (2) the enhancement of the value of the delivered item(s) as a result of a specific outcome resulting from the entity's performance to achieve the milestone, (b) the consideration relates solely to past performance and (c) the consideration is reasonable relative to all of the deliverables and payment terms within the arrangement. Pieris evaluates factors such as the scientific, regulatory, commercial and other risks that must be overcome to achieve the respective milestone, the level of effort and investment required to achieve the respective milestone and whether the milestone consideration is reasonable relative to all deliverables and payment terms in the arrangement in making this assessment.

Pieris 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.

For revenues from research, development, and commercial milestone payments, if the milestones are deemed substantive and the milestone payments are nonrefundable, such amounts are recognized entirely upon successful accomplishment of the milestones, assuming all other revenue recognition criteria are met. Milestones that are not considered substantive are accounted for as contingent revenue and will be recognized when achieved to the extent the Company has no remaining performance obligations under the arrangement. Revenues from sales milestone payments are accounted for as royalties and are recorded as revenue upon achievement of the milestone, assuming all other revenue recognition criteria are met. Royalty payments are recognized in revenues based on the timing of royalty payments earned in accordance with the agreements, which typically is the period when the relevant sales occur, assuming all other revenue recognition criteria are met.

3. Revenues

General

Pieris has not generated revenues from product sales to date. Pieris has generated revenues from: (i) license and collaboration agreements, which include upfront payments for licenses or options to obtain licenses, payments for research and development services and milestone payments and (ii) government grants.

F.Hoffmann-La Roche Ltd. and Hoffmann- La Roche Inc.

In December 2015, the Company entered into a Research Collaboration and License Agreement (the "Roche Agreement") with F.Hoffmann- La Roche Ltd. and Hoffmann- La Roche Inc., ("Roche"), for the research, development, and commercialization of Anticalin®-based drug candidates against a predefined, undisclosed target in cancer immune therapy. The parties are jointly pursuing a preclinical research program with respect to the identification and generation of Anticalin proteins that bind to a specific target. Roche has the ability to continue certain exclusivity rights for up to an additional 5 years following the end of the research program. Both Roche and the Company will participate in a joint research committee in connection with this agreement. Following the research program, Roche will be responsible for subsequent pre-clinical and clinical development of any product developed through the research plan and will have worldwide commercialization rights to any such product.

Under an amendment to the Roche Agreement entered effective May 31, 2017, the initial period for the research program extends until January 1, 2018 and Roche has the option to extend this period until up to August 31, 2018.

Roche has paid $6.5 million of an upfront payment for the research collaboration. Additionally, Roche will pay Pieris for research services provided by Pieris in conjunction with the research program. Roche will also pay Pieris certain development and sales milestones as they are achieved.

Pieris recorded $0.8 million and $1.8 million in revenue, respectively, for the three months ended June 30, 2017 and the six months ended June, 30, 2017, related to the recognition of the upfront payment associated with the portion of the research collaboration as well as the value of research services provided by Pieris in connection with the ongoing research program. For the three months ended June 30, 2016 and the six months ended June 30, 2016, Pieris recorded $1.1 million and $2.3 million in revenue, related to the recognition of the upfront payment associated with the research collaboration. As of June 30, 2017, and June 30, 2016, deferred revenue, related to Roche collaboration, is $2.7 million and $5.1 million, respectively.

The Company identified the research and commercial licenses, performance of R&D services, and participation in the joint research committee as deliverables under the Roche Agreement. For revenue recognition purposes, management determined there are two units of accounting at inception of the agreement representing (i) the research and commercial licenses and the performance of R&D services, and (ii) the participation in the joint research committee. The consideration received has been allocated to the units of accounting and will be recognized on a proportional performance basis as the activities are conducted over the life of the arrangement.

In addition to the upfront payment, related to the Roche Agreement, the Company is eligible to receive research, development, and sales milestone payments up to approximately $424.6 million, plus royalties on future sales of any commercial products. The total potential milestones are categorized as follows: development milestones—$295.5 million; and sales milestones of $125.3 million. Management has determined that the development milestones are not substantive as they do not relate solely to past performance of the Company and the Company's involvement in the achievement is limited to progress reports and other updates. Non-substantive milestones will be recognized when achieved to the extent the Company has no remaining performance obligations under the arrangement.

Les Laboratoires Servier and Institut de Recherches Internationales Servier

On January 4, 2017, Pieris entered into a License and Collaboration Agreement ("Servier Collaboration Agreement"), and Non-Exclusive Anticalin Platform Technology Agreement (the "License Agreement" and together with the Servier Collaboration Agreement, the "Servier Agreements") with Les Laboratoires Servier and Institut de Recherches Internationales Servier (collectively "Servier") pursuant to which Pieris and Servier will initially pursue five bispecific therapeutic programs, led by the PRS-332 program (the "Lead Product"), a PD-1-targeting bispecific checkpoint inhibitor. Pieris and Servier will jointly develop PRS-332 and split commercial rights geographically, with Pieris retaining all commercial rights in the United States and Servier having commercial rights in the rest of the world. Each party is responsible for an agreed upon percentage of shared costs, as set forth in the budget for the joint development plan, and as further discussed below.

Four additional committed programs have been defined, which may combine antibodies from the Servier portfolio with one or more Anticalin proteins based on Pieris' proprietary platform to generate innovative immuno-oncology bispecific drug candidates ("Collaboration Products"). The collaboration may be expanded by up to three additional therapeutic programs. Pieris has the option to co-develop and retain commercial rights in the United States for up to three programs beyond PRS-332 ("Co-Development Collaboration Products"), while Servier will be responsible for development and commercialization of the other programs worldwide ("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 further discussed below.

Co-Development Collaboration Products may be jointly developed, according to a collaboration plan, through marketing approval from the U.S. Food and Drug Administration ("FDA") or European Medicines Agency ("EMA"). 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 Lead Product, (ii) commercial license for the Lead Product, (iii) individual research licenses for each of the four Collaboration Products, and (iv) individual non-exclusive platform technology licenses for each of the Lead Product and four Collaboration Products. Upon achievement of certain development activities, specified by the collaboration for each Servier Collaboration Agreement, Servier will be granted a development license and a commercial license. For the Lead Product and 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 will be managed on an overall basis by a joint executive committee ("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 Collaboration Agreement requires the participation of both parties on: (i) a Joint Steering Committee ("JSC"), (ii) a Joint Development Committee ("JDC"), (iii) a Joint Intellectual Property Committee ("JIPC"), and (iv) a Joint Research Committee ("JRC"). The responsibilities of these committees vary, depending on the stage of development and commercialization of the Lead Product and each of the Collaboration Products.

For the Lead Product and Co-Development Collaboration Products, Pieris and Servier are responsible for an agreed upon percent of the shared costs required to develop the products through commercialization. In the event that Pieris fails to exercise their option to co-develop the Co-Development Collaboration Products, and Servier has the right to continue with development alone.

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. The total potential milestones are categorized as follows: research, development, and commercial milestones – up to € 569.0 million; and sales milestones – up to € 515.0 million. In addition, Pieris will be entitled to receive tiered royalties up to low double digits on the sales of commercialized products in the Servier territories.

The initial research collaboration term, as it relates to the Lead Product and Collaboration Products, shall continue for three years from the effective date, and may be mutually extended for two one-year terms consecutively applied. The term of the Servier Agreements ends upon the expiration of all Servier's payment obligations under the respective Agreement

The term of the Servier Agreement ends upon the expiration of all of Servier's payment obligations under such Servier Collaboration Agreement. The Servier Collaboration Agreements may be terminated by Servier for convenience beginning 12 months after their effective date upon 180 days' notice. The Servier Collaboration Agreements may also be terminated by Servier or Pieris for material breach upon 90 days' or 120 days' notice of a material breach, with respect to the Servier Collaboration Agreement and License Agreement, 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 Collaboration Agreement have been followed. The Servier Collaboration 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 License Agreement will terminate upon termination of the Servier Collaboration Agreement, on a product-by-product and/or country-by-country basis.

The Company accounted for the Servier Agreements as a multiple element arrangement under ASC 605-25. The arrangement with Servier contains the following initial deliverables: (i) five non-exclusive platform technology licenses, (ii) development license for the Lead Product, (iii) commercial license for the Lead Product, (iv) research and development services for the Lead Product, (v) participation on each of the committees, (vi) four research licenses for Collaboration Products, and (vii) research and development services for the Collaboration Products. Additionally, as the development and commercial licenses on the four Collaboration Products may be granted at discount in the future, the Company determined such discounts be included as an element of the arrangement at inception.

Management considered whether any of the deliverables could be considered separate units of accounting. The Company determined the licenses granted, at arrangement inception, did not have standalone value from the research and development services to be provided for the Lead Product and Collaboration Products, over the term of the Servier Agreements, due to the specific nature of the intellectual property and knowledge required to perform the research and development services. The Company determined that the participation on the various committees did have standalone value from the delivered licenses as the services could be performed by an outside party.

As a result, management concluded there are ten units of accounting at inception of the agreement: (i) combined unit of accounting representing a non-exclusive platform technology license, commercial license, development license and research and development services for the Lead Product, (ii) four units of accounting each representing a combined non-exclusive platform technology license, research license, and research and development services for each Collaboration Product (iii) one unit of accounting representing the participation of the various governance committees, and (iv) four units of accounting representing the discounts on the development and commercial licenses granted for the Collaboration Products upon the achievement of specified preclinical activities.

The Company determined that neither VSOE nor TPE is available for any of the units of accounting identified at arrangement inception. Accordingly, the selling price of each unit of accounting was developed using BESP. The Company developed its best estimate of selling price 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 BESP for committee participation by using management's best estimate of the anticipated participation hours multiplied by a market rate for comparable participants.

The Company developed the BESP for the discounts granted on the licenses by probability weighting multiple cash flow scenarios using the income approach.

Allocable arrangement consideration at inception is comprised of the upfront fee of € 30.0 million (approximately $32.0 million) and was allocated among the separate units of accounting using the relative selling price method.

The amounts allocated to the combined unit of accounting for the Lead Product and four units of accounting for the four 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 agreement for the Lead Product and each of the Co-Developed Collaboration Products may be through approval of certain regulatory bodies; a period which could be many years. The term of the performance at inception of the agreement for each of the other two Servier Worldwide Collaboration Products is approximately two to three years. The amounts allocated to the participation on each of the committees will be recognized ratably over the anticipated performance period over the entirety of the arrangement with Servier. The amounts allocated to the discounts of the development and commercial licenses granted in the future will be recognized upon delivery of each of the licenses assuming no other performance obligations.

Additionally, the Company evaluated payments required to be made between both parties as a result of the shared development costs of the Lead Product and Co-Development 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. Management determined certain research development and commercial milestones, which may be received under the Servier Agreements, are substantive when the Company is involved in the development and commercialization of the applicable product. Payments related to the achievement of such milestones, if any, will be recognized as revenue when the milestone is achieved. Total potential substantive research, development and commercial milestones are up to € 163.0 million. Research, development, and commercial milestones are deemed non-substantive if they are based solely on the performance of another party. Non-substantive milestones will be treated as contingent revenue and will be recognized when achieved, to the extent the Company has no remaining performance obligations under the arrangement. Milestone payments earned upon the achievement of sales events will be recognized when earned.

The Company will recognize royalty revenue in the period of sale for the related product(s), based on the underlying contract terms, provided that the reported sales are reliably measurable and the Company has no remaining performance obligations, assuming all other revenue recognition criteria are met.

Pieris recorded $0.4 million and $0.7 million in revenue, respectively, for the three months ended June 30, 2017 and the six months ended June 30, 2017, respectively, with respect to the Servier Agreements which includes recognition of the upfront payment received and reimbursement for research and development expenses. No revenue was recorded during the three and six months ended June 30, 2016. As of June 30, 2017, there is $3.5 million and $30.1 million of deferred revenue and non-current deferred revenue, respectively, related to the Company's collaboration with Servier.

ASKA Pharmaceutical Co. Ltd.

On February 27, 2017 the Company entered into an Exclusive Option Agreement (the "ASKA Agreement") with ASKA Pharmaceutical Co., Ltd. ("ASKA") to grant ASKA an option to acquire (1) a non-exclusive license to certain intellectual property rights associated with the Pieris' Anticalin platform ("Licensed Platform IP") and (2) an exclusive license to certain intellectual property rights specifically related to Pieris' PRS-080 Anticalin protein ("Licensed Product IP") in order to develop, manufacture, import, sale, export, and offer for sale and export any pharmaceutical formulation containing PRS-080, the Company's pegylated Anticalin protein targeting hepcidin ("Licensed Product") in Japan and certain other Asian territories ("Licensed Territory").

ASKA has paid $2.75 million of an upfront option payment. Pieris is obliged to use commercially reasonable efforts to complete the Phase IIa Study for PRS-080 and to submit to ASKA, in writing, the final results of the study when available. Upon receipt, ASKA will have 60 days to evaluate the results of the Phase IIa Study ("Evaluation Period"). ASKA agreed to notify Pieris, in writing, of its decision to exercise its option to acquire rights to the Licensed Product. In consideration of the licenses granted as part of the Agreement, ASKA will pay an additional license fee. If the Phase IIa Study meets the applicable success criteria and ASKA fails to provide notification that it will exercise its option, ASKA shall pay the Company an additional fee within thirty days of the end of the Evaluation Period (the "Break-Up Fee"). If ASKA exercises the option, ASKA and the Company will enter into a separate definitive arrangement governing the future development and commercialization activities.

Pieris has an obligation to use all reasonable commercial efforts to complete the Phase IIa Study for the Licensed Product and to submit to ASKA, in writing, the final results of the Phase IIa study. The completed Phase IIa Study represents a deliverable under the arrangement. As the arrangement only contains one deliverable, there is only one unit of accounting to be considered at the inception of the contract. The total allocable arrangement consideration at inception is $2.75 million and this is allocated to the single unit of accounting. The Company noted that while the completion of the Phase IIa trial requires the completion of a number of actions, the finalization of the data and evaluation of results is of such significance that the value of the Phase IIa study results is realized at this point. As a result, the Company will recognize revenue for this unit of accounting upon delivery of the Phase IIa Study Results to ASKA. Therefore, no revenue in connection with this arrangement was recognized for the three and six months ended June 30, 2017. As of June 30, 2017, there is $2.93 million of non-current deferred revenue related to the Company's option agreement with ASKA.

AstraZeneca AB

On May 2, 2017, Pieris entered into a License and Collaboration Agreement ("AstraZeneca Collaboration Agreement"), and a Non-Exclusive Anticalin Platform Technology License Agreement (the "License Agreement" and together with the AstraZeneca Collaboration Agreement, the "AstraZeneca Agreements") with AstraZeneca AB ("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 (the "AstraZeneca Lead Product"), Pieris and AstraZeneca will also collaborate to progress four additional novel Anticalin proteins against undisclosed targets for respiratory diseases (the "AstraZeneca Collaboration Products" and together with the AstraZeneca Lead Product, the "AstraZeneca Products"). Pieris will be responsible for advancing the AstraZeneca Lead Product into the Phase I trial, with the associated costs funded by AstraZeneca. The parties will collaborate thereafter to conduct a Phase IIa clinical trial in asthma patients, with AstraZeneca continuing to fund development costs. After completion of the Phase IIa trial, Pieris has the option to co-develop the Lead Product and also has the option to co-commercialize the AstraZeneca Lead Product in the United States. For the four AstraZeneca Collaboration Products, Pieris will be responsible for the initial discovery of the novel Anticalin proteins, after which AstraZeneca will take the lead on continued development. Pieris has the option to co-develop two of these four AstraZeneca Collaboration Products beginning at a pre-defined 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 the AstraZeneca Agreement ends upon the expiration of all of AstraZeneca's payment obligations under such AstraZeneca 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 Pieris has obtained marketing approval for the marketing and sale of a product, 180 days' notice. Each program may be terminated at AstraZeneca's option; if any program is terminated by AstraZeneca, Pieris will have full rights to such program. The AstraZeneca Collaboration Agreement may also be terminated by AstraZeneca or Pieris 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 applicable AstraZeneca 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 the agreement if the other party challenges the validity of patents related to certain intellectual property licensed under the AstraZeneca Agreement, subject to certain exceptions for infringement suits, acquisitions and newly-acquired licenses. The License Agreement 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 ("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 that AstraZeneca Agreement, as well as requires participation of both parties on: (i) a Joint Development Committee and (ii) 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 million. In addition, the Company will receive payments to conduct a Phase I trial for the Lead Product. The Company is also eligible to receive research, development, commercial, sales milestone payments, and royalty payments. The total potential milestones are categorized as follows: research, development, and commercial milestones – up to $1.1 billion; and sales milestones – up to $1.0 billion. 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 dependent on Pieris' level of committed investment.

The Company accounted for the AstraZeneca Agreements, as a multiple element arrangement under ASC 605-25. The arrangement with AstraZeneca contains the following initial deliverables: (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, (v) research services related to the AstraZeneca Lead Product, (vi) participation on each of the committees, (vii) four research licenses for the AstraZeneca Collaboration Products, (viii) four development licenses for the AstraZeneca Collaboration Products (ix) four commercial licenses for the AstraZeneca Collaboration Products, and (x) research services for the AstraZeneca Collaboration Products.

Management considered whether any of the deliverables could be considered separate units of accounting. The Company determined that the licenses granted for the AstraZeneca Lead Product at the inception of the arrangement did not have standalone value from the research services related to the Lead Product and the licenses granted for the AstraZeneca Collaboration Products did not have standalone value from the research services for the AstraZeneca Collaboration Products, due to the specific nature of the intellectual property and knowledge required to perform the services. The Company determined that the licenses granted at the inception of the arrangement did have standalone value from the development and manufacturing services for the AstraZeneca Lead Product and also determined that the participation on the various committees had standalone value as the development and manufacturing services and committee service could be performed by an outside party.

As a result, management concluded that there were seven units of accounting at the inception of the AstraZeneca Agreements: (i) combined unit of accounting representing a non-exclusive platform technology license, research and development license, and commercial licenses for the Lead Product and research services for the AstraZeneca Lead Product, (ii) development and manufacturing services for the AstraZeneca Lead Product, (iii) committee participation, (iv-vii) four units of accounting representing a combined non-exclusive platform technology license, research, development and commercial licenses, and research services for each AstraZeneca Collaboration Product.

The Company determined that neither VSOE nor TPE is available for any of the units of accounting identified at the inception of the arrangement. Accordingly, the selling price of each unit of accounting was developed using management's BESP. The Company developed the BESP 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 the BESP for development and manufacturing services for the AstraZeneca Lead Product using estimated internal and external costs to be incurred.

The Company developed the BESP for committee participation by using management's best estimate of the anticipated participation hours multiplied by a market rate for comparable participants.

Allocable arrangement consideration at inception is comprised of the upfront fee of $45.0 million and the estimated development and manufacturing services to be reimbursed by AstraZeneca for the Lead Product of $8.2 million. The aggregate allocable consideration of $53.2 million is allocated among the separate units of accounting using the relative selling price method.

The amounts allocated to the combined unit of accounting for the AstraZeneca Lead Product will be recognized on a proportional performance basis as the activities are conducted over the life of the arrangement. The amounts allocated to the development and manufacturing services for the Lead Product will be recognized on a proportional performance basis over the estimated term of development through Phase IIa trial. The amounts allocated to the 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 at the inception of the arrangement is approximately five years. The amounts allocated to the combined units of accounting for the Astra Zeneca Collaboration Product will be recognized upon delivery of each individual development license, assuming all other revenue recognition criteria have been met.

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 Pieris 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. Management determined certain of the research, development, and commercial milestones that may be received under the AstraZeneca Agreements are substantive when the Company is involved in the development and commercialization of the applicable AstraZeneca Products. Payment related to achievement of such milestones, if any, will be recognized as revenue when the milestone is achieved. Total potential substantive development milestones range from $72.2 million to $611.4 million, dependent on the Company's decision, on a product-by-product basis, whether to co-develop the AstraZeneca Lead Product and AstraZeneca Collaboration Products. Research, development, and commercial, and sales milestones are deemed non-substantive if they are based solely on the performance of another party. Non-substantive milestones will be treated as contingent revenue and will be recognized when achieved to the extent the Company has no

remaining performance obligations under the arrangement. Total potential non-substantive research, development, and commercial milestones range from $366.2 million to $1.0 billion. The Company may receive lower research, development, and commercial, milestones if the Company chooses to co-develop the Lead Product and/or AstraZeneca Collaboration Products, depending on the level of co-development investment. Total potential sales milestones are up to $1.0 billion and will be recognized when earned, assuming all other revenue recognition revenue criteria have been met.

The Company will recognize royalty and gross margin share revenue in the period of sale of the related AstraZeneca Product, based on the underlying contract terms, provided that the reported sales are reliably measurable and the Company has no remaining performance obligations, assuming all other revenue recognition criteria are met.

Pieris recorded $0.6 million in revenue for the three and six months ended June 30, 2017, with respect to the AstraZeneca Agreements, which includes recognition of the upfront payment received and reimbursement for Phase I trial costs. As of June 30, 2017, there is $19 million and $27.4 million of deferred revenue and non-current deferred revenue, respectively, related to the AstraZeneca Agreements.

4. Income taxes

During the three months ended June 30, 2017 and the six months ended June 30, 2017 the Company recorded income tax expenses of $0.8 million and $0.8 million, respectively, representing an effective tax rate of (4.71%). The income tax expense is related the Company´s Australian jurisdiction, net of loss carryforwards resulting from taxable income from the AstraZeneca Agreements.

5. Net Loss per Share

Basic net loss per share was determined by dividing net loss by the weighted average shares outstanding during the period. Diluted net loss per share was determined by dividing net loss by diluted weighted average shares outstanding. Diluted weighted average shares reflect the dilutive effect, if any, of common stock options based on the treasury stock method.

For all financial statement periods presented the number of basic and diluted weighted average shares outstanding remained the same as an increase in the number of shares of common stock equivalents for the periods presented would be antidilutive.

For the six months ended June 30, 2017 and 2016, approximately 3.6 million and 5.9 million weighted average shares, subject to stock options and warrants, respectively, as calculated using the treasury stock method, were excluded from the calculation of diluted weighted average shares outstanding as their effect was antidilutive.

6. Fair Value Measurement

ASC Topic 820 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date. Pieris applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

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.

For the periods presented, in these interim financial statements, Pieris has no cash equivalents and debt instruments as of each balance sheet date presented.

All other current assets and current liabilities on our consolidated balance sheets approximate their respective carrying amounts.

7. Accrued expenses

The Company has recorded the following accrued expenses as of June 30, 2017 and December 31, 2016, respectively:

	June 30, 2017	December 31, 2016
Accrued expenses		
Accrued professional fees	$3,093,303	$ 867,969
Accrued compensation expense	1,123,913	1,198,448
Accrued research and development fees	843,830	1,040,321
Accrued taxes	899,651	—
Accrued audit and tax fees	218,264	454,931
Accrued other	171,880	157,788
Total accrued expenses	$6,350,841	$ 3,719,457

8. Stock-based compensation

2014 Stock Plan

Pieris granted 88,853 and 1,157,734 options to employees, consultants, and directors under its 2014 employee, director, and consultant equity incentive plan, (the "2014 Plan") during the three months ended six months ended June 30, 2016, respectively. The 2014 Plan was terminated on June 28, 2016 when the Company adopted its 2016 employee, director and consultant equity incentive plan, (the "2016 Plan"). Therefore, no options were granted for the three and six months ended June 30, 2017 under the 2014 Plan.

2016 Stock Plan

In June 2016, the Company adopted the 2016 Plan which provides for the grant of stock options, restricted and unrestricted stock awards, and other stock-based awards to employees of the Company, non-employee directors of the Company, and certain other consultants performing services for the Company as designated by the Compensation Committee of the Board of Directors or the Board of Directors. The vesting periods of equity incentives issued under the 2016 Plan are determined by the Compensation Committee of the Company's Board of Directors, with stock options generally vesting over a four-year period.

The Company granted 118,367 and 1,258,755 options to employees and directors under the 2016 Plan during the three months ended June 30, 2017 and the six months ended June 30, 2017, respectively. No options were granted under the 2016 Plan during the same periods or 2016. As of June 30, 2017, there were 2,094,670 shares available for future grant under the 2016 Plan. The shares available for future grant under the 2016 Plan include 217,530 shares which were forfeited under the 2016 Plan and 11,208 shares which were forfeited under the 2014 Plan. These forfeited shares are available for future issuance under the 2016 Plan.

Stock-based compensation expense was $0.6 million and $1.3 million for the three months ended June 30, 2017 and the six months ended June 30, 2017, respectively. For the three months ended June 30, 2016 and the six months ended June 30, 2016, stock based compensation expense was $0.6 million and $1.0 million, respectively.

Total stock-based compensation expense was recorded to operating expenses based upon the functional responsibilities of the individuals holding the respective options as follows:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Research and Development	$ 190,819	$ 175,498	$ 357,430	$301,939
General and administrative	369,059	436,347	954,640	678,290
Total stock-based compensation expense	$ 559,878	$ 611,845	$1,312,070	$980,229

There were an aggregate of 15,000 and 15,000 options exercised under the 2014 Plan during the three months ended June 30, 2017 and the six months ended June 30, 2017, respectively, for which the Company received $30,000 in cash. There were 74,462 and 74,462 options exercised under the 2016 Plan during the three months ended June 30, 2017 and the six months ended June 30, 2017, respectively, for which the Company received $147,950 in cash. No options were exercised during the 2016 periods.

The Company uses the Black-Scholes option pricing model to determine the estimated fair value for stock-based awards. Option-pricing models require the input of various subjective assumptions, including the option's expected life, expected dividend yield, price volatility, risk free interest rate, and forfeitures of the underlying stock. Accordingly, the weighted-average fair value of the options granted was $2.08 and $1.39 for the three months ended June 30, 2017 and the six months ended June 30, 2017. The weighted-average fair value of the options granted was $1.09 and $1.01 for the three months ended June 30, 2016 and the six months ended June 30, 2016.

The calculation was based on the following assumptions:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Dividend yield	0.0%	0.0%	0.0%	0.0%
Expected volatility	75.13% - 78.89%	75.12% - 75.53%	75.09% - 78.89%	75.12% - 76.00%
Weighted average risk-free interest rate	1.87% - 1.99%	1.13% - 1.49%	1.87% - 2.16%	1.13% - 1.61%
Expected term	5.0 - 5.7 years	5.0 - 5.7 years	5.0 - 5.7 years	5.0 - 5.7 years

Option-pricing models require the input of various subjective assumptions, including the option's expected life and the price volatility of the underlying stock. Pieris' estimated expected stock price volatility is based on the average volatilities of other guideline companies in the same industry. Pieris' expected term of options granted during the three and six months ended June 30, 2017 and 2016, respectively was derived using the SEC's simplified method. The risk-free rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

The Company's stock options have a maximum term of ten years from the date of grant. Stock options granted under the 2016 Plan may be either incentive stock options, or nonqualified stock options. The exercise price of stock options granted under the 2016 Plan must be at least equal to the fair market value of the common stock on the date of grant.

9. Common Stock

The Company has authorized 300,000,000 shares of common stock, $0.001 par value, per share, of which 43,840,909 shares were issued and outstanding as of June 30, 2017 and 43,058,827 shares were issued and outstanding as of December 31, 2016.

During the three and six months ended June 30, 2017, the Company issued an aggregate of 89,462 shares of common stock upon exercise of stock options, including stock options to purchase 50,000 shares of common stock exercised through net exercise provisions resulting in the issuance of 19,462 shares of common stock and stock options to purchase 70,000 shares of common stock exercised for cash, providing cash proceeds of $0.2 million.

During the three and six months ended June 30, 2017, the Company issued an aggregate of 692,620 shares of common stock due to warrant exercises. Net exercise of 89,330 warrants resulted in the issuance of 49,127 shares of common stock. Additionally, 643,493 were exercised resulting in cash proceeds of $1.3 million.

10. Private Placement

In June 2016, the Company entered into a securities purchase agreement (the "Securities Purchase Agreement") for a private placement of the Company's securities with a select group of institutional investors (the "2016 PIPE"). The 2016 PIPE sale transaction, by the Company, consisted of 8,188,804 units at a price of $2.015 per unit for gross proceeds, to the Company, of approximately $16.5 million. After deducting for placement agent fees and offering expenses, the aggregate net proceeds from the private placement was approximately $15.3 million.

As a result of the 2016 PIPE the number of common stock outstanding increased by 3,225,804 shares and the number of Series A Convertible Preferred Stock outstanding increased by 4,963 shares.

11. License and Transfer Agreement

On April 18, 2016, the Company entered into a license and transfer agreement (the "Original Agreement") with Enumeral Biomedical Holdings, Inc. ("Enumeral"), pursuant to which the Company acquired a non-exclusive worldwide license to use specified patent rights and know-how owned by Enumeral to research, develop and market fusion protein. As contemplated by the terms of the Original Agreement, the Company entered into a definitive license and transfer agreement (the "Definitive Agreement") with Enumeral on June 6, 2016, to expand the scope of the Company´s option to license additional antibodies from Enumeral. Under the Definitive Agreement, Enumeral has granted Pieris options to license two additional undisclosed Enumeral antibodies (each, a "Subsequent Option"). The Subsequent Options expired unexercised on May 31, 2017.

Under the terms of the Original Agreement, the Company agreed to pay Enumeral an upfront license fee of $250,000 upon signing in April 2016 and subsequently elected to pay a $750,000 maintenance fee in May 2016. All amounts paid related to the Agreement have been expensed as research and development expense as incurred. The Company incurred $1.0 million in upfront fees for the three and six months ended June 30, 2016. No amounts were incurred for the three and six-month period end June 30, 2017.

12. Liquidity and Going Concern

The Company believes its cash of $50.3 million as of June 30, 2017 and the receipt of $45 million, in July 2017, from AstraZeneca, will be sufficient to fund the Company's current operating plan for at least twelve months from date of filing. The Company may need to raise additional funds in order to execute the current operating plan in the future. There can be no assurance that the Company will be able to obtain future additional debt, equity financing, or generate product revenue or revenues from collaborative partners, on terms acceptable to the Company, on a timely basis or at all. The failure of the Company to obtain sufficient funds on acceptable terms when needed could have a material adverse effect on the Company's business, results of operations, and financial condition.

13. Recent Accounting Pronouncements

Standards not yet adopted

In May 2014, the FASB issued Accounting Standard Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"). Subsequently, the FASB also issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606)* , which adjusted the effective date of ASU 2014-09; ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, which amends the principal-versus-agent implementation guidance and illustrations in ASU 2014-09; ASU No. 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, which clarifies identifying performance obligation and licensing implementation guidance and illustrations in ASU 2014-09; and ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*, which addresses implementation issues and is intended to reduce the cost and complexity of applying the new revenue standard in ASU 2014-09 (collectively, the "Revenue ASUs").

The Revenue ASUs provide an accounting standard for a single comprehensive model for use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The accounting standard is effective for interim and annual periods beginning after December 15, 2017, with an option to early adopt for interim and annual periods beginning after December 15, 2016. The guidance permits two methods of adoption: retrospectively to each prior reporting period presented (the full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the modified retrospective method). We currently anticipate adoption of the new standard effective January 1, 2018 under the modified retrospective method. The Company is in the process of determining the impact of the Revenue Recognition ASUs on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, ASU 2016-02 *Leases (Topic 842)("ASU 2016-02")*. Under the amendments in ASU 2016-02 lessees will be required to recognize (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. This guidance is effective for fiscal years beginning after December 15, 2019 including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the potential impact the adoption of this standard will have on its financial statements and related disclosures. The Company is in the process of determining the impact of the lease ASU with respect to its financial statements.

In May 2017, the FASB issued ASU No. 2017-09, *Compensation – Stock compensation (Topic 718)("ASU 2017-09")*. The amendments in this update provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. The amendments in this ASU 2017-09 are effective for all entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. Early adoption is permitted. The Company is currently evaluating the potential impact the adoption of this standard will have on its financial statements and related disclosures.

Pieris 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.

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, 2016, 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 year ended December 31, 2016, filed with the SEC on March 30, 2017. 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 year ended December 31, 2016.

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 Pocket Binding®. 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.

Company Overview

We are a clinical-stage biopharmaceutical company that discovers and develops Anticalin® protein-based drugs to target validated disease pathways in a unique and transformative way. Our pipeline includes immuno-oncology multi-specifics tailored for the tumor micro-environment, an inhaled Anticalin to treat uncontrolled asthma and a half-life-optimized Anticalin to treat anemia. Proprietary to Pieris, Anticalin proteins are a novel class of low molecular-weight therapeutic proteins derived from lipocalins, which are naturally occurring low-molecular weight human proteins typically found in blood plasma and other bodily fluids.

Each of our development programs focus on the following:

- *300-Series oncology drug candidates* are multispecific Anticalin®-based proteins designed to engage immunomodulatory targets and consist of a variety of multifunctional biotherapeutics that genetically link antibody with one or more Anticalin proteins, thereby constituting a multispecific protein;
    - *PRS-343* our lead immune-oncology program is a 4-1BB/HER2 targeting bispecific, comprised of an anti-HER2- antibody genetically linked to a 4-1BB-targeting Anticalin protein, in which tumor-targeted drug clustering mediated by HER2 expressed on certain solid tumors is intended to drive tumor localized T cell activation for patient unresponsive to current standard of care.
    - *PRS-332* is a bispecific Anticalin-antibody fusion protein comprising an anti-PD-1 antibody genetically fused to an Anticalin protein targeting an undisclosed checkpoint target. In order to improve on existing PD-1 therapies, we are developing PRS-332 with the intent to simultaneously block PD-1 and another immune checkpoint co-expressed on exhausted T cells.
    - In connection with our efforts to develop multispecific Anticalin®-based proteins designed to engage immunomodulatory targets, during the second quarter, the Company entered into a License and Transfer Agreement with Sichuan Kelun-Biotech Biopharmaceutical Co. Ltd. ("Kelun"). Under that Agreement, Kelun has granted to the Company a non-exclusive worldwide license (with the right to sublicense) under certain intellectual property owned or controlled by Kelun to research, develop, manufacture, and commercialize bi- and multi- specific fusion proteins that include a monoclonal antibody developed by Kelun specific for an undisclosed target and one or more Anticalin proteins.
- *PRS-080* is an Anticalin protein that binds to hepcidin, a natural regulator of iron in the blood. PRS-080 has been designed to target hepcidin for the treatment of functional iron deficiency in anemic patients with chronic kidney disease particularly in end-stage renal disease patients requiring dialysis.
- *PRS-060* is an inhaled Anticalin that binds to the IL receptor alpha, thereby inhibiting the signaling of IL-4 and IL-13, two cytokines, small proteins mediating signaling between cells within the human body), known to be key mediators in the inflammatory cascade that causes asthma and other inflammatory diseases.

Our key programs are in varying stages:

- PRS-343—We filed an investigational new drug application ("IND") for our lead immuno-oncology drug candidate, PRS-343, and FDA has accepted that IND. The Company is diligently engaged with its clinical trial sites toward initiation of patient dosing in a Phase I study in HER2-positive solid tumors.
- Other PRS-300 Series—We are conducting activities relating to lead candidate identification, lead candidate optimization, preclinical evaluation, or IND filing preparation on several of our other 300-Series (immuno-oncology) candidate drugs, including the lead product in our collaboration with Servier, PRS-332, and have initiated activities for two of the Servier collaboration programs beyond PRS-332.
- PRS-080—We completed a Phase Ia single-ascending dose clinical trial with PRS-080 in healthy volunteers in 2015. Based on the data we obtained in the Phase I clinical trial, we initiated a Phase Ib clinical study in CKD5 patients requiring hemodialysis. We completed that Phase Ib study and presented the results in June 2017, which reflected that intravenous administration of PRS-080 was both safe and well-tolerated at all doses, and resulted in a profound decrease in free hepcidin within one hour after infusion, followed by robust mobilization of serum iron, with dose-proportional increases in both the level and duration of serum iron concentration and transferrin saturation following treatment. The Company filed separate clinical trial applications ("CTA"s) with the German and Czech Republic regulatory authorities to conduct a multi-dose Phase IIa trial for PRS-080 in FID anemia patients in a randomized placebo-controlled trial at doses up to 8 mg per kg body weight. Pending timely regulatory approvals, the Company intends to initiate enrollment of patients for this study in the third quarter of this year. ASKA has the option, following completion of this trial, to obtain an exclusive license to develop and commercialize PRS-080 in Japan, South Korea and certain other Asian markets (excluding China).
- PRS-060— In collaboration with AstraZeneca, Pieris plans, as trial sponsor, to initiate and dose healthy subjects in the fourth quarter of 2017 in a single ascending dose trial followed by a multi-ascending dose trial under a clinical trial notification to the Therapeutic Goods Administration in Australia. The dosing of the first subject will trigger a milestone payment of $12.5 million by AstraZeneca to Pieris.

Our core Anticalin® technology and platform was developed in Germany, and we have partnership arrangements with major multi-national pharmaceutical companies headquartered in the U.S., Europe and Japan and with regional pharmaceutical companies headquartered in India. These include existing agreements with Daiichi Sankyo, and Sanofi, pursuant to which our Anticalin platform has consistently achieved its development milestones. Furthermore, we established a collaboration with Roche in December 2015, a collaboration with Servier in January 2017, and a collaboration with AstraZeneca in May 2017. We have discovery and preclinical collaboration and service agreements with both academic institutions and private firms in Australia.

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 months ended June 30, 2017 and the six months ended June 30, 2017 we reported a net loss of $10.1 million and $18.1 million, respectively. For the three months ended June 30, 2016 and the six months ended June 30, 2016 we reported a net loss of $5.9 million and $10.0 million, respectively. As of June 30, 2017, we have an accumulated deficit of $120.7 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 at least the next several years. Our revenues for the periods presented were primarily 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. 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 average rate during the period. Equity transactions are translated using historical exchange rates. Adjustments resulting from translating foreign currency financial statements into U.S. dollars are included in accumulated other comprehensive loss. We may incur negative foreign currency translation changes as a result of changes in currency exchange rates.

Financial Operations Overview

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 AstraZeneca, Servier, Roche and Daiichi Sankyo.

The revenues from our collaborations historically have been comprised primarily of upfront payments, research and development services and, to a lesser extent, milestone payments. We recognized revenues from upfront payments under these agreements in accordance with multiple-element arrangement guidance as we have determined that the delivered licenses to which the payments related did not have standalone value from the other elements of the arrangement. Research service revenue is recognized when the costs are incurred and the services have been performed. For revenues from research, development, commercial, and sales milestone payments, if the milestones are deemed substantive and the milestone payments are nonrefundable, such amounts are recognized entirely upon successful accomplishment of the milestones, assuming all other revenue recognition criteria are met. Milestones that are not considered substantive are accounted for as contingent revenue and will be recognized when achieved to the extent the Company has no remaining performance obligations under the arrangement. Revenues from sales milestone payments are accounted for as royalties and are recorded as revenue upon achievement of the milestone, assuming all other revenue recognition criteria are met. Royalty payments are recognized in revenues based on the timing of royalty payments earned in accordance with the agreements, which typically is the period when the relevant sales occur, assuming all other revenue recognition criteria are met.

We expect our revenues for the next several years to consist of upfront and milestone payments, reimbursable development costs and expenses, research funding and other payments from strategic collaborations we currently have or may establish in the future.

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 costs will be incurred. Our current development plans focus on the following activities: Our PRS 300-series, which is a franchise currently comprised of the PRS-343 and PRS-332 program, PRS-080 and PRS-060. 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 labor and fringe benefits, materials and supplies, facilities and maintenance costs; and
- fees paid to external parties who provide us with contract services, consulting services, such as preclinical testing, manufacturing and related testing, and clinical trial activities.

General and Administrative Expenses

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

Results of Operations

Comparison of the three and six months ended June 30, 2017 and June 30, 2016

The following table sets forth our revenues and operating expenses for the three months ended June 30, 2017 and 2016, respectively (in thousands):

	Three months ended June 30, 2017	Three months ended June 30, 2016
Revenues	$ 1,853	$ 1,073
Research and development expenses	5,396	4,500
General and administrative expenses	4,349	2,368
Non-operating expense (income), net	1,379	88
Income tax expense	814	—
Net loss	$10,085	$ 5,883

The following table sets forth our revenues and operating expenses for the six months ended June 30, 2017 and 2016, respectively (in thousands):

	Six months ended June 30, 2017	Six months ended June 30, 2016
Revenues	$ 3,196	$ 2,320
Research and development expenses	10,756	8,160
General and administrative expenses	8,337	4,336
Non-operating expense (income), net	1,368	(132)
Income tax expense	814	—
Net loss	$18,079	$10,044

Revenues

The following table provides a comparison of revenues for three months ended June 30, 2017 and 2016, respectively (in thousands):

	Three months ended June 30, 2017	Three months ended June 30, 2016	$ Change	% Change
Collaboration arrangements	$1,507	$ 706	$ 801	114%
Research and development services	346	367	(21)	(6%)
Total Revenue	$1,853	$1,073	$ 780	73%

- The $0.8 million increase in revenues from collaboration arrangements in the three months ended June 30, 2017 compared to the three months ended June 30, 2016 relates to the recognition of revenue under our collaboration with Servier, which commenced in January 2017, and revenue under our collaboration with AstraZeneca, which commenced in May 2017, offset by slightly lower revenues from upfront payments under our collaboration with Roche due to less full-time equivalents used in Q2 2017 compared to Q2 2016.
- The slight decrease in revenues from research and development services in the three months ended June 30, 2017 compared to the three months ended June 30, 2016 relates to less research and development services being provided to Roche pursuant to the Roche Agreement.

The following table provides a comparison of revenues for six months ended June 30, 2017 and 2016, respectively (in thousands):

	Six months ended June 30, 2017	Six months ended June 30, 2016	$ Change	% Change
Collaboration arrangements	$2,516	$1,542	$ 974	63%
Research and development services	680	778	(98)	(13%)
Total Revenue	$3,196	$2,320	$ 876	38%

- The $1.0 million increase in revenues from collaboration arrangements in the six months ended June 30, 2017 compared to the six months ended June 30, 2016 relates to the recognition of revenue under our collaboration with Servier, which commenced in January 2017, and revenue under our collaboration with AstraZeneca, which commenced in May 2017, offset by slightly lower revenues from upfront payments under our collaboration with Roche due to less full-time equivalents used in the first half of 2017 compared to the first half of 2016.
- The $0.1 million decrease in revenues from research and development services in the six months ended June 30, 2017 compared to the six months ended June 30, 2016 relates to less research and development services being provided to Roche pursuant to the Roche Agreement.

Research and Development expenses

The following table provides a comparison of the research and development expenses for our drug candidates and projects for the three months ended June 30, 2017 and 2016, respectively in thousands):

	Three months ended June 30,			
	2017	2016	$-Change	%-Change
PRS-300 series	$ 633	$ 1,084	$ (451)	(42%)
PRS-060	1,298	566	732	129%
PRS-080	501	223	278	125%
Non-core research and development activities	2,964	2,627	337	13%
Total	$ 5,396	$ 4,500	$ 896	20%

Total research and development expenses were $5.4 million for the three months ended June 30, 2017 as compared to $4.5 million for the three months ended June 30, 2016.

The increase in total research and development expenses in the three months ended June 30, 2017 compared to the three months ended June 30, 2016 is primarily due to:

- the $0.5 million decrease for our PRS-300 series is due to a $0.5 million decrease in CMC and preclinical costs in our PRS343 program and a decrease of $0.1 million in general lab supplies. These amounts are offset by an increase of $0.1 million in clinical costs period over period;
- the $0.7 million increase for PRS-060 is mainly due to $0.4 million of license fees for the successful close of our license and collaboration agreement with AstraZeneca and $0.1 million in other consulting expenses. In the three months ended June 30, 2016 we recorded a $0.4 million tax credit in connection with our PRS-060 program and no such tax credit was recorded in the 2017 period. In addition, we recognized an increase of $0.1 million in clinical costs. These amounts are offset by a decrease of $0.3 million in lower CMC costs;
- the $0.3 million increase for PRS-080 is mainly due to clinical costs related to the preparation of the Phase IIa study which we will initiate in the third quarter of 2017;
- the $0.3 million increase in non-core research and development activities is mainly due to a $0.3 million increase in payroll expenses, including bonus payments, an increase of $0.2 million for preclinical and CMC costs, and a $0.2 million increase for general lab costs. Other costs, such as recruiting, travel and legal costs, increased by $0.6 million. These increases were offset by a $1.0 million license fee payment to Enumeral in the second quarter of 2016.

The following table provides a comparison of the research and development expenses for our drug candidates and projects for the six months ended June 30, 2017 and 2016, respectively (in thousands):

	Six months ended June 30,			
	2017	2016	$-Change	%-Change
PRS-300 series	$ 2,611	$ 2,177	$ 434	20%
PRS-060	2,144	906	1,238	137%
PRS-080	904	572	332	58%
Non-core research and development activities	5,127	4,505	622	14%
Total	$ 10,786	$ 8,160	$2,626	32%

Total research and development expenses were $10.8 million for the six months ended June 30, 2017 as compared to $8.2 million for the six months ended June 30, 2016.

This increase in total research and development expenses in the six months ended June 30, 2017 compared to the six months ended June 30, 2016 is primarily due to:

- the $0.4 million increase in our PRS-300 series is due to a $0.1 million increase in salary costs as well as a $0.3 million license fee payment to Technische Universitat Munchen (“TUM”) in connection with the Servier agreement. In addition, preclinical and clinical cost increased by $0.6 million offset by lower CMC expenses of $0.6 million;
- the $1.2 million increase for PRS-060 is mainly due to $0.4 million in license fees for the successful close of our license and collaboration agreement with AstraZeneca and $0.1 million in other consulting fees. In addition, we recorded $0.5

million R&D tax credit, in connection with our PRS-060 program, in the first half 2016 and no tax credit was recorded in the 2017 period. CMC costs, clinical costs, and costs for toxicity studies increased by $0.5 million. These amounts are offset by a decrease of $0.3 million in preclinical costs;

- the $0.3 million increase for PRS-080 is due to higher clinical costs related to the Phase IIb study, where the clinical part of the study was completed in the first quarter of 2017 as well as clinical costs related to the preparation of the Phase IIa study which we will initiate in the third quarter of 2017;
- the $0.6 million increase in non-core research and development activities is mainly due to a $0.5 million increase in higher personnel expenses including bonus and stock compensation, an increase of $0.3 million in preclinical and CMC costs as well as additional $0.2 million in general lab supplies. Other costs such like travel, legal, maintenance and recruiting expenses increased by $0.9 million. These amounts are offset by $1.0 million in license fees to Enumeral we paid in the second quarter of 2016 and a $0.3 million license fee to TUM in connection with the Roche agreement in the first quarter of 2016.

General and Administrative expenses

General and administrative expenses were $4.3 million for the three months ended June 30, 2017 compared to $2.4 million for the three months ended June 30, 2016. This $1.9 million increase is mainly due to $1.8 million in transaction fees for the successful close of our license and collaboration agreement with AstraZeneca. Period-over-period, personnel related costs increased by $0.1 million, professional services increased by $0.1 million recruiting and other costs increased by $0.2 million and legal fees decreased by $0.3 million.

General and administrative expenses were $8.3 million for the six months ended June 30, 2017 compared to $4.3 million for the six months ended June 30, 2016. This $4.0 million increase is due to $1.8 million in transaction fees for our license and collaboration agreement with AstraZeneca, in addition to the increase of professional fees by $1.1 million personnel costs by $0.8 million, recruiting, travel and other fees increased by $0.6 million and offset by a $0.3 million decrease of legal fees.

Non-operating expense (income), net

Our non-operating expense was $1.4 million for three months ended June 30, 2017 as compared to $0.1 million of non-operating expense for the three months ended June 30, 2016. This increase in expense is mainly a result of net foreign currency transaction losses, including foreign currency revaluations of monetary assets.

Our non-operating expense was $1.4 million for six months ended June 30, 2017 as compared to a net non-operating income of $0.1 million for the six months ended June 30, 2016. This increase in expense is mainly a result of net foreign currency transaction losses, including foreign currency revaluations of monetary assets.

Income tax expense

Income tax expense was $0.8 million for three months ended June 30, 2017 as compared to zero income tax expenses for the three months ended June 30, 2016. The increase in income tax expense is related our Australian jurisdiction, net of loss carryforwards resulting from taxable income from the AstraZeneca agreement.

Income tax expense was $0.8 million for six months ended June 30, 2017 as compared to zero income tax expenses for the six months ended June 30, 2016. The increase in income tax expense is related our Australian jurisdiction, net of loss carryforwards resulting from taxable income from the AstraZeneca agreement.

Liquidity and Capital Resources

Through June 30, 2017, we have funded our operations with $231.8 million of cash, obtained from the following main sources: $119.4 million from sales of equity; $91.7 million in total payments received under license and collaboration agreements, including $14.0 million for research and development services costs received from our collaboration partners; $14.2 million from government grants and $6.5 million from loans.

As of June 30, 2017, we had a total of $50.3 million in cash. In July 2017, we collected $45.0 million of up-front fees from our collaboration with Astra Zeneca.

We have experienced operating losses since our inception and had a total accumulated deficit of $120.7 million as of June 30, 2017. We expect to incur additional costs and will require additional future capital. We have incurred losses in nearly every period since inception including the three and six months ended June 30, 2017. These losses have primarily resulted in significant cash used in operations. Due to the upfront payments received from Servier and the option payment received from ASKA during the six months ended June 30, 2017 offset by our net losses for the period, our net cash provided by operating activities was $19.3 million as of

June 30, 2017. 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. As we continue to conduct these activities necessary to pursue governmental regulatory approval of our 300-Series programs PRS-343 and PRS-332, and PRS-080 and PRS-060, and our other product candidates, we expect cash necessary to fund operations will increase significantly over the next several years.

In June 2016, we entered into a securities purchase agreement for a private placement with a select group of institutional investors. The private placement, referred to as the 2016 PIPE, consisted of the sale of 8,188,804 units at a price of $2.015 per unit for gross proceeds to us of approximately $16.5 million. After deducting for placement agent fees and offering expenses, the aggregate net proceeds from the 2016 PIPE was approximately $15.3 million.

In August 2016, our shelf registration statement in the amount of $100 million was declared effective by the SEC. This registration allows us to offer for sale various unspecified classes of equity and debt securities. As circumstances warrant, we may issue debt and/or equity securities from time to time on an opportunistic basis, dependent upon market conditions and available pricing. We make no assurance that we can issue and sell such securities on acceptable terms or at all.

In January 2017, we entered into a License and Collaboration Agreement and a Non-Exclusive Anticalin Platform Technology License Agreement with Les Laboratories Servier and Institut de Recherches Internationales Servier (collectively, “Servier”). Under the agreements, we received an upfront payment of $32.3 million. The total development, regulatory and sales-based milestone payment to us could exceed $1.8 billion over the life of the collaboration.

In May 2017, we entered into a License and Collaboration Agreement (the “Collaboration Agreement”) and a Non-Exclusive Anticalin® Platform Technology License Agreement (the “License Agreement” and together with the Collaboration Agreement, the “Agreements”) with AstraZeneca AB (“AstraZeneca”). Under the agreements, the Company will receive $57.5 million in up-front and near-term milestone payments, including $45 million of up-front payments and $12.5 million for the initiation of the PRS-060 Phase I trial. We may receive research, development, commercial and sales milestone payments up to approximately $2.1 billion.

We will need to obtain additional funding in order to continue our operations and pursue our business plans. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce, or eliminate our research and development programs or future commercialization efforts.

In the first half of 2017 we issued an aggregate of 89,462 shares of common stock upon exercise of stock options, including stock options to purchase 50,000 shares of common stock exercised through net exercise provisions resulting in the issuance of 19,462 shares of common stock and stock options to purchase 70,000 shares of common stock exercised for cash, providing cash proceeds of $0.2 million. In addition, we issued an aggregate of 692,620 shares of common stock upon exercise of warrants, including warrants to purchase 89,330 shares of common stock exercised through net exercise provisions resulting in the issuance of 49,127 shares of common stock and warrants to purchase 643,493 shares of common stock exercised for cash, providing cash proceeds of $1.3 million.

We expect that our existing cash and cash equivalents will enable us to fund our operations and capital expenditure requirements for at least the next twelve months. Our requirements for additional capital will depend on many factors, including the following:

- the scope, rate of progress, results, timing 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; and
- 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.

We cannot be sure that future funding will be available to us on acceptable terms, or adequate enough at all. Due to the often volatile nature of the financial markets, equity and debt financing may be difficult to obtain. In addition, any unfavorable development or delay in the progress of our 300-Series programs PRS-343and PRS-332, and PRS-080 and PRS-060 could have a material adverse impact on our ability to raise additional capital.

We may seek to raise any necessary additional capital through a combination of private or public equity offerings, debt financings, collaborations, strategic alliances, licensing arrangements and other marketing and distribution arrangements. To the extent that we raise additional capital through marketing and distribution arrangements or other collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our drug candidates, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favorable to us. If we raise additional capital through private or public equity offerings, the ownership interest of our existing stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our stockholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. We believe that our existing cash as of June 30, 2017 will be sufficient to enable us to continue as a going concern through at least twelve months from the day of filing.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

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, 2016 for a discussion of our critical accounting policies and estimates. There were no significant changes to our Critical Accounting Policies and Estimates for the six months ended June 30, 2017.

Recently Issued Accounting Pronouncements

We review new accounting standards to determine the expected financial impact, if any, that the adoption of each such standard will have. For the recently issued accounting standards that we believe may have an impact on our consolidated financial statements, see "Note 13—Recently Issued Accounting Pronouncements" in our consolidated financial statements.

Emerging Growth Company and Smaller Reporting Company Status

The Jumpstart Our Business Startups Act of 2012, or the JOBS Act, establishes a class of company called an "emerging growth company," which generally is a company whose initial public offering was completed after December 8, 2011 and had total annual gross revenues of less than $1 billion during its most recently completed fiscal year. Additionally, Section 12b-2 of the Exchange Act establishes a class of company called a "smaller reporting company," which generally is a company with a public float of less than $75 million as of the last business day of its most recently completed second fiscal quarter or, if such public float is $0, had annual revenues of less than $50 million during the most recently completed fiscal year for which audited financial statements are available. We currently qualify as both an emerging growth company and a smaller reporting company.

As an emerging growth company and a smaller reporting company, we are eligible to take advantage of certain exemptions from various reporting requirements that are not available to public reporting companies that do not qualify for those classifications, including without limitation the following:

- An emerging growth company is exempt from any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and financial statements, commonly known as an "auditor discussion and analysis."
- An emerging growth company is not required to hold a nonbinding advisory stockholder vote on executive compensation or any golden parachute payments not previously approved by stockholders.
- Neither an emerging growth company nor a smaller reporting company is required to comply with the requirement of auditor attestation of management's assessment of internal control over financial reporting, which is required for other public reporting companies by Section 404 of the Sarbanes-Oxley Act.
- A company that is either an emerging growth company or a smaller reporting company is eligible 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.

- A company that is either an emerging growth company or a smaller reporting company is eligible 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. Smaller reporting companies are also eligible to provide such reduced financial statement disclosure in annual reports on Form 10-K.

For as long as we continue to be an emerging growth company and/or a smaller reporting company, we expect that we will take advantage of the reduced disclosure obligations available to us as a result of those respective classifications. We will remain an emerging growth company until the earlier of (i) December 31, 2019, the last day of the fiscal year following the fifth anniversary of the date of the first sale of our common stock pursuant to an effective registration statement under the Securities Act; (ii) the last day of the fiscal year in which we have total annual gross revenues of $1 billion or more; (iii) the date on which we have issued more than $1 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under applicable SEC rules. We expect that we will remain an emerging growth company for the foreseeable future, but cannot retain our emerging growth company status indefinitely and will no longer qualify as an emerging growth company on or before December 31, 2019. We will remain a smaller reporting company until we have a public float of $75 million or more as of the last business day of our most recently completed second fiscal quarter, and we could retain our smaller reporting company status indefinitely depending on the size of our public float.

Emerging growth companies may elect to take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the benefits of this extended transition period. Our financial statements may therefore not be comparable to those of companies that comply with such new or revised accounting standards.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining “disclosure controls and procedures”, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, as well as for establishing and maintaining “adequate internal control over financial reporting” as such term is defined in Rule 13a-15(f) under the Exchange Act. The Company’s system of internal controls over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with generally accepted accounting principles.

Because of the inherent limitations surrounding internal controls over financial reporting, our disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Our management, under the supervision of and with the participation of the Chief Executive Officer and Acting Chief Financial Officer, assessed the effectiveness of the Company’s internal control over financial reporting and disclosure controls and procedures as of June 30, 2017. In making this assessment, management used the updated criteria set forth in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework.

Based on our assessment under the COSO Internal Control-Integrated Framework, management believes that, as of June 30, 2017, our internal control over financial reporting was effective.

We have concluded that the financial statements and other financial information included in this Quarterly Report on Form 10-Q, fairly represent in all material respects our financial condition, results of operations, and cash flows as of, and for, the periods presented.

Changes in Internal Control over Financial Reporting

There are 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, 2017 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

Claims and lawsuits are filed against our Company from time to time. Although the results of pending claims are always uncertain, we believe that we have adequate reserves or adequate "insurance coverage" in respect of these claims, but no assurance can be given as to the sufficiency of such reserves or insurance coverage in the event of any unfavorable outcome resulting from these actions.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in Part I, Item 1A (Risk Factors) of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

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

On August 9, 2017, the Company appointed Allan Reine, 42, as Senior Vice President and Chief Financial Officer. Prior to joining the Company, Dr. Reine served from August 2012 through August 2017 as a portfolio manager of Lombard Odier Asset Management, where he managed a healthcare portfolio focused on biotechnology and pharmaceutical companies. Before joining Lombard Odier, Dr. Reine served as a healthcare portfolio manager at various funds from 2003 through 2012, including Citi Principal Strategies, SAC Capital, Trivium Capital and Alexandra Investment Management. Dr. Reine began his career in 2001 at CIBC World Markets where he worked in both biotechnology investment banking and biotechnology equity research. Dr. Reine received his M.D. from the University of Toronto, and his Bachelor of Science in Statistical Sciences from the University of Western Ontario.

The Company and Dr. Reine entered into an employment agreement, dated August 9, 2017 (the "Employment Agreement"). Pursuant to the Employment Agreement, Dr. Reine will receive an initial annual base salary of $375,000. Dr. Reine is also eligible to receive an annual discretionary bonus award of up to 40% of his then-current base salary. The bonus award, if any, will be determined by the Company's Board of Directors or a committee thereof.

In connection with his appointment, Dr. Reine received a stock option to purchase 450,000 shares of the Company's common stock, par value $0.001 per share ("Common Stock"), at an exercise price equal to the closing price of the Common Stock on the NASDAQ Global Select Market on August 9, 2017, the date of grant of the stock option. The stock option will have a ten-year term and will vest over approximately four years, subject to continued service with the Company through the applicable vesting dates, and will vest as to 25% of the shares underlying the stock option on the first anniversary of the commencement of Dr. Reine's employment with the Company and as to 75% on a quarterly basis beginning on the last day of the next calendar quarter after Dr. Reine's start date. This stock option was granted outside of the Company's 2016 Employee, Director and Consultant Equity Plan as an inducement material to Dr. Reine's acceptance of employment in accordance with NASDAQ Listing Rule 5635(c)(4). Dr. Reine also received an option to purchase up to 50,000 shares of the Company's common stock, at an exercise price equal to the closing price of the Common Stock on the NASDAQ Global Select Market on August 9, 2017, the date of grant of the stock option. This option will have a ten-year term and will vest as to 25% of the shares underlying the stock option on the first anniversary of the date that the Board of Directors or a committee thereof certifies the achievement of certain objectives and as to 75% on a quarterly basis over the following three years. The objectives will be mutually agreed by Dr. Reine and the Company on or about the date Dr. Reine commences his employment.

Under the terms of the Employment Agreement, Dr. Reine's employment with the Company may be terminated at any time, with or without cause and without any prior notice, by either Dr. Reine or the Company. If the Company terminates Dr. Reine's employment is terminated by the Company without cause (as defined in the Employment Agreement) or Dr. Reine resigns for good reason (as defined in the Employment Agreement), the vesting of seventy-five percent (75%) of the unvested portion of the stock options will accelerate. Furthermore, if Dr. Reine's employment is terminated by the Company without cause or Dr. Reine resigns for good reason, he will be entitled to receive continuation of his then-current base salary for a period of six months, which will be payable in periodic

installments in accordance with the Company's payroll practices and he will be entitled to receive (a) an amount equal to twelve months of salary plus the target bonus amount for the year of termination and (b) continuation of COBRA health insurance premiums at the Company's then-normal rate of contribution for twelve months. If, in connection with a change of control of the Company, the Company terminates Dr. Reine's employment without cause or Dr. Reine terminates his employment for good reason, he will be entitled to receive (a) an amount equal to twelve months of salary plus the target bonus amount for the year of termination and (b) continuation of COBRA health insurance premiums at the Company's then-normal rate of contribution for twelve months. In the case of such a termination in connection with a change in control, outstanding equity awards held by Dr. Reine shall automatically become vested and if, applicable, exercisable, except as otherwise provided in the Employment Agreement, and all forfeiture restrictions shall immediately lapse. As a condition of employment, Dr. Reine has entered into a Non-Competition and Non-Solicitation Agreement and a Confidentiality and Inventions Agreement with the Company. Dr. Reine will also enter into an Indemnification Agreement with the Company relating to his employment.

There are no transactions to which the Company is a party and in which Dr. Reine has a material interest that are required to be disclosed under Item 404(a) of Regulation S-K. Dr. Reine has not previously held any positions with the Company and has no family relationship with any directors or executive officers of the Company.

Table of Contents

Item 6. Exhibits

EXHIBIT INDEX

Exhibit	Description
10.1±	License & Collaboration Agreement by and between Pieris Pharmaceuticals Inc., Pieris Pharmaceuticals GmbH & Pieris Australia Pty. Limited and AstraZeneca AB, dated as of May 2, 2017.
10.2±	Non-Exclusive Anticalin® Platform Technology License Agreement, by and between Pieris Pharmaceuticals Inc., Pieris Pharmaceuticals GmbH and Pieris Australia Pty. Limited and AstraZeneca AB, dated as of May 2, 2017.
10.3±	Amendment No. 1 to the Research Collaboration and License Agreement by and between Pieris Pharmaceuticals Inc., Pieris Pharmaceuticals GmbH, F. Hoffman-La Roche Ltd. And Hoffman-La Roche Inc., effective as of May 31, 2017.
10.4±	First Amendment to the License and Collaboration Agreement by and between Les Laboratoires Servier, Institut de Recherches Internationales Servier, Pieris Pharmaceuticals, Inc. and Pieris Pharmaceuticals GmbH, effective as of June 16, 2017.
10.5*	Employment Agreement by and between Pieris Pharmaceuticals, Inc. and Allan Reine, dated as of August 9, 2017.
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Principal Executive Officer.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Principal Financial Officer.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Principal Executive Officer.
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Principal Financial Officer.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Presentation Linkbase Document

± Confidential treatment requested as to portions of the exhibit. Confidential materials omitted and filed separately with the SEC.
* Indicates management contract or compensatory plan.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PIERIS PHARMACEUTICALS, INC.

Date: August 11, 2017

By: /s/ Stephen S. Yoder
Stephen S. Yoder
President, Chief Executive Officer and Director

Date: August 11, 2017

By: /s/ Allan Reine
Allan Reine
Chief Financial Officer

Exhibit 10.1

CONFIDENTIAL TREATMENT REQUESTED

Execution Copy

LICENSE & COLLABORATION AGREEMENT BY AND BETWEEN

PIERIS PHARMACUETICALS INC., PIERIS PHARMACEUTICALS GMBH & PIERIS AUSTRALIA PTY. LIMITED

AND

ASTRAZENECA AB

TABLE OF CONTENTS

***Portions of the exhibit, indicated by the mark "[***],"* were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.**

This License and Collaboration Agreement (the "**Agreement**"), entered into as of May 2, 2017 (the "**Execution Date**") by and between Pieris Pharmaceutical, 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 Lise-Meitner-Strasse 30, 85354 Freising, Germany, Pieris Australia Pty. Ltd. ("**Pieris Australia**"), a company existing under the laws of Australia with its registered address at Level 8, 123 Pitt Street, Sydney NSW 2000, Australia (Pieris US, Pieris Germany, and Pieris Australia are collectively referred to as "**Pieris**") and AstraZeneca AB, a corporation existing under the laws of Sweden having a principal place of business at S-431 83 Mölndal, Sweden ("**AstraZeneca**"). Pieris and AstraZeneca 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® proteins and possesses proprietary technology, know-how and intellectual property rights relating thereto;

Whereas, AstraZeneca possesses expertise in developing, manufacturing, marketing and selling pharmaceutical products; and

Whereas, Pieris and AstraZeneca wish to collaborate to research, develop and commercialize certain Anticalin® proteins.

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.

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

1.1. "**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.

1.2. "**Acquired Competing Product**" has the meaning set forth in Section 8.2.4.

1.3. "**Acquiree**" has the meaning set forth in Section 8.2.4.

1.4. "**Acquiror**" has the meaning set forth in Section 8.2.4.

1.5. "**Acquisition Transaction**" has the meaning set forth in Section 8.2.4.

1.6. "**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 this definition of "Affiliate" only, 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.

1.7. "**Agreement**" means 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.

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

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" shall mean 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 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.

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

1.13. "**Anticalin Libraries**" means any phage display library based on (i) the [***] lipocalin [***] or (ii) the [***] lipocalin [***].

1.14. "**Anticalin Selection**" means 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 Anticalin proteins, from the solution containing non-binding Anticalin proteins.

1.15. "**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 Applicable Laws for the prevention of fraud, racketeering, money laundering or terrorism.

1.16. "**API**" has the meaning set forth in Section 9.7.2.

1.17. "**Applicable Law**" means 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 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.

1.18. "**Arising IP**" means collectively, Arising Know-How, Arising Patents and all Intellectual Property Rights therein, but specifically excludes any and all Pieris Platform Improvement IP and any and all AstraZeneca Background Improvement IP.

1.19. "**Arising Know-How**" means all Know-How generated by or on behalf of either Party after the Execution Date in the course of performing activities under the Agreement but specifically excludes any and all Pieris Platform Improvement IP and any and all AstraZeneca Background Improvement IP.

1.20. "**Arising Patent**" means all Patents protecting Arising Know-How filed during the term of the Agreement but specifically excludes any and all Pieris Platform Improvement Patents and any and all AstraZeneca Background Improvement IP. Any Arising Patents that are filed during the term of the Agreement shall be listed in Exhibit 1.20 as updated from time to time.

1.21. "**AstraZeneca**" has the meaning set forth in the preamble.

1.22. "**AstraZeneca Background IP**" means any and all AstraZeneca Background Patent Rights and AstraZeneca Background Know-How and all Intellectual Property Rights therein.

1.23. "**AstraZeneca Background 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 or AstraZeneca or its Affiliates (whether alone or jointly) during the course of performing activities pursuant to this Agreement that constitutes an improvement, modification or enhancement or derivative of the AstraZeneca Background IP, including any Intellectual Property Rights subsisting therein.

1.24. "**AstraZeneca Background Know-How**" means all Know-How, that is Controlled by AstraZeneca or its Affiliates (excluding MedImmune) as of the Execution Date and thereafter during the Term excluding all Arising Know-How but including any Know-How within the AstraZeneca Background Improvement IP.

1.25. "**AstraZeneca Background Patent Rights**" or "**AstraZeneca Background Patents**" means any Patent Rights that are Controlled by AstraZeneca or its Affiliates (excluding MedImmune) as of the Execution Date and thereafter during the Term excluding all Arising Patents but including any Patent Rights within the AstraZeneca Background Improvement IP.

1.26. "**AstraZeneca Conducted Activities**" means, under the Product Development Plans, any and all Research, Development, Manufacturing or other preclinical and/or clinical activities that are not Pieris Conducted Activities.

1.27. "**AstraZeneca Contributed IP**" means any and all AstraZeneca Background IP that AstraZeneca or its Affiliates used in and is reasonably necessary for the Research, Development, Manufacture or Commercialization of Products.

1.28. "**AstraZeneca Indemnitees**" has the meaning set forth in Section 13.2.

1.29. "**Audit**" has the meaning set forth in Section 13.7.6.

1.30. "**AZ Dev Product**" means a Lead Candidate and Back-Up Hits that specifically bind to a Target, in relation to which AstraZeneca will carry out all Development activities alone. There shall be up to two (2) AZ Dev Products.

1.31. "**Back-Up Hits**" means, individually or collectively, the Lead Product Back-Up Hits and the Collaboration Product Back-Up Hits. For each Designated Target, AstraZeneca shall be permitted to select up to [***] ([***]) Back-Up Hits through [***] of the applicable Collaboration Product and upon [***], AstraZeneca shall narrow the number of Back-Up Hits to [***] ([***]) as set forth in Section 4.3.3.4.

1.32. "**Bankruptcy Code**" has the meaning set forth in Section 14.3.4.

1.33. "**[***]"** means an [***] generated using the [***] which is the [***] and [***] or any such [***] included in [***] to [***] from time to time or any other [***] into between [***] or its Affiliates and [***] or its Affiliates or successors.

1.34. "**[***] Notice**" has the meaning set forth in Section 8.2.3.6.

1.35. "**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 products which have 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.

1.36. "**Biological License Application**" or "**BLA**" means a Biological License Application in the United States 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.

1.37. "**Business Day**" means a day other than a Saturday, Sunday, or a bank or other public holiday in Munich, Germany, Boston, Massachusetts, London, United Kingdom or Gothenburg, Sweden.

1.38. "**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.

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

1.40. "**Candidate Drug**" means a Product satisfying the relevant technical pharmacological and pharmaceutical criteria that will be defined for each Collaboration Product in accordance with the Technical Candidate Drug Criteria. Such Technical Candidate Drug Criteria shall be consistent with the guidelines described in Exhibit 1.40.

1.41. "**Candidate Drug Investment Decision**" means AstraZeneca's decision to continue Research, Development or Manufacture of a Product (i) after the Candidate Drug criteria have been met, or (ii) in case such Candidate Drug criteria have not been met, after AstraZeneca's decision to [***]. For avoidance of doubt, [***], then such Product will be deemed to have achieved Candidate Drug Investment Decision.

1.42. "**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 fifty percent (50%) of the outstanding shares, or less than fifty percent (50%) 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 Products, 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 fifty percent (50%) 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 fifty percent (50%) or more of either the outstanding voting power or the then outstanding shares of such Party, in each case on a fully-diluted basis. 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.

1.43. "**Clinical Failure**" means a Product that has failed to meet the criteria set forth in Exhibit 1.43 and, as a result, for which AstraZeneca has discontinued Development and (if applicable) Commercialization.

1.44. "**Clinical Study**" means a Phase 1 Study, Phase 2a Study, Phase 2b 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.

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

1.46. "**CMOs**" means the contract manufacturing organization for any GMP activity to support Development Manufacturing activities with respect to a Product, including any Clinical Study activities related to Manufacture, testing, device, warehouse, packaging, labelling, and distribution.

***Portions of the exhibit, indicated by the mark "[***],"* were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.**

1.47. "**COC Notice**" has the meaning set forth in Section 15.6.1.

1.48. "**COC Acquiror**" has the meaning set forth in Section 15.6.1.

1.49. "**Co-Commercialization Agreement**" has the meaning set forth in Section 7.2.2.1.

1.50. "**Co-Commercialization Option**" has the meaning set forth in Section 7.1.1.

1.51. **"CoDev Option"** means the Lead Product CoDev Option or a CoDev Product CoDev Option, as applicable.

1.52. "**CoDev Product**" means a Lead Candidate and Back-Up Hits specific to a Target, in relation to which Pieris has an option to co-Develop and co-Commercialize such Lead Candidate and Back-Up Hits with AstraZeneca. There shall be up to two (2) CoDev Products.

1.53. **"CoDev Product CoDev Option"** has the meaning set forth in Section 4.5.2.

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.

1.55. **"Co-Invented AstraZeneca Background Improvement Patent"** means any Patent forming part of the AstraZeneca Background Improvement IP, 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.

1.56. "**Collaboration Products**" means the AZ Dev Products and the CoDev Products.

1.57. "**Collaboration Product Back-Up Hits**" means, with respect to each Collaboration Product, a certain number of Anticalin proteins generated from an Anticalin Selection campaign conducted pursuant to this Agreement that are selected by AstraZeneca as back-ups to the Lead Candidate and that are specific to a Designated Target as determined by reference to the selectivity criteria set out in the applicable Collaboration Product Development Plan as further specified in Section 4.3.3.4.

1.58. "**Collaboration Product Development Plan**" means, on a Collaboration Product-by-Collaboration Product basis, a detailed research plan describing the Research and Development to be performed, the estimated timelines for carrying out the Research and Development and setting out in detail the roles and responsibilities of each Party in connection with the Research, Development and Manufacture of the Collaboration Products. Each initial Collaboration Product Development Plan in respect of an AZ Dev Product, and each initial Collaboration Product Development Plan in respect of a CoDev Product, shall be directed towards achievement of Lead Candidate. The initial Collaboration Product Development Plans will be prepared by the Parties as set forth in Section 4.3.3.1.

1.59. "**Collaboration Product IP**" means the Collaboration Product Patents and Collaboration Product Know-How.

1.60. **"Collaboration Product Know-How"** means Arising Know-How relating to the composition of matter of the Anticalin protein of a Collaboration Product.

1.61. "**Collaboration Product Patent**" means Arising Patents that Cover the composition of matter of the Anticalin protein of a Collaboration Product. For the avoidance of doubt any Patent comprising composition of matter claims per se of the Anticalin protein of a Collaboration Product shall not be an AstraZeneca Background Improvement Patent.

1.62. "**Collaboration Target**" means the Target for any Collaboration Product as selected under Section 4.3.2.

1.63. "**Collaboration Term**" means that period of time commencing upon the Effective Date and continuing for [***] ([***]) years thereafter (the "**Initial Collaboration Term**") together with any Collaboration Term Extensions.

1.64. "**Collaboration Term Extension**" has the meaning set forth in Section 4.3.1.

1.65. "**Commercially Reasonable Efforts**" means such level of efforts required to carry out such obligation in a sustained manner consistent with the efforts AstraZeneca 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 without regard to any payments owed under this Agreement. 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.

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

1.67. "**Commercialization Committee**" or "**CC**" has the meaning set forth in Section 7.2.2.1(a).

1.68. "**Commercialization Plan**" has the meaning set forth in Section 7.2.2.1.

1.69. "**Competing Product**" means (i) with respect to the Lead Product, any [***], and (ii) with respect to the Collaboration Products, any [***]. Upon addition of a Target to the Reservation List as set forth in Section 4.3.2.1 or Section 4.3.2.2, the Parties shall agree upon and include in such Reservation List each Target's [***]. For the purposes of this definition "Biologic" shall mean [***].

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

1.71. "**Concerned Party**" has the meaning set forth in Section 8.2.4.

1.72. "**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 Germany and AstraZeneca dated [***] and amended effective [***] or the Confidential Agreement between Pieris and AstraZeneca effective [***] (collectively, the "**Prior CDAs**") shall be deemed to be Confidential Information of the applicable Party pursuant to this Agreement (with the mutual understanding and agreement that any use and disclosure thereof that is authorized under, and consistent with, Section 11 shall not be restricted by, or be deemed a violation of, such Prior CDAs).

1.73. "**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. Notwithstanding anything to the contrary hereunder, the Pieris Platform IP and Pieris Platform Improvement IP will not be deemed to be "Controlled" by Pieris or its Affiliates for purposes of this Agreement.

1.74. "**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.

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

1.76. "**Cover**," "**Covered**" or "**Covering**" means, with respect to the applicable invention, discovery, process or product (including a Product), as appropriate, (a) and a Patent Right, that, in the absence of a (sub)license under, or ownership of, such Patent Right, 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 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), and (b) and 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.

1.77. "**CREATE Act**" has the meaning set forth in Section 10.5.

1.78. "**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 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 11.1 of this Agreement.

1.79. "**[***] Grant-Back Field**" means, with respect to the [***], [***] Indications for which such Product is topically administered.

1.80. "**[***] Indications**" means any Indication listed in [***].

1.81. "**Designated Target**" has the meaning set forth in Section 4.3.2.4.

1.82. "**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).

1.83. "**Development Cost**" means with respect to a Product to the extent incurred during the Term and in accordance with this Agreement and the applicable Development Plan and associated budget:

(i) all Costs associated with obtaining, maintaining and renewing Regulatory Materials and Marketing Approvals pertaining to the Product;

(ii) all Internal Qualified Expenses or Out-of-Pocket Costs incurred by the Parties or their respective Affiliates and paid to Third Parties in performing activities designated to the Parties under the Development Plan, as applicable (including the Costs of any development activities for biomarkers and companion diagnostics, clinical trials and related support to obtain Marketing Approval for a Product as well as post Marketing Approval clinical trials, development of related devices, observational research and any economic value evidence generation in support of reimbursement activities such as health technology assessment submissions);

(iii) to the extent not included in the Fully Burdened Manufacturing Cost, costs associated with the CMO for Pharmaceutical Development, including stability testing and other CMC support costs;

(iv) CMO costs that are not clinical supply per-unit costs including for example upfront costs, facility costs, reservation costs and termination costs, but excluding any CMO cost for commercial supply or in preparation of commercial supply whether incurred prior to or after First Commercial Sale of a Product;

(v) for any clinical supply of the Product, the Fully Burdened Manufacturing Cost associated with such clinical supply;

(vi) all Costs for other materials (such as comparator drugs, ancillaries, non-IMP and placebo) obtained for use in clinical trials of or related to the Product; and

(vii) all Costs incurred in connection with Prosecution and Maintenance of the Patents in the Lead Product IP, Collaboration Product IP and Grantback IP for the countries listed in Exhibit 1.83 in accordance with Section 10.4.3.1 (Prosecution and Maintenance) prior to First Commercial Sale, and in each case not including any in-house legal costs incurred by either Party;

For clarity, Development Costs are exclusive of and do not include any Costs incurred in Commercializing a Product, whether incurred prior to or after First Commercial Sale of a Product (including Fully Burdened Manufacturing Costs associated with a Product that is originally manufactured under the auspices of development but is subsequently sold) or any costs for which a Party is solely responsible under this Agreement. Except to the extent already included in Internal Qualified Expenses, Development Costs shall not include either Party's Costs to the extent they solely relate to activities associated with overseeing execution of and compliance with this Agreement. For further clarity, any Costs will only be accounted for once, whether or not they fall under the definition of Development Cost and/or Internal Qualified Expenses.

If Costs are incurred in relation to the Product and other products, such Costs shall be apportioned to the Product in good faith and in accordance with AstraZeneca's policies (including its Accounting Standards), consistently applied.

1.84. "**Development Plan**" or "**Product Development Plan**" means, individually or collectively, the Lead Product Development Plan and/or each Collaboration Product Development Plan, as applicable.

1.85. "**Developmental Milestone Event**" has the meaning set forth in Section 9.3.

1.86. "**Developmental Milestone Payment**" has the meaning set forth in Section 9.3.

1.87. "**Device In-License**" has the meaning set forth in Section 14.3.1.4.

1.88. "**Disclosing Party**" has the meaning set forth in Section 11.1.1.

1.89. "**Divest**" has the meaning set forth in Section 8.2.4.4.

1.90. "**DOJ**" has the meaning set forth in Section 15.3.1.

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

1.92. "**DPI**" has the meaning set forth in Section 4.1.1.2.

1.93. "**Draft Commercialization Plan**" has the meaning set forth in Section 7.1.1.2.

1.94. "**Effective Date**" means the date that all necessary authorizations, consents, orders or approval of, or declarations or filings with, or expirations of waiting periods under the HSR Act, as applicable to the consummation of the transactions contemplated by this Agreement, have been received, authorized, permitted or expired.

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

1.96. "**European Union**" or "**EU**" means the member states of the European Union as of the Effective Date (including for the avoidance of doubt, the United Kingdom), and such other countries as may become part of the European Union after the Effective Date. For clarity, to the extent the United Kingdom and/or any other member state of the European Union would not anymore be a member of the European Union after the Effective Date, it shall still be included in this definition of EU for the purposes of this Agreement.

1.97. "**[***]**" has the meaning set forth in [***], as applicable.

1.98. "**Evaluation Notice**" has the meaning set forth in Section 8.2.3.7.

1.99. "**Evaluation Period**" has the meaning set forth in Section 8.2.3.7.

1.100. "**Execution Date**" has the meaning set forth in the preamble.

1.101. "**Existing Product**" has the meaning set forth in Section 8.2.3.7.

1.102. "**Field**" means all therapeutic, prophylactic, palliative, analgesic and diagnostic uses in humans and animals.

1.103. "**Finished Product**" shall mean a Product in its finished, labeled, assembled, and packaged form, ready for sale to the market or use in clinical trials or pre-clinical studies, as the case may be.

1.104. "**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).

1.105. "**Formulated Bulk Product**" shall mean a Product formulated into solution or in a lyophilized form, ready for storage or shipment to a manufacturing facility, to allow processing into the final dosage form.

1.106. "**FTC**" has the meaning set forth in Section 15.3.1.

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

1.108. "**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.

1.109. "**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).

1.110. **"Fully Burdened Manufacturing Cost"** as used in this Agreement for calculating supply costs for Clinical Studies or commercial supply cost of Finished Product shall be determined as provided in Exhibit 1.110 and are intended to capture a Party's fully burdened Manufacturing cost for a Product under this Agreement.

1.111. "**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 are conducted or that are otherwise applicable.

1.112. "**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.

1.113. "**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.

1.114. "**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 hold himself out to be the authorized intermediary of any of the foregoing.

1.115. "**Grantback IP**" means: (A) all Arising IP (i) where one or more inventors (as defined by U.S. Patent law) of such Arising IP are Pieris employees, consultants, or contractors or (ii) where Development Costs were incurred by Pieris in connection with the conception or Development of such Arising IP; or (B) all AstraZeneca Background Improvement IP where one or more inventors (as defined by U.S. Patent law) of such AstraZeneca Background Improvement IP are Pieris employees, consultants, or contractors (including for avoidance of doubt, all Co-Invented AstraZeneca Background Improvement Patents).

1.116. "**Gross Margin**" means, for a given Product, the difference between Net Sales of such Product and the Fully Burdened Manufacturing Cost for commercial supply of such Product.

1.117. "**Gross Margin Payment**" has the meaning set forth in Section 9.6.

1.118. "**HSR Act**" means the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended from time to time.

1.119. "**Improper Action**" has the meaning set forth in Section 13.7.1.2.

1.120. "**Indemnification Claim Notice**" has the meaning set forth in Section 13.3.

1.121. "**Indemnified Party**" has the meaning set forth in Section 13.3.

1.122. "**Initiation**" or "**Initiated**" means, (i) 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 (ii) with respect to a GLP Tox Study, the start date of the in-life phase of such GLP Tox Study.

1.123. "**IND**" means (a) an Investigational New Drug Application as defined in the FD&C Act and applicable regulations 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.

1.124. "**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 [***].

1.125. "**Indirect Taxes**" shall mean 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.

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

1.127. **"Internal Qualified Expenses"** means any expenses accrued by either Party in the performance of activities directly related to the development (including activities related to such Party's efforts to obtain Marketing Approval to the extent not already included in Development Costs, or Fully Burdened Manufacturing Cost, as applicable, but excluding any Commercialization activities whether conducted prior to or after First Commercial Sale of a Product), and will be charged by each Party on a FTE Rate basis unless otherwise mutually agreed by the Parties; provided that such expenses exclude managerial, secretarial, clerical and administrative activities. For purposes of this Section 1.127 (Internal Qualified Expenses), the term "managerial" shall mean activities performed by individuals who are not directly performing collaboration-related activities.

1.128. "**Insolvent Party**" has the meaning set forth in Section 14.3.3.4.

1.129. "**Joint Development Committee**" or "**JDC**" has the meaning set forth in Section 3.3.1.

1.130. "**Joint Steering Committee**" or "**JSC**" has the meaning set forth in Section 3.2.3.

1.131. "**Key IP**" has the meaning set forth in Section 10.4.4.1.

1.132. "**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 but not limited to ideas, concepts, inventions, discoveries, data, formulae, specifications, information relating to any materials, procedures for experiments and tests, results of experimentation and testing, computer programs or algorithms, results of Research, Development or Commercialization including laboratory records and data analyses.

1.133. "**Lead Candidate**" means an Anticalin protein that satisfies all success criteria contained in an initial Collaboration Product Development Plan (which will be prepared by the Parties as set forth in Section 4.3.3.1) and that has been selected for further Research and Development by the JSC.

1.134. "**Lead Candidate and Back-Up Hits Exclusivity Field**" means any Anticalin protein that is both (i) generated from an Anticalin Selection campaign pursuant to this Agreement that is specific to a Designated Target or the Target for the Lead Product as determined by reference to the selectivity criteria set out in the applicable Development Plan and (ii) differs in [***] ([***]) or fewer amino acid positions (within the amino acid positions that Pieris randomizes in its Anticalin Libraries) compared to the Lead Product, each Lead Candidate, and each Back-Up Hit. For clarity, changes to any framework region (meaning the amino acid positions that Pieris does not randomize in its Anticalin Libraries) of any Anticalin shall not be taken into account for the purposes of this definition.

1.135. "**Lead Product**" means: (i) Pieris' Anticalin protein specific to the IL-4 alpha receptor with the amino acid sequence set forth in Exhibit 1.135, which shall be the amino acid sequence to be submitted in the IMPD and also referred to as PRS-060; and (ii) the Lead Product Back-Up Hits.

1.136. "**Lead Product Back-Up Hits**" means up to [***] ([***]) back-up Anticalin proteins for the Lead Product identified pursuant to the Lead Product Development Plan and Section 4.2.

1.137. **"Lead Product CoDev Option"** has the meaning set forth in Section 4.5.1.

1.138. "**Lead Product Cell Line License**" means [***].

1.139. "**Lead Product Development Plan**" means a detailed plan setting out in detail the roles and responsibilities of each Party in connection with the Development and Manufacture of Lead Product as set forth in this Agreement. The Lead Product Development Plan shall also include a budget outlining all costs associated with the tasks detailed in such Plan. An initial Lead Product Development Plan is attached to this Agreement as Exhibit 4.1.1.

1.140. **"Lead Product IP"** means all Lead Product Know-How and Lead Product Patents.

1.141. **"Lead Product Know-How"** means all Pieris Know-How in relation to the Lead Product as of the Effective Date.

1.142. **"Lead Product Patent"** means the Pieris Patents Covering the Lead Product or uses thereof as of the Effective Date. The Lead Product Patents are listed in Exhibit 1.142.

1.143. "**Losses**" has the meaning set forth in Section 13.1.

1.144. "**Major European Countries**" means [***], and [***].

1.145. "**Major Market Countries**" means [***], and [***].

1.146. "**MAA**" means a Marketing Authorization Application, in relation to any Product, filed or to be filed with the EMA (or equivalent national agency), for authorization to place a medicinal product on the market in the European Union (or any other territory).

1.147. "**Manufacture**" or "**Manufacturing**" means all activities related to the manufacture of Products, including, but not limited to, 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.

1.148. "**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.

1.149. "**Material 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 Lead Product or a Collaboration Product, that could materially affect Anticalin proteins per se (e.g., serious adverse events, emerging safety signals).

1.150. "**MedImmune**" means, individually or collectively, MedImmune, LLC and MedImmune Limited.

1.151. "**Net Sales**" means the gross invoiced amount on sales of Products by or on behalf of AstraZeneca, 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) normal and customary trade, quantity or prompt settlement discounts (including initial launch stocking discounts, chargebacks and allowances) actually allowed;

(b) amounts repaid or credited by reason of rejection, returns or recalls of goods, rebates or bona fide price reductions determined by AstraZeneca, its Affiliates or its Sublicensees in good faith;

(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) any invoiced amounts which are not collected by AstraZeneca, its Affiliates or its Sublicensees, including bad debts;

(e) excise taxes, value added taxes, sales taxes, consumption taxes and other similar taxes (excluding any income, franchise or withholding taxes), customs duties, customs levies and import fees imposed on the sale, importation, use or distribution of the Products, including fees paid pursuant to Section 9008 of the Patient Protection and Affordable Care Act that AstraZeneca, its Affiliates or its or their Sublicensees, as applicable, allocable to sales of such Products in accordance with AstraZeneca's, its Affiliates' or its or their Sublicensees' standard policies and procedures consistently applied across its products, as applicable;

(f) the portion of administrative fees paid during the relevant time period to group purchasing organizations or pharmaceutical benefit managers relating to such Products;

(g) service fees payable under any wholesaler agreement, distribution services agreement, inventory management agreement or other similar agreement; and

(h) any other similar and customary deductions (including copay cards) that are consistent with the United States generally accepted accounting principles or, in the case of non-United States sales, other applicable accounting standards that are generally accepted; and

(i) the actual cost for transportation costs, distribution expenses, special packaging and related insurance charges capped at [***] percent ([***]%) of the amount arrived after the application of the deduction under clauses (a) to (h) above.

Net Sales (including any deductions) will be calculated using AstraZeneca'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 AstraZeneca's operations. Deductions pursuant to subsection (d) above will be taken in the Calendar Quarter in which such sales are no longer recorded as a receivable.

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) that is not an Anticalin protein.

1.152. "**Opt-Out Option**" has the meaning set forth in Section 4.7.1.

1.153. "**Opt-Out Option Notice**" has the meaning set forth in Section 4.7.2.

1.154. "**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.

1.155. "**Patents**" or "**Patent Rights**" 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, pediatric exclusivity periods and supplementary protection certificates and the like of any such patents and patent applications, and any and all foreign equivalents of the foregoing.

1.156. "**Patent Term Extensions**" has the meaning set forth in Section 10.9.

1.157. "**Party Representatives**" has the meaning set forth in Section 13.7.1.

1.158. "**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.

1.159. "**Pharmaceutical Development**" means the design, Development, Manufacturing and optimization of medicinal products for use in Clinical Studies and Commercialization; including drug substance and drug product and device Manufacturing processes, primary packaging, quality standards, stability testing, pre-First Commercial Sale engineering and conformance, CMC documentation and technology transfer to operations.

1.160. "**Phase 1 Study**" means a clinical study of an investigational product in patients and/or healthy volunteers with the primary objective of characterizing its safety, tolerability, and pharmacokinetics and identifying a recommended dose and regimen for future studies 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.

1.161. "**Phase 2a Study**" means a clinical study of an investigational product in patients that has the primary objective of establishing the safety and initial efficacy of a product, which is prospectively designed to generate sufficient data (if successful) to commence a Phase 2b Study. The investigational product can be administered to patients as a single agent or in combination with other investigational or marketed agents and a Phase 2a Study shall be deemed commenced when Initiated.

1.162. "**Phase 2b Study**" means a clinical study of an investigational product in patients with the primary objective of characterizing its activity in a specific disease state as well as generating more detailed safety, tolerability, and pharmacokinetics information as described 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 2b Study shall be deemed commenced when Initiated.

1.163. "**Phase 3 Study**" means a clinical study of an investigational product in patients that incorporates accepted endpoints for confirmation of statistical significance of efficacy and safety with the aim to obtain Marketing Approval in any country as described in 21 C.F.R. 312.21(c), 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 3 Study shall be deemed commenced when Initiated.

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

1.165. "**Pieris Australia**" has the meaning set forth in the preamble.

1.166. "**Pieris Conducted Activities**" means the Research and Development activities for which Pieris is designated as responsible under the Lead Product Development Plan or any Collaboration Product Development Plan.

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

1.168. "**Pieris Indemnitees**" has the meaning set forth in Section 13.1.

1.169. "**Pieris IP**" means any and all Pieris Patents and the Pieris Know-How and any Intellectual Property Rights therein Controlled by Pieris or its Affiliates as of the Execution Date and thereafter during the Term, but excludes the Pieris Platform IP and Pieris Platform Improvement IP.

1.170. "**Pieris Know-How**" means all Know-How that is Controlled by Pieris or its Affiliates as of the Execution Date and thereafter during the Term, other than pursuant to the licenses granted by AstraZeneca under this Agreement, and is (i) used in connection with the Research, Development, Manufacture, or Commercialization of the Products or (ii) reasonably necessary or reasonably useful for the Research, Development, Manufacture, or Commercialization of a Product, but excludes the Pieris Platform Know-How and Know-How included in the Pieris Platform Improvement IP.

1.171. "**Pieris Patents**" means any Patent Rights that are Controlled by Pieris or its Affiliates as of the Execution Date and thereafter during the Term, that Cover the Research, Development, Manufacture or Commercialization of the Products pursuant to the terms of this Agreement but excluding the Pieris Platform Patents and Pieris Platform Improvement Patents. The Pieris Patents as of the Execution Date are listed in Exhibit 1.171.

1.172. "**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 AstraZeneca 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**"). Any Pieris Platform Improvement Patents that are filed during the term of the Agreement shall be listed in Exhibit 1.172.

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

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

1.175. **"Pieris Platform Patents**" means those Patents Controlled by Pieris or its Affiliates as of the Execution Date and thereafter that are necessary or useful to practice the Pieris Platform Technology. A list of the Pieris Platform Patents as of the Execution Date is attached as Exhibit 1.175 hereto and will be updated by Pieris as required from time to time during the Term.

1.176. "**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.

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

1.178. "**Platform Agreement**" means that certain non-exclusive license agreement to the Pieris Platform Technology entered into between Pieris US, Pieris Germany and AstraZeneca on the date hereof.

1.179. "**Pricing Approvals**" means such governmental approval, agreement, determination or decision establishing prices for a Product that can be charged or reimbursed in regulatory jurisdictions where the applicable Governmental Authorities approve or determine the price or reimbursement of pharmaceutical products.

1.180. "**Product**" means, individually or collectively, the Lead Product and the Collaboration Products.

1.181. "**Product Royalty**" has the meaning set forth in Section 9.6.

1.182. "**Program Notice**" has the meaning set forth in Section 8.2.3.7.

1.183. "**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 parties reviews and EP oppositions. For avoidance of doubt, "Prosecution and Maintenance" or "Prosecute and Maintain" will not include any other enforcement actions taken with respect to a Patent.

1.184. "**Publishing Party**" has the meaning set forth in Section 11.2.1.

1.185. "**[***] Cap Option**" has the meaning set forth in Section 4.4.1.2, Section 4.4.3.3, or Section 8.2.3.7, as applicable.

1.186. "**[***] Cap Shortfall Amount**" has the meaning set forth in Section 9.6.1.4 or Section 9.6.5, as applicable.

1.187. "**[***] Split Option**" has the meaning set forth in Section 4.4.1.2, Section 4.4.3.3, or Section 8.2.3.7, as applicable.

1.188. "**Receiving Party**" has the meaning set forth in Section 11.1.1.

1.189. "**Reconciliation Repor**t" has the meaning set forth in Section 4.4.5.1(b).

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

1.191. "**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.

1.192. "**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.

1.193. "**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 products.

1.194. "**Research Collaboration**" has the meaning set forth in Section 4.3.1.

1.195. "**Reservation List**" has the meaning set forth in Section 4.3.2.1.

1.196. "**Respiratory Field**" means any Indication [***].

1.197. "**Reviewing Party**" has the meaning set forth in Section 11.2.1.

1.198. "**ROFN Period**" has the meaning set forth in Section 2.6.4.1.

1.199. "**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 (i) the last to expire of the Valid Claims that would be infringed by the import (to the extent the Product is to be sold in the country into which it is imported), Manufacture, use, sale or offer for sale of such Product in such country, (ii) the period of Regulatory Exclusivity for such Product in such country, and (iii) [***] ([***]) years from the First Commercial Sale of such Product in such country.

1.200. "**Sales Milestone Event**" has the meaning set forth in Section 9.5.

1.201. "**Sales Milestone Payments**" has the meaning set forth in Section 9.5.

1.202. "**Screening Failure**" means a screening campaign that fails to identify at least [***] ([***]) Anticalin proteins with a potency of less than [***] away from the intended affinity (for each applicable species variant) as defined in the applicable Development Plan.

1.203. "**Senior Representatives**" has the meaning set forth in Section 3.2.5.2(a).

1.204. "**Shared Cost Report**" has the meaning set forth in Section 4.4.5.1(a).

1.205. "**SPCs**" has the meaning set forth in Section 10.9.

1.206. "**Sublicensee**" means a Third Party to whom AstraZeneca or its Affiliates or sublicensees has granted a sublicense or license under any intellectual property licensed to such Party in accordance with the terms of this Agreement.

1.207. "**Target**" means the biological target of a pharmacologically active drug compound.

1.208. "**Technical Candidate Drug Criteria**" has the meaning set forth in Section 3.2.5.2(c)(iii).

1.209. "**Term**" has the meaning set forth in Section 14.1.

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

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

1.212. "**Third Party Claims**" has the meaning set forth in Section 13.1.

1.213. "**Top [***] Pharma Company**" has the meaning set forth in Section 15.6.2.

1.214. "**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.

1.215. "**[***]**" has the meaning set forth in [***].

1.216. "**[***]**" has the meaning set forth in [***].

1.217. "**Valid Claim**" means (a) a claim of an issued and unexpired Pieris Patent (including any Lead Product Patent), Collaboration Product Patent, Co-Invented Arising Patent, or Co-Invented AstraZeneca Background Improvement 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 (including any Lead Product Patent), Collaboration Product Patent, Co-Invented Arising Patent, or Co-Invented AstraZeneca Background Improvement 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.

2. LICENSE GRANTS

2.1. **Lead Product**.

2.1.1. License Grants to AstraZeneca. Subject to the terms and conditions set forth herein, Pieris hereby:

2.1.1.1. grants to AstraZeneca a co-exclusive (with Pieris, but only to the extent that Pieris is Researching or co-Developing the Lead Product including but not limited to Pieris' activities through Completion of the Phase 1 Study for the Lead Product, and subject to Section 2.6), sublicensable (subject to Section 2.5), personal and non-transferable (except as set forth Section 15.3), right and license under the Pieris IP for all Research and Development activities to be conducted by AstraZeneca (alone or jointly with Pieris and Section 4.9) in relation to the Lead Product in the Field and in the Territory; and

2.1.1.2. grants to AstraZeneca a royalty-bearing, sublicensable (subject to Section 2.5 below), non-transferable (except as set forth in Section 15.3), exclusive (even as to Pieris, subject to Sections 7.1 and Section 2.1.2.2) right and license under the Pieris IP to Manufacture, have Manufactured, import, have imported, Commercialize, and have Commercialized (subject to Section 4.9) the Lead Product in the Territory solely for Commercialization of such Product in the Field (subject to Section 2.6).

2.1.1.3. The license granted under Section 2.1.1.1 above shall become exclusive to AstraZeneca alone at such time as all of Pieris' rights to Research and co-Develop the Lead Product expire or are otherwise terminated.

2.1.2. License Grants to Pieris.

2.1.2.1. Research and Development License. Subject to the terms and conditions set forth herein, AstraZeneca hereby grants to Pieris a co-exclusive (with AstraZeneca), non-sublicensable personal and non-transferable (except as set forth in Section 15.3), right and license under the Arising IP and any AstraZeneca Contributed IP to Research, Develop, have Developed, Manufacture, have Manufactured, import and have imported (subject to Section 4.9), the Lead Product in the Territory in the Field. Such license will terminate at such time as all of Pieris' rights to Research and co-Develop the Lead Product expire or are otherwise terminated.

2.1.2.2. Lead Product Co-Commercialization License. Subject to the terms and conditions set forth herein during the Term, AstraZeneca hereby grants to Pieris a non-sublicensable, personal and non-transferable (except as set forth in Section 15.3), co-exclusive (with AstraZeneca but only in the United States and only for as long as Pieris is co-Commercializing the Lead Product with AstraZeneca in the United States) right and license under the Arising IP and any AstraZeneca Contributed IP to Commercialize and have Commercialized (subject to Section 7.1) the Lead Product in the United States solely for Commercialization of such Product in the Field.

2.2. Collaboration Products.

2.2.1. License Grants to AstraZeneca.

2.2.1.1. Collaboration Product Research License. Subject to the terms and conditions set forth herein, on a Collaboration Product-by-Collaboration Product basis, Pieris hereby grants to AstraZeneca a co-exclusive (with Pieris but only to the extent that Pieris is Researching such Collaboration Product in accordance with this Agreement), sublicensable (subject to Section 2.5 below), personal and non-transferable (except as set forth in Section 15.3), right and license under the Pieris IP and Collaboration Product IP for all Research activities in relation to Collaboration Products to be performed by AstraZeneca (alone or jointly with Pieris) under this Agreement including under each Collaboration Product Development Plan in accordance with this Agreement anywhere in the Territory in the Field.

2.2.1.2. AZ Dev Product Development License. Subject to the terms and conditions set forth herein, on an AZ Dev Product-by-AZ Dev Product basis, following Lead Candidate determination, Pieris hereby grants to AstraZeneca an exclusive, sublicensable (subject to Section 2.5 below), personal and non-transferable (except as set forth in Section 15.3), right and license under the Pieris IP and Collaboration Product IP to Develop, have Developed, Manufacture, have Manufactured, import and have imported (subject to Section 4.9), each AZ Dev Product in the Territory solely for the Research and Development of such Product in the Field.

2.2.1.3. CoDev Product Development License. Subject to the terms and conditions set forth herein, on a CoDev Product-by-CoDev Product basis, Pieris hereby grants to AstraZeneca a co-exclusive (with Pieris but only to the extent that Pieris is co-Developing such CoDev Product with AstraZeneca), sublicensable (subject to Section 2.5 below), personal and non-transferable (except as set forth in Section 15.3), right and license under the Pieris IP and Collaboration Product IP to Develop, have Developed, Manufacture, have Manufactured, import and have imported (subject to subject to Section 4.9), each CoDev Product in the Territory solely for the Development of such Product in the Field, including to perform Pieris and AstraZeneca's respective obligations under the applicable Collaboration Product Development Plan. Such license will become exclusive to AstraZeneca alone, on a CoDev Product-by-CoDev Product basis, at such time as all of Pieris' rights to Research and co-Develop such CoDev Product expire or are otherwise terminated.

2.2.1.4. AZ Dev Product Commercialization License. Subject to the terms and conditions set forth herein during the Term, Pieris hereby grants to AstraZeneca a royalty-bearing, sublicensable (subject to Section 2.5 below), personal and non-transferable (except as set forth in Section 15.3), exclusive (even as to Pieris) right and license under the Pieris IP and Collaboration Product IP to Manufacture, have Manufactured, import, have imported, Commercialize, and have Commercialized (subject to Section 4.9) each AZ Dev Product in the Territory solely for Commercialization of such Product in the Field.

2.2.1.5. CoDev Product Commercialization License. Subject to the terms and conditions set forth herein during the Term, Pieris hereby grants to AstraZeneca a royalty-bearing, sublicensable (subject to Section 2.5 below), personal and non-transferable (except as set forth in Section 15.3), exclusive (even as to Pieris, subject to Sections 7.1 and Section 2.2.2.3) right and license under the Pieris IP to Manufacture, have Manufactured, import, have imported, Commercialize, and have Commercialized (subject to Section 4.9) each CoDev Product in the Territory solely for Commercialization of such Product in the Field.

2.2.2. License Grant to Pieris.

2.2.2.1. Collaboration Product Research License. Subject to the terms and conditions set forth herein, on a Collaboration Product-by-Collaboration Product basis, during the applicable Collaboration Term but only up to Lead Candidate determination for the applicable Collaboration Product, AstraZeneca hereby grants to Pieris a co-exclusive (with AstraZeneca), sublicensable (subject to Section 2.5 below), personal and non-transferable (except as set forth in Section 13.5), right and license under the Arising IP and any AstraZeneca Contributed IP (including all Arising IP) to perform Pieris' obligations under each Collaboration Product Development Plan in accordance with this Agreement anywhere in the Territory solely for the Research and Development of such Collaboration Product in the Field.

2.2.2.2. CoDev Product Development License. Subject to the terms and conditions set forth herein, AstraZeneca hereby grants to Pieris a co-exclusive (with AstraZeneca but only for as long as Pieris is Researching or co-Developing the CoDev Product with AstraZeneca), non-sublicensable personal and non-transferable (except as set forth in

Section 15.3), right and license under the Arising IP and any AstraZeneca Contributed IP to Research, Develop, have Developed, Manufacture, have Manufactured, import and have imported (Subject to Section 4.9), each CoDev Product in the Territory solely for the Research and Development of such Product in the Field, including to perform Pieris and AstraZeneca's respective obligations under the applicable Collaboration Product Development Plan. Such license shall expire, on a CoDev Product-by-CoDev Product basis when all of Pieris' rights to Research and co-Develop such CoDev Product expire or are otherwise terminated.

2.2.2.3. CoDev Product Co-Commercialization License. Subject to the terms and conditions set forth herein during the Term, AstraZeneca hereby grants to Pieris a non-sublicensable, personal and non-transferable (except as set forth in Section 15.3), co-exclusive (with AstraZeneca but only for as long as Pieris is co-Commercializing the CoDev Product with AstraZeneca) right and license under the Arising IP and any AstraZeneca Contributed IP to Commercialize and have Commercialized (subject to Section 7.1) each CoDev Product in the United States solely for Commercialization of such Product in the Field. Such license shall expire on a CoDev Product-by-CoDev Product basis if Pieris does not to exercise its Co-Commercialization Option or otherwise ceases to co-Commercialize such CoDev Product.

2.3. **Grantback License**. Subject to the non-compete provisions of this Agreement set forth in Section 8.2, AstraZeneca hereby grants to Pieris a royalty-free, sublicensable, personal and non-transferable (except as set forth in Section 15.3), non-exclusive, irrevocable, fully-paid-up license under the Grantback IP for any and all uses throughout the Territory provided that, subject to the [***] grant-back license set forth in Section 2.6, such license shall exclude any right to use the Grantback IP in relation to the Lead Product, any Collaboration Product, any Lead Product Back-Up Hit and any Collaboration Product Back-Up Hit.

2.4. **Other Anticalin Development Against Targets.**

2.4.1. For clarity, subject to the non-compete provisions under Section 8.2 and subject to Sections 2.4.2, 2.4.4, 2.4.4 and 2.4.5 below, Pieris shall be permitted to Research, Develop, Manufacture and Commercialize, including outside of the activities conducted pursuant to this Agreement, Anticalin proteins directed to any Target under this Agreement provided that such Anticalin protein is not within the Lead Candidate and Back-Up Hits Exclusivity Field. Pieris retains the exclusive right, under the applicable Collaboration Product IP to conduct such activities and to grant sublicenses to Third Parties to Research, Develop, Manufacture and Commercialize such Anticalin proteins.

2.4.2. Pieris covenants that it shall not Develop, outside of the activities conducted pursuant to this Agreement, an Anticalin protein directed to a Designated Target, or the Target for the Lead Product, within the Respiratory Field if and for as long as the Parties are Researching, Developing, or Commercializing a Product directed to such Target under this Agreement.

2.4.3. Pieris covenants that it shall not, outside of the activities conducted pursuant to this Agreement, Develop an Anticalin protein [***], unless (i) [***], or (ii) [***]. For avoidance of doubt, [***].

2.4.4. Pieris shall not initiate a separate program, outside of the activities conducted pursuant to this Agreement, for the Research, Development, Manufacture or Commercialization of an Anticalin protein against a Target under this Agreement as described in Section 2.4.1 until [***] is achieved (or until the Development of such Product is discontinued).

2.4.5. Pieris shall not and shall procure that its Affiliates shall not Research, Develop, Manufacture, or Commercialize an Anticalin in the Lead Candidate and Back-Up Hits Exclusivity Field except as permitted under this Agreement, including the [***] grant-back license set forth in Section 2.6.

2.5. **Sublicense Rights.**

2.5.1. AstraZeneca shall have the right to sublicense or subcontract (through multiple tiers) the rights provided under Section 2.1 and Section 2.2 above; provided, however, that in the event of such sublicensing, (a) such Sublicensees will be subject to the same confidentiality and diligence obligations AstraZeneca has hereunder, and (b) AstraZeneca will remain liable for all the terms and conditions of this Agreement such that any act or omission by or on behalf of a Sublicensee that would be a breach of this Agreement if undertaken by AstraZeneca, shall be deemed a breach of this Agreement by AstraZeneca. Notwithstanding the foregoing, to the extent that AstraZeneca sublicenses any rights granted under the Lead Product Cell Line License, it shall abide by the restrictions of such Lead Product Cell Line License.

2.5.2. Notwithstanding the restrictions set forth in Section 2.1.2 and Section 2.2.2, Pieris shall have the right to subcontract in accordance with Section 4.9 the rights provided under Section 2.1 and Section 2.2 above in order to fulfil its Research, Development and Manufacture obligations contemplated under this Agreement and under each applicable Development Plan.

2.6. **[***] Grant-Back License**.

2.6.1. Research and Development License. Notwithstanding the Licenses granted under Section 2.1 and subject to the terms and conditions set forth herein, AstraZeneca hereby grants to Pieris a royalty-free, exclusive (even as to AstraZeneca), sublicensable (subject to Section 2.5 and Section 2.6.4), personal and non-transferable (except as set forth Section 15.3), right and license under the Pieris IP (including the Lead Product IP) and all Arising IP to Research, Develop, have Developed, Manufacture, have Manufactured, import and have imported [***] in the Territory solely for the Research and Development of such Product in the [***] Grant-Back Field.

2.6.2. Commercialization License. Notwithstanding the Licenses granted under Section 2.1 and subject to the terms and conditions set forth herein, AstraZeneca hereby grants to Pieris a royalty-free, sublicensable (subject to Section 2.5.1 which shall apply to Pieris in exactly and the same way as it applies to AstraZeneca, and further subject to Section 2.6.4), personal and non-transferable (except as set forth in Section 15.3), exclusive (even as to AstraZeneca) right and license under the Pieris IP (including the Lead Product IP) and all Arising IP to Manufacture, have Manufactured, import, have imported, Commercialize, and have Commercialized (subject to Section 4.9) [***] in the Territory solely for Commercialization of such Product in the [***] Grant-Back Field.

2.6.3. Other Indications. For clarity, AstraZeneca retains all rights to the [***] for all indications other than [***] Indications.

2.6.4. Conditions of [***] Grant-Back License and AstraZeneca Right of First Negotiation. The licenses granted to Pieris under Section 2.6.1 and Section 2.6.2 shall be subject to the terms and conditions of this Section 2.6.4.

2.6.4.1. Initial Research and Development and ROFN Period. Pieris shall be permitted to conduct any Research and Development of [***] in the [***] Grant-Back Field through Completion of [***]. Pieris shall be permitted to use subcontractors for such work but shall not be permitted to sublicense transfer, sell (or grant an option in relation to any of the foregoing) the rights granted under Section 2.6.1 and Section 2.6.2 to a Third Party until after the conclusion of the ROFN Period. Upon [***], Pieris shall provide AstraZeneca with notice that [***]. AstraZeneca shall have a [***] ([***]) day window starting on the date that AstraZeneca receives such notice in order to negotiate with Pieris a license to [***] in the [***] Grant-Back Field (the "**ROFN Period**"). The Parties shall negotiate in good faith during such ROFN Period to agree the terms of such a license. Pieris shall provide with any such notice access to

all material Data relating to [***] in the [***] Grant-Back Field and a plan for the further Development and Commercialization of [***] in the [***] Grant-Back Field. Pieris shall also provide such information as AstraZeneca shall reasonably request and is in the possession or control of Pieris or its Affiliates and relating to [***] in the [***] Grant-Back Field. Such information shall be provided promptly by Pieris following a request by AstraZeneca. Notwithstanding the foregoing, if between [***], Pieris receives bona fide unsolicited interest from a Third Party to evaluate [***] for use in the [***] Grant-Back Field, then the ROFN Period shall commence as of the date that Pieris provides notice to AstraZeneca that it has received [***] from such a Third Party with regard to taking a license of [***] in the [***] Grant-Back Field. If Pieris receives written interest from a Third Party in taking a license of [***] in the [***] Grant-Back Field, Pieris shall be entitled to disclose sufficient information to such Third Party regarding [***] in the [***] Grant-Back Field to enable such Third Party to determine whether or not it wishes to [***] for such a license. Any such disclosure of information by Pieris shall be on terms that protect the confidentiality of the information disclosed. For the purposes of this Section 2.6.4.1, "**[***]**" means [***]. For avoidance of doubt, [***] in connection with this Section 2.6.4.

2.6.4.2. Research, Development and Commercialization after the ROFN Period.

(a) If the Parties consummate a transaction for [***] in the [***] Grant-Back Field within the ROFN Period, then the licenses granted to Pieris under Section 2.6.1 and Section 2.6.2 will be superseded by the terms and conditions of such transaction.

(b) If the Parties do not consummate a transaction for [***] in the [***] Grant-Back Field within the ROFN Period, then the licenses granted to Pieris under Section 2.6.1 and Section 2.6.2 shall remain effective and royalty-free and become irrevocable. Pieris shall have the right to sublicense or otherwise partner such rights with any Third Party beginning on the date that the ROFN Period expires but shall not enter into a transaction with such Third Party on terms inferior (taken in totality) to those last offered to Pieris by AstraZeneca in writing.

(c) Notwithstanding Section 2.6.4.1(b), on a country-by-country basis, if AstraZeneca is diligently developing [***] towards Marketing Approval in [***] in accordance with this Agreement, then neither Pieris nor any Pieris Sublicensee or partner or transferee shall [***]. Pieris shall notify AstraZeneca in

writing if Pieris sublicenses, sells or otherwise transfers the right to Develop and/or Commercialize [***] in the [***] Grant-Back Field. Such notice shall be provided promptly following the execution of any such agreement and shall include the identity of the Sublicensee, partner or transferee. Pieris shall procure that any Sublicensee, partner or transferee of rights to [***] in the [***] Grant-Back Field shall comply with the terms of this Section 2.6.4.2(c). Pieris shall also ensure that agreement with any such Sublicensee, partner or transferee is consistent with the terms of this Agreement and Pieris shall be liable for any act or omission of such a Sublicensee, partner or transferee which act or omission if committed by Pieris would have been a breach of this Agreement.

2.7. **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 & DECISION-MAKING

3.1. **Alliance Manager**. No later than [***] ([***]) days after the Effective Date, each Party will designate an individual to facilitate communication and coordination of the Parties' activities under this Agreement, including Research, Development, Manufacturing, and Commercialization of the Lead Product and Collaboration Products (each, an "**Alliance Manager**"). Each Alliance Manager may also serve as a representative of its respective Party on one or more Committees.

3.2. **Joint Steering Committee**.

3.2.1. Composition. The representatives appointed to the JSC under Section 3.2.3 must have sufficient seniority within the applicable Party to make decisions arising within the scope of the JSC's responsibilities. The JSC may change its size from time to time by mutual consent of its members, provided that the JSC will consist at all times of an equal number of representatives of each of Pieris and AstraZeneca. Each Party may replace its JSC representatives at any time upon written notice to the other Party. The JSC may invite non-members to participate in the discussions and meetings of the JSC, provided that such participants have no voting authority at the JSC and are bound under written obligation of confidentiality no less protective of the Parties' Confidential Information than those set forth in this Agreement. The JSC will be chaired by AstraZeneca. Notwithstanding the forgoing, however, the JSC shall be co-chaired by Pieris and AstraZeneca upon such time as Pieris exercises a CoDev Option and the [***] for any Product. The chairperson's and co-chair's

responsibilities will include conducting meetings, including, when feasible, ensuring that objectives for each meeting are set and achieved. Responsibility for running each meeting of the JSC will alternate between the chairpersons from meeting-to-meeting. The Alliance Managers will work with the chairperson(s) to prepare and circulate agendas and to ensure the preparation of minutes. The chairperson(s) have no additional powers or rights beyond those held by the other JSC representatives, if any. For avoidance of doubt, the Alliance Manager may also be a member of the JSC.

3.2.2. Specific Responsibilities. In addition to its overall responsibility for monitoring and providing strategic oversight with respect to the Parties' activities under this Agreement, the JSC will in particular have the responsibilities set forth in the subsections of this Section 3.2.2 with respect to any Product that Pieris co-Develops or co-Commercializes and has not opted out of co-Developing or co-Commercializing or so long as Pieris has an unexpired CoDev Option with respect to such Product. For the avoidance of doubt, if Pieris does not exercise its CoDev Option for a given Product, then after the expiration of the time period for Pieris to exercise such CoDev Option, where Pieris does not excise such Option or if Pieris opts out of co-Developing such Product, the JSC shall no longer have such responsibilities with respect to such Product, which shall fall to AstraZeneca alone.

3.2.2.1. Agree upon a Target for each Collaboration Product and prepare an initial Collaboration Product Development Plan in connection with each of the four (4) Collaboration Products;

3.2.2.2. review and discuss the Lead Product Development Plan and the Collaboration Product Development Plans and approve all modifications, amendments and supplements thereto;

3.2.2.3. review and discuss the Commercialization of Lead Product and the CoDev Products and any other ongoing related activities;

3.2.2.4. review, discuss and oversee Manufacturing for the Lead Product and the CoDev Products;

3.2.2.5. facilitate the flow of information between the Parties with respect to the Research, Development, Manufacture and Commercialization of the Products;

3.2.2.6. establish subcommittees (in addition to the Joint Development Committee) as it deems necessary to achieve the objectives and intent of this Agreement;

3.2.2.7. review and discuss reports from any subcommittee of the JSC, and provide guidance thereto and direct the activities of such subcommittee;

3.2.2.8. review and discuss the entry of any necessary or useful in-licenses with respect to the Research, Development, Manufacture or Commercialization of Lead Product or any CoDev Products;

3.2.2.9. review, discuss and coordinate the Parties' scientific presentation and publication strategy relating to the Lead Product, the CoDev Products and the AZ Dev Products until Lead Candidate;

3.2.2.10. review and facilitate discussion of proposed publications relating to the Lead Product, the CoDev Products, and the and the AZ Dev Products until Lead Candidate and resolve disputes with respect thereto taking into consideration and at all times abiding by the requirements of Section 11;

3.2.2.11. attempt to resolve issues presented to it by, and disputes within any subcommittee;

3.2.2.12. share all data related to the Research, Development and Manufacture of Lead Product, the CoDev Products, and the AZ Dev Products (but only until Lead Candidate for the AZ Dev Products);

3.2.2.13. discuss and agree upon a communication strategy for Data generated during Development of the Lead Product and the Collaboration Product including participation and messaging at scientific congresses and meetings;

3.2.2.14. review and approve of the Development Plans including associated budgets; and

3.2.2.15. perform such other functions as appropriate, and direct any subcommittee to perform such other functions as appropriate, to further the purposes of this Agreement, in each case as agreed in writing by the Parties or as expressly provided in this Agreement.

3.2.3. Formation & Purpose. Within [***] ([***]) days of the Effective Date, Pieris and AstraZeneca shall each appoint three (3) members each to the joint steering committee (the "**JSC**"). The JSC shall be responsible for managing the overall collaboration between the Parties and AstraZeneca and resolving any disputed matters that may arise in any subcommittee(s) created by the JSC.

3.2.4. JSC Committee Meetings.

3.2.4.1. The JSC shall meet at least once per Calendar Quarter unless the Parties mutually agree in writing to a different frequency. The JSC shall also meet when required in order to perform its responsibilities. No later than [***] ([***]) Business Days prior to any meeting of the JSC (or such shorter time period as the Parties may agree), the Alliance Managers will prepare and circulate an agenda for such meeting; provided, however, that either Party may propose additional topics to be included on such agenda, either prior to or in the course of such meeting if the other Party agrees.

3.2.4.2. Either Party may also call a special meeting of the JSC (by videoconference, teleconference or in person) by providing at least [***] ([***]) Business Days prior written notice to the other Party if such Party reasonably believes that an urgent significant matter must be addressed prior to the next scheduled meeting, in which event such Party will work with the Alliance Managers of both Parties to provide the members of the JSC no later than [***] ([***]) Business Days prior to the special meeting with an agenda for the meeting and materials reasonably adequate to enable an informed decision on the matters to be considered. The JSC may meet in person, by videoconference or by teleconference. Notwithstanding the foregoing, at least [***] ([***]) meeting per Calendar Year will be in person unless the Parties mutually agree in writing to waive such requirement. In-person JSC meetings will be held at locations alternately selected by Pieris and by AstraZeneca. Each Party will bear the expense of its respective JSC members' participation in JSC meetings. Meetings of the JSC will be effective only if at least one (1) representative of each Party is present or participating in such meeting.

3.2.4.3. The Alliance Managers will be responsible for preparing reasonably detailed written minutes of all JSC meetings that reflect material decisions made and action items identified at such meetings. The Alliance Managers will send draft meeting minutes to each member of the JSC for review and written approval by both Parties within [***] ([***]) Business Days after each JSC meeting.

3.2.5. Decision-making.

3.2.5.1. Other than as set forth herein, in order to make any decision required of it hereunder with respect to any approval, the JSC must have present (in person, by videoconference or telephonically) at least one member of each Party. The Parties will endeavor to make decisions of the JSC by consensus.

3.2.5.2. The JSC shall attempt in good faith to resolve any disputes or failure to agree by unanimous consent (with each Party having one vote). If the JSC cannot resolve such dispute or failure to agree within [***] ([***]) days of the matter being referred to it, such matter shall be resolved as follows:

(a) the issue will be promptly presented to the [***] of AstraZeneca (or person of equivalent seniority for the applicable stage of Development or commercialization) and [***] of Pieris US (the "**Senior Representatives**"), or their respective designees, for resolution. Such Senior Representatives, or their respective designees, 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, controversy or claim.

(b) In the event such Senior Representatives cannot resolve such issue, using good faith efforts, within [***] ([***]) days of the matter being referred to them, AstraZeneca's [***] shall have the casting vote to resolve such issue.

(c) Notwithstanding the foregoing:

(i) Following the Effective Date but prior to Phase 1 Study Completion for the Lead Product, if either Party wishes to deviate from the initial Lead Product Development Plan, the other Party's consent shall be required if such deviation would (1) [***], or (2) [***]. Any delay of the Phase 1 Study Initiation by more than [***] (if not mutually agreed by the Parties) shall only occur if required by Applicable Law or the mandatory instruction of a Regulatory Authority made in accordance with Applicable Law. Subject to the foregoing, AstraZeneca shall have final say regarding all matters relating to the Lead Product Development Plan. For clarity, following [***], subject to the terms and conditions of this Agreement, AstraZeneca shall have final decision making authority for matters related to the Development of the Lead Product thereafter.

(ii) For the Collaboration Products and any Lead Product Back-Up Hits, prior to Lead Candidate stage, Pieris shall have final decision-making authority for matters related to the discovery of Anticalin proteins against

Designated Targets or the Lead Product Target, including panning strategies, optimization strategies and Pieris resources devoted to such work, provided, however, that the Parties will jointly (a) define and mutually agree the success criteria for Lead Candidate contained in each initial Collaboration Product Development Plan, and (b) select hits resulting from initial screening for an optimization campaign.

(iii) The Technical Candidate Drug Criteria for each Collaboration Product shall be established by AstraZeneca in good faith in accordance with its usual methodology and standards for setting such criteria in consultation with Pieris no later than [***] ([***]) [***] after achieving [***] stage and shall be consistent with the guidelines for such criteria set forth in Exhibit 1.40. AstraZeneca shall provide Pieris with a copy of the Technical Candidate Drug Criteria for each Collaboration Product and it shall be included in the applicable Collaboration Product Development Plan once established. Any changes to such Technical Candidate Drug Criteria after establishment in accordance with this subsection (iii) must be mutually agreed by the Parties.

(iv) Subject to Section 4.4.5.2, in all instances after Pieris has exercised a Lead Product CoDev Option or a CoDev Product CoDev Option ([***], [***] Split or [***] Cap), any decisions that impact an agreed-upon budget shall require both Parties to consent and neither Party shall be required to pay for cost increases of more than [***] percent ([***]%) unless it agrees in writing.

(v) Neither party shall be required to violate any Applicable Law or to spend funds or perform activities except as provided in this Agreement.

3.2.6. Limitations. Notwithstanding the creation of the JSC and any subcommittees, each Party shall retain the rights, powers and discretion granted to it hereunder, and neither the JSC nor any subcommittee shall be delegated or vested with rights, powers or discretion unless such delegation or vesting is expressly provided herein, or the Parties expressly so agree in writing. Neither the JSC nor any subcommittee shall have the power to amend or modify this Agreement, and no decision by the JSC or any subcommittee shall be in contravention of any terms and conditions of this Agreement. The Alliance

Managers shall not have any rights, powers or discretion except as expressly granted to the Alliance Managers hereunder and in no event shall the Alliance Managers have any right or power to modify or amend this Agreement. It is understood and agreed that issues to be formally decided by the JSC are only those specific issues that are expressly provided in this Agreement to be decided by the JSC.

3.3. **Joint Development Committee**.

3.3.1. Formation & Purpose. Within [***] ([***]) days of the Effective Date, Pieris and AstraZeneca shall each appoint two (2) members each to a joint development committee (the "**JDC**"). The JDC shall be a subcommittee of the JSC and shall be responsible for implementing the Lead Product Development Plans and Collaboration Product Development Plan subject to the terms and conditions of this Agreement.

3.3.2. Composition. The representatives appointed to the JDC under Section 3.3.1 must have sufficient seniority within the applicable Party to make decisions arising within the scope of the JDC responsibilities. The JDC may change its size from time to time by mutual consent of its members, provided that the JDC will consist at all times of an equal number of representatives of each of Pieris and AstraZeneca. Each Party may replace its JDC representatives at any time upon written notice to the other Party. The JDC may invite non-members to participate in the discussions and meetings of the JDC, provided that such participants have no voting authority at the JDC and are bound under written obligation of confidentiality no less protective of the Parties' Confidential Information than those set forth in this Agreement. The JDC be co-chaired, with one chairperson designated by Pieris and one chairperson designated by AstraZeneca, whose responsibilities will include conducting meetings, including, when feasible, ensuring that objectives for each meeting are set and achieved. Responsibility for running each meeting of the JDC will alternate between the chairpersons from meeting-to-meeting, with Pieris' chairperson running the first meeting. The Alliance Managers will work with the chairpersons to prepare and circulate agendas and to ensure the preparation of minutes. The chairpersons have no additional powers or rights beyond those held by the other JDC representatives, if any. For avoidance of doubt, the Alliance Manager may also be a member of the JDC and members of the JSC may also be members of the JDC.

3.3.3. Specific Responsibilities. In addition to its overall responsibility for implementing the Lead Product Development Plan and Collaboration Product Development Plans, the JDC will in particular have the following responsibilities for (i) all Products through to Lead Candidate and (ii) for the Lead Product and CoDev Products (unless and until Pieris does not exercise the CoDev Option for such Product before the time to exercise such CoDev Option has expired or Pieris exercises its Opt-Out Option with respect to such Product):

3.3.3.1. Prepare an initial Collaboration Product Development Plan in connection with each of the four (4) Collaboration Products for approval by the JSC;

3.3.3.2. review and discuss the Lead Product Development Plan and the Collaboration Product Development Plans and propose all modifications, amendments and supplements thereto for approval by the JSC;

3.3.3.3. implement any tasks set forth in the applicable Development Plans for the Research, Development, or Manufacturing of the Lead Product and the Collaboration Products

3.3.3.4. review the Anticalin proteins identified for each Designated Target;

3.3.3.5. prepare reports regarding the implementation for the applicable Development Plans for review by the JSC;

3.3.3.6. propose the Parties' scientific presentation and publication strategy relating to the Products for approval by the JSC;

3.3.3.7. perform such other functions as appropriate, while at no time modifying any Development Plan or taking any decision inconsistent thereto without the consent of the JSC.

3.3.4. JDC Committee Meetings.

3.3.4.1. The JDC shall meet at least once per Calendar Quarter unless the Parties mutually agree in writing to a different frequency. The JDC shall also meet when required in order to perform its responsibilities. No later than [***] ([***]) Business Days prior to any meeting of JDC (or such shorter time period as the Parties may agree), the Alliance Managers will prepare and circulate an agenda for such meeting; provided, however, that either Party may propose additional topics to be included on such agenda, either prior to or in the course of such meeting, if the other Party agrees.

3.3.4.2. Either Party may also call a special meeting of the JDC (by videoconference, teleconference or in person) by providing at least [***] ([***]) Business Days prior written notice to the other Party if such Party

reasonably believes that an urgent significant matter must be addressed prior to the next scheduled meeting, in which event such Party will work with the Alliance Managers of both Parties to provide the members of the JDC no later than [***] ([***]) Business Days prior to the special meeting with an agenda for the meeting and materials reasonably adequate to enable an informed decision on the matters to be considered. The JSC may meet in person, by videoconference or by teleconference. Notwithstanding the foregoing, at least [***] ([***]) meeting per Calendar Year will be in person unless the Parties mutually agree in writing to waive such requirement. In-person JDC meetings will be held at locations alternately selected by Pieris and by AstraZeneca. Each Party will bear the expense of its respective JDC members' participation in JDC meetings. Meetings of the JDC will be effective only if at least one (1) representative of each Party is present or participating in such meeting.

3.3.4.3. The Alliance Managers will be responsible for preparing reasonably detailed written minutes of all JDC meetings that reflect material decisions made and action items identified at such meetings. The Alliance Managers will send draft meeting minutes to each member of the JDC for review and approval in writing by both Alliance Managers within [***] ([***]) Business Days after each JDC meeting.

3.3.5. Decision-making. The JDC will only implement the activities set forth in a Development Plan or decided by the JSC in accordance with allocation of decision-making responsibility in the event of disagreement as set forth in Section 3.2.5.

4. RESEARCH & DEVELOPMENT

4.1. **Lead Product**.

4.1.1. Initial Lead Product Development Plan.

4.1.1.1. The Parties have agreed an initial Lead Product Development Plan, which is attached to this Agreement as Exhibit 4.1.1. Pieris shall have operational responsibility for the Manufacturing and Development of the Lead Product through Completion of and as sponsor of the Phase 1 Study for the Lead Product in accordance with the Lead Product Development Plan. The initial Lead Product Development Plan shall be updated within [***] ([***]) [***] of the Effective Date to include activities and budget through [***], including [***].

4.1.1.2. Subject to the other provisions of this Section 4.1, under the Lead Product Development Plan the Parties will collaboratively [***].

4.1.2. Amendments to the Lead Product Development Plan.

4.1.2.1. Subject to the other provisions of this Agreement the Lead Product Development Plan may be updated and amended from time to time by the JSC, including to provide for the further Development of the Lead Product to achieve Marketing Approval.

4.1.2.2. Prior to Pieris' determination as to whether or not it will exercise the Lead Product CoDev Option, the Lead Product Development Plan shall be updated by the JSC to provide for the activities required in order to obtain Marketing Approval for the Lead Product in [***] and shall specify the budget for all activities that Pieris shall be required to contribute expenses in the event that it exercises its CoDev Option. Only after such budget is included in the Lead Product Development Plan, shall Pieris be required to make a determination as to whether it wishes to exercise the Lead Product CoDev Option.

4.1.3. Lead Product Development. Subject to the activities allocated to each Party under the Lead Product Development Plan and Section 3.2.5, AstraZeneca shall be solely responsible for obtaining Marketing Approvals for the Lead Product in the Territory and for Development activities to be undertaken in connection therewith. Notwithstanding the foregoing, the Parties agree that Pieris shall be the applicant for the IND for the Lead Product and shall be the sponsor for the Phase 1 Study for the Lead Product.

4.1.4. Know-How Transfer. Pieris shall provide AstraZeneca with reasonably requested Pieris Know-How (such as protocols or Data) and reasonable access to Pieris personnel as are reasonably required in order for AstraZeneca to Develop the Lead Product as contemplated under this Agreement at no further cost to AstraZeneca. In case Pieris exercises the Lead Product CoDev Option, AstraZeneca shall provide Pieris with reasonably requested AstraZeneca Know-How (such as protocols or Data) and reasonable access to AstraZeneca personnel that are reasonably required in order for Pieris to co-Develop the Lead Product as contemplated under this Agreement at no further cost to Pieris.

4.2. **Lead Product Back-Up Hits**.

4.2.1. Within [***] ([***]) days following the Effective Date, Pieris shall, [***] initiate and conduct a new screening campaign in order to identify novel Anticalin proteins against the Lead Product Target. The success criteria for such Lead Product backups shall be defined in accordance with Section 3.2.5.2(c)(ii). Subject to Section 4.2.2 below, such activities shall continue until Pieris identifies a suitable Lead Product Back-Up Hit, provided, however, that the Parties may

agree to stop such activities if, for example [***]. The Parties will use reasonable efforts to [***] regarding the matters set forth in the preceding sentence as soon as reasonably possible. Neither Party will act unreasonably in refusing to agree to stop the activities described in this Section 4.2.1.

4.2.2. If (i) following [***] ([***]) [***] of efforts directed to obtaining the Lead Product Back-Up Hits, Pieris experiences a Screening Failure or (ii) no Lead Candidate has been identified within [***] ([***]) [***] of the start of an optimization campaign for identified hits, in each case despite Pieris using reasonable efforts, Pieris shall notify the JSC. The Parties shall discuss in the JSC whether Pieris should continue efforts to Research and Develop such Back-Up Hits and Pieris shall not be required to continue such activities if Pieris has used reasonable efforts to overcome such Screening Failure or identify a Lead Candidate, as applicable.

4.2.3. AstraZeneca shall not carry out a [***] for a Lead Product Back-Up Hit at the same time as it is [***], unless the costs associated with such activities are not included as Development Costs and are borne by AstraZeneca alone. Notwithstanding the foregoing, in the event that AstraZeneca initiates [***] for a Lead Product Back-Up concurrently with the Development of PRS-060 during a time where the costs associated with all or part such activities would otherwise be included in Development Costs (because Pieris has exercised the Lead Product CoDev Option before or during the conduct of such activities) then Pieris shall reimburse AstraZeneca for its share of Development Costs associated with such activities in the event that the [***] and AstraZeneca determines to further Develop (with the intent to Commercialize) the Lead Product Back-Up Hit in its place.

4.2.4. AstraZeneca shall not terminate [***] (i) [***] or (ii) [***].

4.3. **Collaboration Products**.

4.3.1. Generally. During the Collaboration Term, the Parties shall jointly collaborate to generate, evaluate and Develop the Collaboration Products in relation to four (4) Targets (the "**Research Collaboration**"). AstraZeneca may extend the Initial Collaboration Term for up to [***] ([***]) [***] (the "**Collaboration Term Extension**") at any time during the Initial Collaboration Term by providing written notice to Pieris. The Research Collaboration shall encompass two (2) AZ Dev Products and two (2) CoDev Products.

4.3.2. Collaboration Product Reservation List and Designated Targets. The Targets for the Collaboration Products shall be selected from the Reservation List as set forth in this Section 4.3.2.

4.3.2.1. Collaboration Product Reservation List. Prior to the Execution Date, AstraZeneca and Pieris have agreed a list of [***] ([***]) initial Targets set out at Exhibit 4.3.2.1, from which the Targets for the Collaboration Products must be selected (the "**Reservation List**"). The Reservation List may be updated in part from time-to-time by AstraZeneca (but not more frequently than removing [***] and replacing it with another [***] every [***]) by replacing [***] on the Reservation List with [***] from outside the Reservation List. The Reservation List shall never include more than [***] Targets and shall include a decreasing number of Targets over the Collaboration Term as set forth in Section 4.3.2.4. All information disclosed by AstraZeneca to Pieris in respect of proposed Targets shall be AstraZeneca Confidential Information.

4.3.2.2. Reservation List Process and Restrictions. AstraZeneca's ability to place any Target on the Reservation List shall be subject to (i) any Third Party contractual restrictions on Pieris or its Affiliates evidenced by written documentation provided to AstraZeneca (for example a redacted agreement including such contractual restriction which may be disclosed by Pieris to AZ's counsel on a counsel- to- counsel basis), and (ii) Pieris' ongoing internal programs with respect to such Target, as follows:

(a) Updates to the Reservation List. For updates to the Reservation as permitted by Section 4.3.2.1, AstraZeneca shall provide Pieris with the name of [***] that it wishes to add to the Reservation List and the name of [***] that it wishes to remove from the Reservation List. Within [***] of receipt Pieris shall confirm that such [***] is added to the Reservation List or shall notify AstraZeneca that (i) such [***] is subject to Third Party contractual restrictions on Pieris or its Affiliates that prevents Pieris from granting rights to AstraZeneca in accordance with this Agreement, or (ii) Pieris has already initiated an internal program (i.e., [***]) with respect to such [***]; any such [***] shall not be included in the Reservation List, the [***] proposed to be removed from the Reservation List shall not be removed, and AstraZeneca shall, until the start of [***] to update the Reservation List as set forth in Section 4.3.2.1, be entitled to nominate [***] and the [***] that it wishes to remove from the Reservation List, at which time the process described in this Section 4.3.2.2 shall repeat.

(b) Optional Target Clearance for Pieris Internal Programs. In case Pieris decides that it wants to initiate an internal program against a target, Pieris may (but is not obligated to), prior to initiation of such activities, provide AstraZeneca with the name of the target for which it wishes to initiate an internal program. Within [***] of receipt of such notice, AstraZeneca shall inform Pieris whether it wishes to make such target its next Designated Target. If AstraZeneca fails to inform Pieris within such [***] period that it wishes to make such target its next Designated Target and Pieris [***] with respect to such target, then AstraZeneca shall not be allowed to add such target to the Reservation List in the future as contemplated in Section 4.3.2.2(a) above. All information disclosed by Pieris to AstraZeneca in respect of such targets shall be Pieris' Confidential Information and shall be used by AstraZeneca only for the purpose of considering whether it wishes to make such target a Designated Target.

4.3.2.3. Field Limitation on Reservation List. The Targets that AstraZeneca proposes for the Reservation list shall be limited to Targets that are [***] in the Respiratory Field. Upon addition of a Target to the Reservation List, AstraZeneca shall include the initial Indication within the Respiratory Field related to such Target. Pieris has the right to reject any Target proposed to be added to the Reservation List that does not meet the requirement of this Section 4.3.2.3 on the basis of objective criteria which criteria will be disclosed to AstraZeneca if Pieris rejects a Target on this basis.

4.3.2.4. Designation of Collaboration Product Targets from the Reservation List. AstraZeneca shall nominate Targets from the Reservation List to become a Target for one of the four Collaboration Product Development Plans to Research and Develop Collaboration Products (a "**Designated Targe**t") according to the following schedule:

(a) Within [***] ([***]) days of [***] ([***]) months after the Execution Date, AstraZeneca shall nominate one (1) Target from the Reservation List to become a Designated Target. Upon nomination, there shall be [***] ([***]) remaining Targets on the Reservation List.

(b) Within [***] ([***]) days of [***] ([***]) months after the Execution Date, AstraZeneca shall nominate one (1) additional Target from the Reservation List to become a Designated Target. Upon nomination, there shall be [***] ([***]) remaining Targets on the Reservation List.

(c) Within [***] ([***]) days of [***] ([***]) months after the Execution Date, AstraZeneca shall nominate one (1) additional Target from the Reservation List to become a Designated Target. Upon nomination, there shall be [***] ([***]) remaining Targets on the Reservation List.

(d) Within [***] ([***]) days of [***] ([***]) months after the Execution Date, AstraZeneca shall nominate the one additional Target from the Reservation List to become a Designated Target. Upon nomination, the Reservation List shall terminate and Pieris shall no longer be subject to any restrictions with respect to Targets that are on such list.

4.3.2.5. AZ Dev Product or CoDev Product Designation. At the time a Target is identified as a Designated Target, it shall also be designated as an AZ Dev Product or CoDev Product.

4.3.2.6. Right of First Refusal for Reservation List. In the event that Pieris receives a bona fide request from a Third Party to (co-) Research, (co-)Develop, (co-)Manufacture or (co-)Commercialize a Target that is on the Reservation List as of the date of receipt of such request, then notwithstanding the schedule set forth in Section 4.3.2.4, AstraZeneca shall have [***] from the date that Pieris notifies AstraZeneca of such bona fide request to either (i) nominate such Target to become a Designated Target or (ii) remove such Target from the Reservation List. Any Target which as a result becomes a Designated Target shall be deemed to take the place of the Target which was next due to be designated in accordance with Section 4.3.2.4.

4.3.2.7. Notification of Designated Target. AstraZeneca shall notify Pieris of nominated Designated Targets as set forth in Section 4.3.2.4 in writing and Pieris shall confirm receipt of such nomination within [***]. The Parties shall discuss in good faith whether such Designated Target shall be for a CoDev Product or a AZ Dev Product and the Designated Target shall be classified as for a CoDev Product or AZ Dev Product within [***] of Pieris' confirmation of receipt of the Designated Target nomination. In case the Parties cannot agree on whether such Designated Target shall be for a CoDev Product or AZ Dev Product, then AstraZeneca shall have final decision making authority for the [***] Designated Target, and Pieris shall have final decision making authority for the [***] Designated Target. Notwithstanding the foregoing, [***] that become Designated Targets as described in Section 4.3.2.4 shall be classified as for a CoDev Product provided that [***]. In no event, however, shall there be an alteration in the number of AZ Dev Products or CoDev Products (i.e., two (2) of each such Product).

4.3.3. Collaboration Product Development Plan and Development.

4.3.3.1. Initial Collaboration Product Development Plan. Collaboration Product Development Plans shall be prepared by the JDC for each Collaboration Product within [***] ([***]) days after Pieris confirmation of receipt of the nomination of the Designated Target for such Product under Section 4.3.2.7 and Pieris shall initiate activities included in such Collaboration Product Development Plan within [***] ([***]) days after such Collaboration Product Development Plan has been prepared. For avoidance of doubt, Pieris shall have final decision-making authority regarding activities to be conducted by Pieris through Lead Candidate. The initial Collaboration Product Development Plan will be directed towards the steps required to be undertaken by Pieris for achievement [***] and any other tasks as the Parties may mutually agree. The initial Collaboration Product Development Plan shall also include preliminary Technical Candidate Drug Criteria with respect to each Product, which criteria shall be finalized and decided in accordance with Section 3.2.5.2(c)(iii).

4.3.3.2. Replacement of Designated Target in Case of Screening Failure.

(a) If Pieris experiences a Screening Failure during the initial screening campaign for a Lead Candidate and Back-Up Hits for a Collaboration Product after [***] ([***]) [***] from the start of the Anticalin Selection process, then it shall notify AstraZeneca and AstraZeneca shall have the option to [***] from the Reservation List. Notwithstanding the foregoing, AstraZeneca may only request such [***]. Thereafter, if a Screening Failure occurs, all work under the applicable Collaboration Product Development Plan shall be discontinued and such Designated Target shall cease to be subject to the terms of this Agreement.

(b) The costs associated with any activities under Section 4.3.3.2(a) (including the initial screening campaign that resulted in a Screening Failure and the subsequent initial screening campaign against the replacement Target) remain subject to the [***] Dollar ($[***]) cap on Pieris financial obligations for Development of Collaboration Products to Lead Candidate set forth in Section 4.4.4.

4.3.3.3. Development Plan for AZ Dev Products. Upon reaching [***], for AZ Dev Products, AstraZeneca shall take over sole responsibility for the continued Research, Development and Manufacture of such Products including the setting of all plans to carry out the foregoing activities. AstraZeneca shall be obligated to keep Pieris informed of the progress of such efforts and relevant data generated under Section 4.8.3, but the Parties shall not update the Collaboration Product Development Plan for the AZ Dev Products after the Lead Candidate stage is reached.

4.3.3.4. Selection of Collaboration Product Back-Up Hits. Pieris will disclose to AstraZeneca all Anticalin proteins identified by Pieris or its Affiliates in connection with the applicable screening campaign that are specific to each Designated Target as determined by reference to the selectivity criteria set out in the Collaboration Product Development Plan. AstraZeneca shall be entitled to select up to [***] ([***]) Back-Up Hits from such disclosed Anticalin proteins. Within [***] ([***]) [***] of [***] directed to the applicable designated Target, AstraZeneca shall select [***] ([***]) Anticalin proteins from such pool of [***] ([***]) and such [***] ([***]) Anticalin proteins shall be the Back-Up Hits for that Designated Target; following such selection the [***] ([***]) Anticalin proteins previously designated as Back-Up Hits shall no longer be considered Back-Up Hits under this Agreement.

4.3.3.5. Development Plan for CoDev Products. Upon reaching [***] for CoDev Products, the Parties shall update each Collaboration Product Development Plan from time to time and supervise the conduct of activities required in order to continue to Research, Develop and Manufacture such Product through the JSC.

4.3.4. Know-How Transfer. Pieris shall provide AstraZeneca with reasonably requested Pieris Know-How (such as protocols or Data) and reasonable access to Pieris personnel that are reasonably required in order for AstraZeneca to Develop each Collaboration Product as contemplated under this Agreement at no further cost to AstraZeneca. AstraZeneca shall provide Pieris with reasonably requested AstraZeneca Know-How (such as protocols or Data) and reasonable access to AstraZeneca personnel that are reasonably required in order for Pieris to co-Develop each CoDev Product as contemplated under this Agreement at no further cost to Pieris.

4.4. **Development Costs**.

4.4.1. Lead Product.

4.4.1.1. As of April 15, 2017, AstraZeneca will assume responsibility for all costs (including Pieris' Out-of-Pocket Costs and FTE Costs) for the further Research, Development, and Manufacture (to the extent applicable), of the Lead Product as set forth in the initial Lead Product Development Plan, up to the amount of a mutually agreed budget which is set forth in the initial Lead Product Development Plan plus an overrun margin of [***] percent ([***]%) of the mutually-agreed budget, up to Completion of the Phase 1 Study for the Lead Product. Pieris shall notify AstraZeneca as soon as reasonably possible if Pieris becomes aware that the agreed budget is going to be exceeded. For avoidance of doubt, such costs shall be reimbursed by AstraZeneca as incurred by Pieris in accordance with its Accounting Standards. In case Pieris expects a cost overrun of more than [***] percent ([***]%) of the mutually agreed budget, Pieris shall inform AstraZeneca in writing before such cost above [***] percent ([***]%) overrun are incurred. AstraZeneca shall inform Pieris promptly whether it agrees to pay for such cost overrun above [***] percent ([***]%). For clarity, if AstraZeneca does not agree to pay for such cost overrun above [***] percent ([***]%), Pieris shall not be obligated to conduct the activities that would lead to such additional cost overrun above [***] percent ([***]%). In case AstraZeneca requests additional activities to be conducted by Pieris or a Third Party during such time, it shall also assume responsibility for all costs incurred in conducting such additional activities. Such Out-of-Pocket Costs and FTE Costs shall be reimbursed each Calendar Quarter within [***] ([***]) days of receipt by AstraZeneca of an invoice for such costs. AstraZeneca may request supporting documentation evidencing that such costs have been incurred and Pieris shall provide such information if requested. Should there be a dispute as to whether such costs have been incurred, the matter shall be addressed under the dispute resolution provisions in Section 15.1. In case any amount that has been paid by AstraZeneca is disputed and later shown not to have been incurred in accordance with this Agreement, AstraZeneca may credit such unjustified and paid amount against any future payments to Pieris under this Agreement. In the period between the Completion of the Phase 1 Study for the Lead Product and Pieris' determination of whether it will exercise its Lead Product CoDev Option in accordance with Section 4.5.1 below AstraZeneca shall have sole responsibility for all costs for the further Research, Development, Manufacture (to the extent applicable) of the Lead Product (including Pieris' Out-of-Pocket Costs and FTE Costs, to the extent that Pieris is assigned any activities under the then-current Lead Product Development Plan).

4.4.1.2. Concurrent with execution of the Lead Product CoDev Option, Pieris shall select whether it wishes to [***] split the Development Costs associated with the continued Development and Manufacture of the Lead Product (the "**[***]**") or whether it wishes to contribute [***] of the Development Costs associated with the continued

Development and Manufacture of the Lead Product (the "**[***] Split Option**"). Should the total budget for the updated Lead Product Development Plan as set forth in Section 4.1.2.2 exceed [***] dollars ($[***]), then Pieris may, in the alternative, elect to contribute [***] of the Development Costs associated with the continued Development and Manufacture of the Lead Product up to a cap of [***] dollars ($[***]) (the "**[***] Cap Option**").

4.4.1.3. AstraZeneca shall at all times be responsible for all costs associated with Commercialization of the Lead Product. In the event that Pieris exercises it Co-Commercialization Option under Section 7.1, AstraZeneca shall be responsible for [***] co-Commercializing the Lead Product as set forth in Section 7.2.

4.4.1.4. If Pieris exercises the Opt-Out Option with respect to the Lead Product under Section 4.6, then Pieris shall no longer be responsible for contributing to the Development Costs for such Product incurred after the end of the Opt-Out Option Notice period under Section 4.7.2.

4.4.2. AZ Dev Products.

4.4.2.1. Following selection of the Target for an AZ Dev Product and the preparation of the initial Collaboration Product Development Plan for such Product under Section 4.3.3.1, during the Collaboration Term, Pieris will [***] until [***] stage is achieved for that AZ Dev Product.

4.4.2.2. After [***] stage is achieved, AstraZeneca will assume responsibility for all further costs for the Research, Development, Manufacture, and Commercialization of the AZ Dev Products.

4.4.3. CoDev Products.

4.4.3.1. Following selection of the Target for a CoDev Product and the preparation of the initial Collaboration Product Development Plan for such Product under Section 4.3.3.1, Pieris will [***] until [***] stage is achieved.

4.4.3.2. After [***] stage is achieved, AstraZeneca will assume responsibility for all costs for the Research, Development, Manufacture, and Commercialization of the CoDev Product, unless and until such time as Pieris exercises the CoDev Product CoDev Option with respect to such Product.

4.4.3.3. Concurrent with execution of the CoDev Product CoDev Option, Pieris shall select whether it wishes to [***] split the Development Costs associated with the continued Development and Manufacture of the CoDev Product ("**[***]**") or whether it wishes to contribute [***] percent ([***]%) of the Development Costs associated with the continued Development and Manufacture of the CoDev Product (the "**[***] Split Option**"). Should the total budget for the updated Collaboration Product Development Plan as set forth in Section 4.5.2.2 exceed [***] dollars ($[***]), then Pieris may, in the alternative, elect to contribute [***] percent ([***]%) of the Development Costs associated with the continued Development and Manufacture of such CoDev Product up to a cap of [***] dollars ($[***]) (the "**[***] Cap Option**").

4.4.3.4. AstraZeneca shall at all times be responsible for all costs associated with Commercialization of the CoDev Product. In the event that Pieris exercises it Co-Commercialization Option under Section 7.1, AstraZeneca shall be responsible for [***] co-Commercializing the CoDev Product as set forth in Section 7.2.

4.4.3.5. If Pieris exercises its Opt-Out Option with respect to a CoDev Product under Section 4.6, then Pieris shall no longer be responsible for contributing to the Development Costs for such Product once the Opt-Out Option Notice is delivered to AstraZeneca.

4.4.4. Cap on Collaboration Product Development Costs Through Lead Candidate Stage. Notwithstanding Section 4.4.2.1 and Section 4.4.3.1, Pieris shall not be required to expend more than [***] Dollars ($[***]) (including, for avoidance of doubt, all Pieris Out-of-Pocket and FTE Costs) during the Collaboration Term in the course of Researching and Developing all four (4) Collaboration Products through Lead Candidate stage (for avoidance of doubt, including costs expended in attempting to Develop any [***] in accordance with Section 4.3.3.2). Such amount includes the Pieris FTE Costs that would be dedicated to such Research and Development Activities in addition to Out-of-Pocket Costs directed to such work. In case no Lead Candidate has been identified after Pieris has expended the amount of resources set forth in this Section 4.4.4, the Parties shall discuss in good faith sharing of additional costs to be expended in order to identify a Lead Candidate for all four (4) Collaboration Products. Notwithstanding the foregoing, in case (i) no hits have been identified within [***] ([***]) [***] of the start of initial screening against a Designated Target, or (ii) no Lead Candidate has been identified within [***] ([***]) [***] of start of an optimization campaign for identified hits, in each case despite Pieris using its reasonable efforts, then Pieris shall not be obligated to expend any further resources on identifying a Lead Candidate for such Designated Target.

4.4.5. Reimbursed Cost and Shared Cost Mechanisms and Reconciliation.

4.4.5.1. Shared Cost Reimbursement and Reconciliation.

(a) Within [***] ([***]) [***] after the end of each Calendar Quarter, each Party will provide the other Party with a detailed, itemized accounting in a format agreed between the Parties of Development Costs actually incurred by such Party in its performance of the applicable Development Plan during such Calendar Quarter (the "**Shared Cost Report**").

(b) With respect to each Calendar Quarter, within [***] ([***]) [***] following each Party's receipt of the Shared Cost Report, the Parties shall calculate the reconciliation amount to be paid by each Party (the "**Reconciliation Report**").

(c) Within [***] ([***]) [***] after the Parties' agreement as to the Reconciliation Report, as applicable, the Party having paid more than its agreed-to share of Development Costs (on a cumulative basis) shall deliver to the other Party an invoice for such excess amount and such amount shall be paid by the other Party within [***] ([***]) [***] of the date of the invoice.

4.4.5.2. Cost Overruns. If AstraZeneca reasonably believes that the annual budget of Development Costs for a Product should be increased by more than [***] percent ([***]%) from the then-agreed annual budget of Development Costs in relation to a Product where Pieris has opted in to co-Develop such Product with AstraZeneca and Pieris is not prepared to agree to pay its share of such increase, AstraZeneca shall be entitled at its option to pay for all of such excess above [***] percent ([***]%) of the then agreed annual budget of Development Costs and the Product Royalties or Gross Margin Payment due to Pieris shall be reduced in accordance with Section 9.6.6. For clarity, Pieris shall remain liable for paying its share of the Development Costs in accordance with the then agreed budget plus an up to [***] percent ([***]%) variance each year as set forth in this Agreement. For avoidance of doubt, if Pieris does not wish to pay for an increase in annual budget greater than [***] percent ([***]%) as set forth in this Section and AstraZeneca does not wish to pay such excess amount, then such amount shall not be spent and there shall be no reduction of Product Royalties or Gross Margin Payments with respect to such Product.

4.5. **Pieris' Co-Development Option**.

4.5.1. Lead Product CoDev Option.

4.5.1.1. Pieris shall have the option to co-Develop the Lead Product (the "**Lead Product CoDev Option**") after the Completion of the first Phase 2a Study for the Product as set forth in Section 4.5.1.2 below and subject to Section 4.5.1.3 below.

4.5.1.2. Following the Completion of the first Phase 2a Study for the Lead Product and, if not already available, availability of an amended Lead Product Development Plan setting forth the activities and estimated budget of all Development Costs determined by AstraZeneca in good faith based on its reasonable opinion using its experience of comparable products for Development of the Lead Product through [***] in the initial Indication ([***]), AstraZeneca shall deliver a written notice (together with topline and all other available Data from the first Phase 2a Study) to Pieris that it is eligible to exercise the Lead Product CoDev Option and, thereafter, Pieris shall have [***] days to either exercise or decline to exercise the Lead Product CoDev Option via notice made in writing to AstraZeneca. For avoidance of doubt, the time for Pieris to exercise the Lead Product CoDev Option shall be tolled until it has received notification from AstraZeneca that it is eligible to exercise the Lead Product CoDev Option and such notice shall not be delivered until all Development Costs estimated to be required for Development of the Lead Product through [***] are included in the Lead Product Development Plan.

4.5.1.3. If Development of PRS-060 is terminated in favor of a Lead Product Back-Up Hit before Pieris has exercised its Lead Product CoDev Option in accordance with Section 4.5.1.2 above, then Pieris shall have the opportunity to exercise the Lead Product CoDev Option after the [***] for the Lead Product Back-Up Hit and the procedure set out in Section 4.5.2 below shall apply to the exercise of the Lead Product CoDev Option (i.e., the timing and procedure for Option exercise shall be the same as for a CoDev Product, but such Product shall be treated as the Lead Product in all other respects).

4.5.1.4. Concurrent with its exercise of the Lead Product CoDev Option, Pieris shall select the [***], the [***] Split Option or the [***] Cap Option as set forth in Section 4.4.1.2.

4.5.1.5. Following exercise of the Lead Product CoDev Option and thereafter (unless Pieris exercises its Opt-Out Option under Section 4.6), Pieris shall be responsible for the applicable proportion of the Development Costs for the Lead Product as set out in the Lead Product Development Plan and shall receive the Developmental Milestone Payments set forth in Section 9.3.2 (in case Pieris selected the [***]) or in Section 9.3.3 (in case Pieris selected the [***] Split Option or the [***] Cap Option), the Sales Milestone Payments set forth in Section 9.5.2 (in case Pieris selected the [***] Split Option) or in Section 9.5.3 (in case Pieris selected the [***] or the [***] Cap Option) and the Gross Margin Payment as set forth in Section 9.6.1.2 (in case Pieris selected the [***]) or Product Royalties as set forth in Section 9.6.1.3 (in case Pieris selected the [***] Split Option) or in Section 9.6.5 (in case Pieris selected the [***] Cap Option) in connection with the Development and Commercialization of the Product.

4.5.1.6. Should Pieris not exercise the Lead Product CoDev with respect to the Lead Product, then from the time of expiration of the Lead Product CoDev Option, AstraZeneca shall have sole responsibility for the continued, Research, Development and Manufacture of the Lead Product and AstraZeneca shall keep Pieris informed of the progress of such efforts under Section 4.8.3.

4.5.2. CoDev Product CoDev Option.

4.5.2.1. Pieris shall have the option to co-Develop each CoDev Product (the "**CoDev Product CoDev Option**") after the [***] for the Product as set forth in this Section 4.5.2.

4.5.2.2. Following the [***] for each CoDev Product and, if not already available, availability of an amended Collaboration Product Development Plan setting forth the activities and estimated budget of Development Costs determined by AstraZeneca in good faith based on its reasonable opinion using its experience of comparable products for Development of such Product through [***], AstraZeneca shall deliver a written notice to Pieris that it is eligible to exercise the CoDev Product CoDev Option with respect to such product and, thereafter, Pieris shall have [***] days to either exercise or decline to exercise the CoDev Product CoDev Option via notice made in writing to AstraZeneca.

4.5.2.3. Concurrent with its exercise of the CoDev Product CoDev Option, Pieris shall select either the [***], the [***] Split Option or the [***] Cap Option as set forth in Section 4.4.3.3.

4.5.2.4. Following exercise of the CoDev Product CoDev Option and thereafter (unless Pieris excises its Opt-Out Option under Section 4.6), Pieris shall be responsible for the applicable proportion of the Development Costs as set out in the budget to the Collaboration Product Development Plan and shall receive the Developmental Milestone Payments set forth in Section 9.3.5 (in case Pieris selected the [***]) or in Section 9.3.6 (in case Pieris selected the [***] Split Option or the [***] Cap Option), the Sales Milestone Payments set forth in Section 9.5.5 (in case Pieris selected the [***]) or in Section 9.5.6 (in case Pieris selected the [***] Split Option or the [***] Cap Option) and the Gross Margin Payment set forth in Section 9.6.3 (in case Pieris selected the [***]) or Product Royalties as set forth in Section 9.6.4 (in case Pieris selected the [***] Split Option) or in Section 9.6.5 (in case Pieris selected the [***] Cap Option) in connection with the Development and Commercialization of the Product.

4.5.2.5. In the event that Pieris does not exercise its CoDev Product CoDev Option with respect to such Product, then from the time of the expiration of the time to exercise the CoDev Product CoDev Option for such Product, it shall be converted to an AZ Dev Product under this Agreement.

4.6. **CoDev Option Modification**. If Pieris exercises a CoDev Option with respect to the Lead Product or a CoDev Product, then Pieris shall be permitted to modify its selection of the [***] Split Option, or [***] Cap Option with respect to such Product until [***] days after [***] for such Product. Pieris shall only be permitted to modify its selection to choose either the [***] Split Option or the [***] Cap Option (i.e., in the event that Pieris initially selected the [***] Split or [***] Cap Option, it cannot subsequently select the [***] under this Section 4.6, nor can it select the [***] Cap Option or [***] Split Option if it initially selected the [***]). Pieris' modification of such option shall be effective (and the applicable Product shall be treated accordingly) upon providing written notice to AstraZeneca with its modified selection.

4.7. **Pieris' Opt-Out Option**.

4.7.1. In the event that Pieris exercises the Lead Product CoDev Option or either of the CoDev Product CoDev Options, it shall have the opportunity to discontinue co-Development funding for each such Product under the terms of this Section 4.6 (the "**Opt-Out Option**").

4.7.2. Pieris shall have the opportunity to exercise the Opt-Out Option for each applicable Product [***] following its exercise of the Lead Product CoDev Option or any CoDev Product CoDev Option but prior to [***] for such Product. Pieris may exercise the Opt-Out Option by providing [***] days' written notice during such time period to AstraZeneca (the "**Opt-Out Option Notice**") provided that Pieris will continue to be responsible for its share of the Development Costs of [***] which had commenced prior to the date of the Opt-Out Option Notice.

4.7.3. In the event that Pieris exercises the Opt-Out Option:

4.7.3.1. For the Lead Product. From the date of the Opt-Out Option Notice, the Lead Product will be treated as if Pieris had not exercised the Lead Product CoDev Option (including with respect to Developmental Milestone Payments, Sales Milestone Payments, and Product Royalties) except that [***] percent ([***]%) shall be [***] of the Product Royalties due for the Net Sales of the Lead Product [***] between exercising its Lead Product CoDev Option and the date of the end of Opt-Out Option Notice period together with any Development Costs incurred by Pieris for any [***] referred to in Section 4.7.2. After [***] the royalty rates shall [***].

4.7.3.2. For a CoDev Product. From the date of the Opt-Out Option Notice, the CoDev Product will be treated as an AZ Dev Product (including with respect to Developmental Milestone Payments, Sales Milestone Payments, and Product Royalties) except that [***] percent ([***]%) shall be [***] of the Product Royalties due for the Net Sales of such Product [***] between exercising its CoDev Product CoDev Option and the date of the end of Opt-Out Option Notice period together with any Development Costs incurred by Pieris for any [***] referred to in Section 4.7.2. After [***] the royalty rates shall [***].

4.8. **Reporting; Development Records**.

4.8.1. Generally. Each Party shall provide to the other written reports regarding the progress and results of their activities under the Lead Product Development Plan and each Collaboration Product Development Plan through the JSC. Each Party shall (and shall cause its Affiliates, Sublicensees, subcontractors and consultants to) maintain complete and accurate records (in the form of technical notebooks and/or electronic files where appropriate) of all work conducted by it or on its behalf (including by its Affiliates, Sublicensees, subcontractors and consultants) under the Lead Product Development Plan and each Collaboration Product Development Plan. Such records, including any electronic files where such Data may also be contained, shall fully and properly reflect all work done and results achieved in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes. Each Party shall have the right to review and receive a copy of such records (including a copy of the databases) maintained by the other Party (including its Affiliates, Sublicensees, subcontractors and consultants) at reasonable times, but no more than twice in any one Calendar Year, and to obtain access to source documents to the extent needed for patent or regulatory purposes. The Parties may agree to set up an electronic data room, SharePoint or a relevant data base in order to manage the exchange of information of all on-going activities in a secure manner.

4.8.2. Product that are not Co-Developed. For (i) all AZ Dev Products, after Lead Candidate stage and (ii) the Lead Product if Pieris does not exercise the Lead Product CoDev Option, or if Pieris opts-out of co-Developing the Lead Product or a CoDev Product, the Parties shall no longer update the Lead Product Development Plan or Collaboration Development Plan for such Product, as applicable and AstraZeneca shall be entitled to develop its own plans.

4.8.3. Annual Reporting. AstraZeneca shall update Pieris as to the status of the Development, Manufacture and Commercialization of each Product through a written annual report no later than [***] following the end of the Calendar Year outlining AstraZeneca's efforts in connection with Development and Commercialization relating to each Product and informing Pieris of material events related to the Development of the Products to the extent such information is not already provided to Pieris through the JSC and/or CC because it is Co-Developing or Co-Commercializing the applicable Product. Such report shall provide a [***] summarizing the Research, Development, Manufacturing and Commercialization activities anticipated to be undertaken over the next [***] ([***]) [***] and would summarize the Development and Commercialization activities in the past Calendar Year. Such written report shall be in sufficient detail so as to enable Pieris to monitor AstraZeneca's compliance with its diligence obligations under Section 8.1. Further, for each Product where Pieris does not have or has not exercised a CoDev Option, in case of a delay of more than [***] ([***]) months or decision by AstraZeneca not to [***] that was included in the [***] provided under this Section 4.8.3, then AstraZeneca shall explain such [***] to Pieris in writing within the annual report or in a teleconference or meeting with Pieris, which shall be scheduled within [***] of receipt of the annual report by Pieris.

4.9. **Subcontractors**. Each Party will have the right to use its Affiliates or Third Parties to perform the Research and Development activities allocated to it under the Lead Product and Collaboration Product Development Plans; provided that: (a) such Party remains responsible for the work allocated to, and payment to, such subcontractors and consultants as it selects to the same extent it would if it had done such work itself; (b) the subcontractors and consultants 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 11; and (c) such Party uses commercially reasonable efforts to Control all intellectual property developed by the subcontractors and consultants in the course of performing any such work under the applicable Development Plan that Covers the import, Manufacture, use, sale or offer for sale of the applicable

Product, which includes, prior to commencing any such activities, having such subcontractor or consultant execute an agreement licensing or assigning, as applicable, any inventions and related Intellectual Property Rights to the Party by whom they are employed or for whom they are providing services (or its designated Affiliate).

5. REGULATORY

5.1. **Ownership**. AstraZeneca will own all INDs, BLAs and related regulatory documentation submitted by it to any Regulatory Authority with respect to any Product Developed under this Agreement. Notwithstanding the foregoing, for the Lead Product, Pieris shall be the applicant for the first IND submitted and be the sponsor of the Phase 1 Study. Pieris shall be responsible as sponsor for carrying out the Phase 1 Study for the Lead Product in accordance with Applicable Law and the initial Lead Product Development Plan. Pieris shall keep AstraZeneca regularly informed with regard to the progress of such Phase 1 Study. Pieris shall not take any material step in relation to the Phase 1 Study that deviates from the Lead Product Development Plan without the prior written consent of AstraZeneca except as required to meet the requirements of Applicable Law or mandatory instructions of a Regulatory Authority made in accordance with Applicable Law and provided that Pieris will nonetheless consult with AstraZeneca before taking any such material step.

5.2. **Responsibility**. Subject to Section 3.2.5, AstraZeneca will have final authority for all regulatory matters relating to any Product, including (i) overseeing, monitoring and coordinating all regulatory actions, communications and filings with, and submissions to, each Regulatory Authority; (ii) interfacing, corresponding and meeting with each Regulatory Authority; (iii) seeking and maintaining all regulatory filings; and (iv) maintaining and submitting all records required to be maintained or required to be submitted to any Regulatory Authority.

5.3. **Submissions**. With respect to the Lead Product and each CoDev Product and only during such period as Pieris is co-Developing any such Product and during the period of time where Pieris has an unexpired CoDev Option with respect to such Product, AstraZeneca and Pieris will jointly prepare and approve and AstraZeneca shall file all filings and other submissions to Regulatory Authorities related to such Product in advance of submission of any such filings, provided that AstraZeneca shall have final decision making authority with respect to any such filings, provided that any submission to Regulatory Authorities for the first Phase 1 Study for the Lead Product (including the IND and any amendments thereto) shall be filed by Pieris. Should Pieris not exercise its CoDev Option or should it cease to co-Develop any Product, AstraZeneca shall thereafter be solely responsible for all filings and submissions relating to that Product.

5.4. **Communications**.

5.4.1. For the Lead and CoDev Products. With respect to the Lead Product and each CoDev Product, during such period as Pieris is co-Developing any such Product and during the period of time where Pieris has an unexpired CoDev Option with respect to such Product, the Parties shall jointly through the JSC or otherwise collaborate to prepare all communications with the Regulatory Authorities in connection with each such Product. AstraZeneca shall have final say in the event of disagreement between the Parties. For avoidance of doubt, during such period as Pieris is co-Developing any such Product and during the period where Pieris has an unexpired CoDev Option with respect to such Product, both Parties shall have access to and both Parties shall make available to the other Party all communications to and from any Regulatory Authority related to the Lead and each CoDev Product. Prior to any communication or submission to a Regulatory Authority during such period and related to such Product, the Party preparing such communication or submission shall consider in good faith the comments of the other Party. In the event of disagreement, AstraZeneca shall have final decision making authority with regard to any such communication or submission.

5.4.2. Material Communications.

5.4.2.1. Within [***] ([***]) [***] after receipt of any Material Communication from a Regulatory Authority with respect to any Product, AstraZeneca will provide Pieris, through its Alliance Manager, with a brief written description of the principal issues raised in such Material Communication and, upon such Pieris' request, AstraZeneca will also provide complete copies of such correspondence within a reasonable period of time following such request. AstraZeneca will allow Pieris a reasonable opportunity to review and comment on any proposed response (and Pieris shall respond within [***] ([***]) [***] of receiving such proposed response from AstraZeneca) to such Material Communications in advance of the transmission of such response, and will reasonably consider all comments timely provided in connection therewith, provided that AstraZeneca shall have final say.

5.4.2.2. Within [***] ([***]) [***] (or a shorter timeframe if reasonably requested by Pieris in order to comply with Applicable Law or Regulatory Authority requirements) after receipt of any Material Communications from a Regulatory Authority 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, AstraZeneca will provide Pieris, through its Alliance Manager, with a brief written description of the principal issues raised in such Material Communication.

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

5.5. **Meetings**. AstraZeneca shall provide Pieris with reasonable advance notice of all formal meetings and teleconferences with Regulatory Authorities in the United States and European Union pertaining to the Lead Product or any CoDev Product that is being co-Developed by Pieris or for any such Product where Pieris has an unexpired CoDev Option, or with as much advance notice as practicable under the circumstances. AstraZeneca shall use reasonable efforts, to permit Pieris to have, at Pieris' expense, mutually acceptable representatives attend as observers, such formal meetings and teleconferences with Regulatory Authorities pertaining to such Products provided, however, that AstraZeneca not be obligated to change or re-schedule any such meeting in order to accommodate the schedule of Pieris' representatives and Pieris shall not be entitled to attend such meetings if attendance would be contrary to Applicable Law. This Section 5.5 shall apply to Pieris *mutatis mutandis* with respect to formal meetings and teleconferences with Regulatory Authorities in the United States and European Union pertaining to the Lead Product through the Phase 1 Study for such Product.

6. MANUFACTURE AND SUPPLY

6.1. **Generally**. The Lead Product Development Plan and each Collaboration Product Development Plan shall include details regarding Manufacture of the supply of each Product, as applicable including budget, until Marketing Approval of such Product. For avoidance, of doubt, Pieris shall not be allocated responsibility for any Manufacturing activities without its express consent.

6.2. **Lead Product; Immediate Needs for Development Purposes**. Pieris shall use reasonable efforts to cause its Third Party CMOs (including, if necessary, by enforcing its contract with the CMOs), to Manufacture and supply all of the clinical supply requirements for the Lead Product for clinical use and Development activities (including CMC activities) until the Parties develop a strategy for continued Manufacture and supply of the Lead Product for continued Development of such Product as part of the Lead Product Development Plan, subject to the decision making provisions of Section 3.2.5. Pieris shall provide to AstraZeneca copies of all drafts of any such agreement which Pieris proposes to exercise with any such CMO and shall allow AstraZeneca to comment on such drafts and shall take into consideration such comments. Pieris will not execute any such agreement after the Execution Date without first obtaining the written consent of AstraZeneca. Pieris confirms to AstraZeneca that the only CMO agreements related to the Manufacture and clinical supply requirements of the Lead Product executed before the Execution Date are the agreements with [***]. For avoidance of doubt, Pieris shall not be liable for any delay or failure by the CMOs to Manufacture and supply all of the clinical supply requirements provided that Pieris has complied with the first sentence of this Section 6.2. Until and unless Pieris exercises its Lead Product CoDev Option, the cost of Manufacturing the Lead Product [***] shall be paid for by AstraZeneca consistent with the Lead Product Development Plan. Pieris shall use reasonable efforts to cause its CMOs to enter into three-way quality agreements for Manufacturing and supply of the Lead Product with AstraZeneca.

6.3. **CoDev Products**. On CoDev Product-by-CoDev Product basis, if Pieris has exercised the applicable CoDev Option or if Pieris has an unexpired CoDev Option with respect to such Product, the Parties shall discuss in good faith and mutually agree on the supply of such Product for the conduct of any Clinical Study prior to commercial scale Manufacturing, and Manufacturing and supply activities shall be set forth in the applicable Collaboration Product Development Plan.

6.4. **AZ Dev Products**. Subject to the information sharing provisions of Section 4.8.3, AstraZeneca shall have sole responsibility for the Manufacture and supply of the AZ Dev Products. For avoidance of doubt, AstraZeneca shall have sole responsibility for the generation of the cell line(s) necessary or useful for the Manufacture of each AZ Dev Product.

6.5. **Commercial Scale Manufacturing**. Subject to the co-Commercialization provisions of Section 7.1 and the information sharing provisions of Section 4.8, AstraZeneca shall have sole responsibility for the commercial supply of each Product.

6.6. **Future Contract Manufacturer Use**. If AstraZeneca is to enter into any Manufacturing contract with a Third Party contract manufacturing organization for the supply of the Lead Product or any CoDev Product and Pieris has exercised an [***] with respect to such Product and has not opted out, then Pieris shall have the right to review and comment prior to execution of such contract, and AstraZeneca shall consider in good faith any comments provided by Pieris. AstraZeneca shall be entitled to remove from the contract any information which relates to a product which is not the Lead Product or a CoDev Product (for example because AstraZeneca is intending to use the Third Party to manufacture a range of AstraZeneca products).

6.7. **Lead Product Technology Transfer**. If the applicable Lead Product Development Plan includes a technology transfer of Manufacturing process(es) owned or Controlled by Pieris, and in Pieris' or its CMOs' possession for the Lead Product to AstraZeneca or its Third Party subcontractor, Pieris shall use reasonable efforts to conduct such technology transfer as set forth in the Lead Product Development Plan, including by providing copies or samples of relevant documentation, materials and other embodiments of the relevant Know-How, and by making available its qualified technical personnel on a reasonable basis to consult with AstraZeneca with respect to such Know-How. For the first technology transfer (if any) occurring prior to expiration of the time for Pieris to exercise the Lead Product CoDev Option: (i) [***] shall bear the costs of such technology transfer conducted under this Section 6.7 if it is to [***], excluding [***], or (ii) [***] shall bear the costs of such technology transfer conducted under this Section 6.7 if it is to [***], excluding any [***] incurred in connection with any such transfer. For the avoidance of doubt, during any period where Pieris is sharing Development Costs, any such costs meeting the definition of Development Costs shall be shared in the applicable proportion.

6.8. **Lead Product Cell Line License and Other Cell Line Licenses**.

6.8.1. For the Lead Product, the Parties acknowledge that the Manufacture of such Product is subject to the Lead Product Cell Line License. [***] shall pay the [***] due under the Lead Product Cell Line License. AstraZeneca agrees to comply with the terms and conditions of the Lead Product Cell Line License in connection with the Development, Manufacturing and Commercialization of the Lead Product as a sublicensee/Pieris Product Licensee under such License and to provide reasonable assistance and information to Pieris to ensure that Pieris complies with such License.

6.8.2. For CoDev Products, where Pieris has exercised a CoDev Option and has not opted-out of Co-Development, the costs associated with the use of any cell line that is used for the Manufacture of such CoDev Product (e.g., any milestone or royalty obligations payable to a Third Party in connection with the use of such cell line) may be included in Development Costs to be shared by the Parties in the appropriate proportion during the applicable co-Development periods. Following First Commercial Sale of a CoDev Product, any such costs will be deducted from Net Sales for the applicable CoDev Product.

6.8.3. For avoidance of doubt, for all Products other than the Lead Product, where Pieris does not have or does not excise a CoDev Option, AstraZeneca shall be responsible for any payments or royalties due in connection with the cell line used to Manufacture such Product and such royalties shall not be deducted from the Product Royalties to which Pieris is entitled for the Commercialization of such Products.

6.8.4. Each Party shall comply with the terms of the Lead Product Cell Line License and shall notify the other Party immediately if they become aware of any dispute under such agreement.

7. COMMERCIALIZATION

7.1. **Pieris' Co-Commercialization Option**.

7.1.1. Co-Commercialization Option. AstraZeneca hereby grants to Pieris an Option to co-Commercialize each Product for which it has a CoDev Option (i.e., the Lead Product and each Product designated as a CoDev Product prior to [***], regardless of whether [***]) in the United States (the "**Co-Commercialization Option**"). Pieris shall exercise such an option as follows:

7.1.1.1. Upon Initiation of the [***] for such Product, AstraZeneca shall provide written notice to Pieris that it may exercise the Co-Commercialization Option with respect to such Product. Pieris shall be entitled to exercise such Co-Commercialization Option at any time within [***] ([***]) months of the date of such notice by providing written notice to AstraZeneca.

7.1.1.2. Within [***] ([***]) [***] of Pieris' exercise of the Co-Commercialization Option, AstraZeneca shall provide to Pieris a draft Commercialization plan setting forth a detailed plan of the Commercialization efforts to be undertaken with respect to the Product in the United States including the number of sales representatives required for such efforts ("**Draft Commercialization Plan**"), any training required for such representatives, and the period of time prior to anticipated First Commercial Sale of the Product in the United States that such representatives must be trained. The Draft Commercialization Plan will become the basis for allocation of Pieris' Commercialization responsibilities under the Co-Commercialization Agreement and Co-Commercialization Plan as set forth in Section 7.2.2.1.

7.1.2. In the event that Pieris exercises the Co-Commercialization Option, the provisions of Section 7.2.2 shall apply to such Product.

7.2. **Commercialization Responsibilities**

7.2.1. Products that are not Co-Commercialized. For any Product where Pieris has not exercised a Co-Commercialization Option, AstraZeneca shall be solely responsible for and have sole control over all aspects of the Commercialization of such Products in every country of the world, including planning and implementation, distribution, booking of sales, pricing, reimbursement and costs. AstraZeneca shall remain subject to the reporting requirements under Section 4.8 with respect to such Products.

7.2.2. Co-Commercialized Products. For any Product where Pieris has exercised its Co-Commercialization Option, the following provisions shall apply to such Product:

7.2.2.1. No later than [***] ([***]) months prior to the anticipated First Commercial Sale of the first Product for which Pieris has exercised its Co-Commercialization Option or within [***] ([***]) days of Pieris' exercise of the Co-Commercialization Option (whichever is later), the Parties shall negotiate in good faith an agreement to define the Parties' responsibilities with respect to Commercialization (a "**Co-Commercialization Agreement**"). Appended to the Co-Commercialization Agreement shall be an initial plan setting forth the specific strategy for Commercialization of the Product ("**Commercialization Plan**"). The Co-Commercialization Agreement shall include:

(a) A commercialization committee that shall include membership from Pieris and AstraZeneca responsible for oversight of commercialization activities in the United States (the "**Commercialization Committee**" or "**CC**"). For each applicable Product, the CC shall be responsible for considering (i) the overall Commercialization strategy including updates to the Commercialization Plan as may be required from time to time; (ii) the branding strategy (including global positioning, promotional messages, colors and other visual branding elements); (iii) creation, preparation, production, reproduction and filing with the applicable Regulatory Authorities, of relevant written sales, promotion and advertising materials relating for use in the United States; (iv) review of the marketing and sales performance of the Product and decision-making regarding the number of sales representatives required for Commercialization of the Product in the United States.

(b) The CC shall have no decision making power and AstraZeneca shall have final decision-making authority regarding all issues related to Commercialization of the applicable Product including the topics recited in Section 7.2.2.1(a).

(c) A provision for Pieris to provide [***] percent ([***]%)—unless the Parties otherwise mutually agree—of the required sales representatives necessary to Commercialize the Product in the United States under the applicable Commercialization Plan for as long as such Product is Commercialized.

(d) A requirement that Pieris establish and maintain an appropriately sized and qualified set of sales representatives in accordance with the timelines and training requirements set forth in the Draft Commercialization Plan or Commercialization Plan, as applicable.

(e) An appropriate mechanism for measuring [***] of [***].

(f) An obligation on AstraZeneca to [***] in promoting the Product [***] ([***]).

7.2.2.2. For subsequent Products where Pieris exercises a Co-Commercialization Option, a separate Commercialization Plan shall be prepared for such Product and a separate Co-Commercialization Agreement shall be made for such Product no later than [***] ([***]) months prior to the anticipated First Commercial Sale of such Product and such Product shall be subject to the terms and conditions of the same Co-Commercialization Agreement.

8. DILIGENCE & NON-COMPETE

8.1. **Diligence Requirements**.

8.1.1. Pieris and AstraZeneca. Pieris and AstraZeneca shall use Commercially Reasonable Efforts to perform their respective activities contemplated by this Agreement, 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 the then-current Lead Product Development Plan, each Collaboration Product Development Plan and any other plans or tasks approved by the JSC.

8.1.2. AstraZeneca. AstraZeneca shall use Commercially Reasonable Efforts to Develop, Manufacture and Commercialize each Product in the Field in the Major Market Countries.

8.1.3. Pieris. In the event that Pieris exercises its Co-Commercialization Option for a Product under Section 7.1, it shall use Commercially Reasonable Efforts to undertake its obligations under the applicable Co-Commercialization Agreement.

8.2. **Non-Compete**.

8.2.1. Generally. During the Term and with respect to each Product, each Party and its Affiliates covenants not to Research, Develop, Manufacture or Commercialize, itself or with a Third Party, any Competing Product in the Field until the First Commercial Sale of the applicable corresponding Product worldwide except as permitted under this Agreement, including Pieris' ability to undertake activities with respect to the [***] in the [***] Grant-Back Field as provided in Section 2.6.

8.2.2. Post First Commercial Sale Activities. Notwithstanding Section 8.2.1, but subject to Section 8.2.3.6, following the First Commercial Sale of a Product, each Party shall be permitted to Research, Develop and Manufacture and Commercialize a corresponding Competing Product.

8.2.3. AstraZeneca Activities.

8.2.3.1. Generally. Notwithstanding Section 8.2.1 but subject to the limitations of this Section 8.2.3, AstraZeneca shall be permitted to: (i) [***] or [***] of any [***] where [***] was [***] and [***] to [***]; (ii) [***] so long as [***] does [***] in any way [***]; or (iii) [***] or [***] related to [***] that is [***] in order to [***] or [***].

8.2.3.2. In the case of the Research, Development or Manufacture of any [***] under Section 8.2.3.1, Research, Development or Manufacture may not proceed beyond [***].

8.2.3.3. Notwithstanding Section 8.2.3.1, if a Phase 3 Study has been Initiated for a Product, then AstraZeneca shall be permitted to [***] for a [***] that [***] to the [***]. Research, Development or Manufacture of [***], however, may not proceed beyond [***], subject to Section 8.2.3.6.

8.2.3.4. All Competing Products Researched, Developed or Manufactured by AstraZeneca under this Section 8.2.3 shall [***] IP.

8.2.3.5. For purposes of this Section 8.2.3, "[***] of [***]" means [***] of [***] or [***]. For example, if [***] is in [***], then [***] to such [***] must be in the [***] and no [***]. If a [***] but a [***] has not been [***] for such [***], then no [***] may be [***] for such [***] until a [***] is [***] for the [***] to such [***].

8.2.3.6. [***]. During the Term and with respect to each Product that has entered clinical Development, AstraZeneca hereby covenants not to initiate a Clinical Study with [***] against the same Target (including the primary receptor(s) and/or primary ligand(s) of such Target (as applicable) as included on the Reservation List) to which such Product is directed. In case AstraZeneca initiates a Clinical Study with a [***] against the same Target as a Product before such Product has entered clinical Development, then AstraZeneca shall notify Pieris in writing ("**[***] Notice**") and Pieris shall be entitled to terminate this Agreement with respect to such Product by notice in writing to AstraZeneca within [***] ([***]) [***] of the date of the [***] Notice with the consequences set out in Section 14.3.1.

8.2.3.7. Pieris Opt-In Right for Competing Products. No earlier than [***] ([***]) days prior to the expected First Commercial Sale of a Product (the "**Existing Product**") in the United States but no later than the actual date of First Commercial Sale of such Product in the United States, AstraZeneca (including its Affiliates) will notify Pieris of any Competing Product (regardless of the stage of Development) with respect to the Existing Product and provide a non-confidential summary of any such related Competing Product(s) in its pipeline as such time (the "**Program Notice**"). If Pieris desires to evaluate such Competing Product, then Pieris will notify AstraZeneca within [***] ([***]) days of its receipt of the Program Notice (the "**Evaluation Notice**"). Promptly after AstraZeneca's receipt of such Evaluation Notice, AstraZeneca will provide Pieris with a confidential data package relating to the related Competing Product(s) including all material pre-clinical, clinical, and Manufacturing data as well as the proposed Development plan and budget (such budget to include all Development Costs) up to [***] (as well as such other information that Pieris may reasonably request), which data package will be deemed to be Confidential Information of AstraZeneca under this Agreement (and Pieris shall be entitled to use such Confidential Information solely for the purpose of evaluating whether to include such Competing Product in the Agreement). AstraZeneca shall also respond to any of Pieris' reasonable

inquiries regarding such related Competing Products during the Evaluation Period. Within [***] days of its receipt of such confidential data package (the "**Evaluation Period**"), Pieris will notify AstraZeneca of its election to (i) include the Competing Product in the Agreement and share the Development Costs (including Development Costs incurred by AstraZeneca from [***] (1) with AstraZeneca on an [***] split basis (the "**[***]**"), (2) on a [***] percent ([***]%)-[***] percent ([***]%) basis, with Pieris contributing [***] percent ([***]%) of the Development Costs (the "**[***] Split Option**"), or (3) in the alternative, should the total budget of Development Costs up to [***] provided by AstraZeneca under this Section 8.2.3.7 exceed [***] Dollars ($[***]), then Pieris may elect to contribute [***] of the Development Costs associated with the Continued Development and Manufacture of the related Competing Product up to a cap of [***] Dollars ($[***]) (the "**[***] Cap Option**") or (ii) decline to include the Competing Product(s) in the Agreement. If Pieris agrees in writing to include such Competing Product in the Agreement, then (a) the Competing Product will be included [***] and Pieris will elect the [***], [***] Split Option or [***] Cap Option; (b) such Competing Product will be deemed to be a Product hereunder; (c) the JDC will develop a Development Plan and budget for such Competing Product, for review and approval by the JSC; and (d) the Parties will enter into an amendment or supplement to this Agreement to the extent necessary to specify such other changes, modifications and assignments as are reasonably necessary to effectuate the addition of such Competing Product to the collaboration consistent with this Section 8.2.3.7. If Pieris declines to include such Competing Product in the Agreement, then (i) from and after the date of such election, the non-compete obligations of AstraZeneca set forth in this Section 8.2 will no longer apply with respect to such Competing Product, and (ii) Pieris shall destroy the confidential data package of the Competing provided to it by AstraZeneca (*provided,* that Pieris shall be entitled to retain one (1) copy of such information for its record-keeping purposes). Furthermore, should AstraZeneca or its Affiliates acquire or in-license a [***] Competing Product (which was not in AstraZeneca's pipeline at the time of the First Commercial Sale of the Existing Product) (A) within [***] ([***]) years of the First Commercial Sale of the Product if a [***] of the Competing Product has been Initiated at the time of in-licensing or acquisition, (B) within [***] ([***]) years of the First Commercial Sale of the Product if a [***] of the Competing Product has been Initiated at the time of in-licensing or acquisition, or (C) within [***] ([***]) years of the First Commercial Sale of the Product if a [***] the Competing Product at the time of in-licensing or acquisition, then AstraZeneca shall offer to Pieris to include such Competing Product in the Agreements under the same terms

and evaluation timelines as set forth above in this Section 8.2.3.7. For avoidance of doubt, in each of the foregoing cases (clauses (A)-(C) above), the terms of such election shall be governed by the process set forth above with AstraZeneca providing the Program Notice within [***] days of the acquisition or in-license of such Competing Product.

8.2.3.8. If AstraZeneca is in material breach of this Section 8.2 with respect to a Product, then Pieris shall have the right to terminate this Agreement with respect to such Product with the consequences set out in Sections 14.3.1.

8.2.4. Effect of Acquisition. Notwithstanding Sections 8.2.1–8.2.3, each Party acknowledges that the other Party (the "**Concerned Party**") may be acquired by or merge with a Third Party or acquire a Third Party during the Term of this Agreement (such transaction, an "**Acquisition Transaction**", and such Third Party, the "**Acquiror**" or "**Acquiree**"). In such event, if the Acquiror or Acquiree (or a Third Party that is an Affiliate of such Acquiror or Acquiree prior to and following the date of such Acquisition Transaction) was Researching, Developing, Manufacturing or Commercializing one or more Competing Product(s) prior to the closing of such Acquisition Transaction (each an "**Acquired Competing Product**"), subject to the Concerned Party's compliance with this Section 8.2.4, such Concerned Party shall be deemed not to be in breach of Sections 8.2.1–8.2.3:

8.2.4.1. If the Concerned Party is AstraZeneca, and the Acquired Competing Product is [***] at the date of completion of such acquisition then the provisions of Section 8.2.3 shall apply. If the Acquired Competing Product is [***] at the date of completion of such acquisition, then AstraZeneca (or the Acquiror) shall make one of the following elections within [***] days of the close of the Acquisition Transaction:

(a) discontinue the Product corresponding to the Acquired Competing Product by terminating this Agreement for convenience with respect to such Product, pursuant to Section 14.2.3;

(b) Divest to a Third Party or discontinue the Acquired Competing Product within [***] ([***]) months after the closing date of the Acquisition Transaction; or

(c) contribute the Acquired Competing Product to the collaboration with Pieris at terms mutually acceptable to both Parties. For clarity, should Pieris and AstraZeneca not agree on such terms, then AstraZeneca has to elect either option (a) or (b) above.

8.2.4.2. If the Concerned Party is Pieris and Pieris has been acquired by a Third Party, then Pieris (or the Acquiror) shall make one of the following elections within [***] of the close of the Acquisition Transaction:

(a) Divest to a Third Party or discontinue the Acquired Competing Product within [***] ([***]) months after the closing date of the Acquisition Transaction;

(b) if the Product corresponding to the Acquired Competing Product has not reached [***] and (i) AstraZeneca requests Pieris to complete Development through that stage, then Pieris shall complete such Development and AstraZeneca shall take over further Development and Commercialization efforts for such Product alone under the terms and conditions of this Agreement (i.e., if Pieris would have had a CoDev Option or Co-Commercialization Option with respect to such Product, it shall no longer have such Options) or, (ii) otherwise, further development of the Product will be terminated and in the case of both (i) and (ii) the Pieris Acquiror or Acquiree shall be subject to no further restrictions with respect to the Acquired Competing Product and may Develop, Manufacture and Commercialize such Competing Product provided that Pieris and its Affiliates shall not use and shall not permit the Acquiror or Acquiree to use the Intellectual Property Rights granted to AstraZeneca under this Agreement or the Platform Agreement in relation to such activities;

(c) if the Product corresponding to the Acquired Competing Product has reached [***] and Pieris does not have or has not yet exercised a CoDev Option and Co-Commercialization Option for such Product, then no changes are required except that Pieris would lose any CoDev Option and Co-Commercialization Option for such Product (if any) and the Pieris Acquiror or Acquiree shall be subject to no further restrictions with respect to the Acquired Competing Product and may Develop, Manufacture and Commercialize such Acquired Competing Product provided that Pieris and its Affiliates shall not use and shall not permit the Acquiror or Acquiree to use the Intellectual Property Rights granted to AstraZeneca under this Agreement or the Platform Agreement in relation to such activities;

(d) if the Product corresponding to the Acquired Competing Product is one where Pieris has exercised a CoDev Option, then Pieris shall [***] shall apply with respect to future payments due; or

(e) contribute the Acquired Competing Product to the collaboration with AstraZeneca at terms mutually acceptable to both Parties. For clarity, should Pieris and AstraZeneca not agree on such terms then Pieris has to elect one of options 8.2.4.2(a), (b), (c) or (d).

8.2.4.3. If the Concerned Party is Pieris and Pieris has acquired the Third Party, then within [***] ([***]) [***] of the close of the Acquisition Transaction Pieris shall offer to contribute the Acquired Competing Product to the collaboration with AstraZeneca at terms mutually acceptable to the Parties. If the Parties are unable to agree on the terms of such transaction then Pieris shall elect one of Section 8.2.4.2(a), (b), (c) or (d) above.

8.2.4.4. The term "**Divest**" means, with respect to an Acquired Competing Product, the sale, exclusive (even with respect to the Concerned Party and its Affiliates) license, or other delegation, assignment or transfer by a Party or its Affiliates of all of their respective Development and Commercialization rights or obligations with respect to such compound or product to a Third Party without the retention or reservation of any commercialization interest or participation rights (other than solely an economic interest or the right to enforce customary terms and conditions contained in the relevant agreements effectuating such divestiture, including rights of access and review in connection therewith).

9. PAYMENTS

9.1. **Lead Product Up-Front License Fee**. In partial consideration for the license and rights granted to AstraZeneca herein related to Lead Product, AstraZeneca will pay to Pieris within [***] ([***]) days of receipt of an invoice from Pieris after the Effective Date, a one-time payment of [***] Dollars ($[***]). Such payment will be non-refundable, non-creditable and not subject to set-off.

9.2. **Collaboration Product Access Fee**. In partial consideration for the licenses and rights granted to AstraZeneca herein related to the Collaboration Products, AstraZeneca will pay to Pieris within [***] ([***]) days of receipt of an invoice from Pieris after the Effective Date, a one-time payment of [***] Dollars ($[***]). Such payment will be non-refundable, non-creditable and not subject to set-off.

9.3. **Developmental Milestone Payments**. On a Product-by-Product basis, AstraZeneca will make one-time 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 9.3 (each, a "**Developmental Milestone Event**") with respect to the Lead Product, each CoDev Product, and each AZ Dev Product, as applicable. Such Developmental Milestone Payments shall be made within [***] days of achievement of the corresponding Developmental Milestone Event.

9.3.1. Lead Product (No Co-Development) Developmental Milestone Payments. AstraZeneca shall make each of the Developmental Milestone Payments to Pieris set forth in this Section 9.3.1 at the occurrence of each corresponding Developmental Milestone Event in connection with the Lead Product, unless and until Pieris exercises the Lead Product CoDev Option.

Developmental Milestone Event	Lead Product (no co-development) [***]	Lead Product (no co-development) [***]	Lead Product (no co-development) [***]
Phase 1 Study Initiation:	[***]	[***]	[***]
Phase 2a Study Initiation:	[***]	[***]	[***]
Phase 2b Study Initiation:	[***]	[***]	[***]
Phase 3 Study Initiation:	[***]	[***]	[***]
Upon BLA filing in [***]:	[***]	[***]	[***]
Upon MAA filing in [***]:	[***]	[***]	[***]
Upon MAA filing in [***]:	[***]	[***]	[***]
Upon the First Commercial Sale in [***]:	[***]	[***]	[***]

Upon the First Commercial Sale in [***]:	[***]	[***]	[***]
Upon the First Commercial Sale in [***]:	[***]	[***]	[***]
Total	**[***]**	**[***]**	**[***]**

9.3.2. Lead Product ([***] Co-Development) Developmental Milestone Payments. AstraZeneca shall make each of the Developmental Milestone Payments to Pieris set forth in this Section 9.3.2 at the occurrence of each corresponding Developmental Milestone Event in connection with the Lead Product beginning at the time where Pieris exercises the Lead Product CoDev Option and the [***].

Developmental Milestone Event	**Lead Product ([***]) [***]**	**Lead Product ([***]) [***]**	**Lead Product ([***]) [***]**
Phase 1 Study Initiation:	[***]	[***]	[***]
Phase 2a Study Initiation:	[***]	[***]	[***]
Phase 2b Study Initiation:	[***]	[***]	[***]
Phase 3 Study Initiation:	[***]	[***]	[***]
Upon BLA filing in [***]:	[***]	[***]	[***]
Upon MAA filing in [***]:	[***]	[***]	[***]
Upon MAA filing in [***]:	[***]	[***]	[***]
Upon the First Commercial Sale in [***]:	[***]	[***]	[***]
Upon the First Commercial Sale in [***]:	[***]	[***]	[***]
Upon the First Commercial Sale in [***]:	[***]	[***]	[***]
Total	**[***]**	**[***]**	**[***]**

9.3.3. Lead Product ([***] Split Option or [***] Cap Option Co-Development) Developmental Milestone Payments. AstraZeneca shall make each of the Developmental Milestone Payments to Pieris set forth in this Section 9.3.3 at the occurrence of each corresponding Developmental Milestone Event in connection with the Lead Product beginning at the time where Pieris exercises the Lead Product CoDev Option and the [***] Split Option or [***] Cap Option.

Developmental Milestone Event	Lead Product ([***] or Cap Option) [***]	Lead Product ([***] or Cap Option) [***]	Lead Product ([***] or Cap Option) [***]
Phase 1 Study Initiation:	[***]	[***]	[***]
Phase 2a Study Initiation:	[***]	[***]	[***]
Phase 2b Study Initiation:	[***]	[***]	[***]
Phase 3 Study Initiation:	[***]	[***]	[***]
Upon BLA filing in [***]:	[***]	[***]	[***]
Upon MAA filing in [***]:	[***]	[***]	[***]
Upon MAA filing in [***]:	[***]	[***]	[***]
Upon the First Commercial Sale in [***]:	[***]	[***]	[***]
Upon the First Commercial Sale in [***]:	[***]	[***]	[***]
Upon the First Commercial Sale in [***]:	[***]	[***]	[***]
Total	**[***]**	**[***]**	**[***]**

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

9.3.4. AZ Dev Product Developmental Milestone Payments. AstraZeneca shall make each of the Developmental Milestone Payments to Pieris set forth in this Section 9.3.4 at the occurrence of each corresponding Developmental Milestone Event in connection with each AZ Dev Product or in connection with a CoDev Product where Pieris does not exercise its CoDev Option with respect to such Product (or if and at the time it later opts-out of co-Development). For avoidance of doubt, with respect to the [***] Developmental Milestone Payment, if Pieris does not exercise its CoDev Option with respect to a CoDev Product then the [***] Developmental Milestone Payment amount set forth in this Section 9.3.4 shall be due.

Developmental Milestone Event	AZ Dev Product [***]	AZ Dev Product [***]	AZ Dev Product [***]
[***]	[***]	[***]	[***]
Phase 1 Study Initiation:	[***]	[***]	[***]
Phase 2a Study Initiation:	[***]	[***]	[***]
Phase 2b Study Initiation:	[***]	[***]	[***]
Phase 3 Study Initiation:	[***]	[***]	[***]
Upon BLA filing in [***]:	[***]	[***]	[***]
Upon MAA filing in [***]:	[***]	[***]	[***]
Upon MAA filing in [***]:	[***]	[***]	[***]

Upon the First Commercial Sale in [***]:	[***]	[***]	[***]
Upon the First Commercial Sale in [***]:	[***]	[***]	[***]
Upon the First Commercial Sale in [***]:	[***]	[***]	[***]
Total	**[***]**	**[***]**	**[***]**

9.3.5. CoDev Product ([***] Co-Development) Developmental Milestone Payments. AstraZeneca shall make each of the Developmental Milestone Payments to Pieris set forth in this Section 9.3.5 at the occurrence of each corresponding Developmental Milestone Event in connection with each CoDev Product where Pieris exercises the [***].

Developmental Milestone Event	**CoDev Product ([***]) [***]**	**CoDev Product ([***]) [***]**	**CoDev Product ([***]) [***]**
[***]	[***]	[***]	[***]
Phase 1 Study Initiation:	[***]	[***]	[***]
Phase 2a Study Initiation:	[***]	[***]	[***]
Phase 2b Study Initiation:	[***]	[***]	[***]
Phase 3 Study Initiation:	[***]	[***]	[***]
Upon BLA filing in [***]:	[***]	[***]	[***]
Upon MAA filing in [***]:	[***]	[***]	[***]

Upon MAA filing in [***]:	[***]	[***]	[***]
Upon the First Commercial Sale in [***]:	[***]	[***]	[***]
Upon the First Commercial Sale in [***]:	[***]	[***]	[***]
Upon the First Commercial Sale in [***]:	[***]	[***]	[***]
Total	**[***]**	**[***]**	**[***]**

9.3.6. CoDev Product ([***] Split Option or [***] Cap Option Co-Development) Developmental Milestone Payments. AstraZeneca shall make each of the Developmental Milestone Payments to Pieris set forth in this Section 9.3.6 at the occurrence of each corresponding Developmental Milestone Event in connection with each CoDev Product where Pieris exercises the [***] Split Option or [***] Cap Option.

Developmental Milestone Event	**CoDev Product ([***] Split or Cap Option) [***]**	**CoDev Product ([***] Split or Cap Option) [***]**	**CoDev Product ([***] Split or Cap Option) [***]**
[***]	[***]	[***]	[***]
Phase 1 Study Initiation:	[***]	[***]	[***]
Phase 2a Study Initiation:	[***]	[***]	[***]
Phase 2b Study Initiation:	[***]	[***]	[***]
Phase 3 Study Initiation:	[***]	[***]	[***]

Upon BLA filing in [***]:	[***]	[***]	[***]
Upon MAA filing in [***]:	[***]	[***]	[***]
Upon MAA filing in [***]:	[***]	[***]	[***]
Upon the First Commercial Sale in [***]:	[***]	[***]	[***]
Upon the First Commercial Sale in [***]:	[***]	[***]	[***]
Upon the First Commercial Sale in [***]:	[***]	[***]	[***]
Total	**[***]**	**[***]**	**[***]**

9.4. **Additional Developmental Milestone Payment Terms.**

9.4.1. Skipped Developmental Milestone Events and Payments. 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), or if Marketing Approval is achieved in any jurisdiction with respect to a Product without all of the preceding milestone payments applicable to such Product having been achieved, then the skipped Developmental Milestone Event will be deemed to have been achieved upon the achievement of the subsequent milestone or upon Marketing Approval and the corresponding Developmental Milestone Payment(s) shall then become due, as applicable. For avoidance of doubt, this Section 9.3.6 also applies to the Candidate Drug Investment Decision and the Candidate Drug Investment Decision milestone payment shall be due in full (even if a Product does not meet the Candidate Drug criteria set forth in the applicable Development Plan) if AstraZeneca decides to select such Product for Candidate Drug Investment Decision.

9.4.2. Satisfaction of Technical Candidate Drug Criteria Without [***]. For each Collaboration Product, in the event that such Product meets the Technical Candidate Drug Criteria established in accordance with Section 3.2.5.2(c)(iii) and included in the Collaboration Product Development Plan but

AstraZeneca nonetheless determines not to select such Product for [***], then the [***] milestone shall be due and payable to Pieris but shall be [***] Dollars ($[***]). AstraZeneca's decision not to select such Product (i.e., either the Lead Candidate or any Back-Up Hit of such Product) meeting the Technical Candidate Drug Criteria for [***] within [***] ([***]) months after the Lead Candidate or any Back-Up Hit of such Product first met such Technical Candidate Drug Criteria, shall be deemed a termination of such Product by AstraZeneca for convenience under Section 14.2.3. If within such [***] ([***]) month period AstraZeneca does make a [***] with respect to the Product (i.e., either the Lead Candidate or any Back-Up Hit of such Product), AstraZeneca shall pay the applicable [***] milestone less [***] Dollars ($[***]) already paid pursuant to the first sentence of this Section 9.4.2. For avoidance of doubt, however, AstraZeneca must at all times continue to use Commercially Reasonable Efforts to Develop such Product. By way of example and for clarity, if AstraZeneca initially chooses not to make a [***] in order to generate more data regarding the Product and to reconsider, then the initial decision shall not be deemed a termination for convenience.

9.4.3. EU Milestones. The "MAA filing in the EU" milestone shall be deemed met with respect to each Product when AstraZeneca files an MAA with the EMA or when it files an MAA with any country of the European Union. The "First Commercial Sale in the EU" shall be deemed upon the First Commercial Sale of each Product in the European Union.

9.5. **Sales Related Milestone Payments**. As partial consideration for the rights granted hereunder regarding each Product, AstraZeneca shall make, on a Product-by-Product basis, the non-refundable, non-creditable, one-time payments (the "**Sales Milestone Payments**") to Pieris based upon achievement 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 where such Sales Milestone Event is achieved.

9.5.1. Lead Product Sales Related Milestone Payments (without Lead Product CoDev Option Exercise). AstraZeneca shall make the Sales Milestone Payments listed below at the occurrence of each Sales Milestone Event for the Lead Product if Pieris did not exercise the Lead Product CoDev Option.

Sales Milestone Event	Sales Milestone Payment
The first achievement of [***] Dollars ($[***]) in Net Sales of the Lead Product in any Calendar Year	[***] Dollars ($[***])

The first achievement of [***] Dollars ($[***]) in Net Sales of the Lead Product in any Calendar Year	[***] Dollars ($[***])
The first achievement of [***] Dollars ($[***]) in Net Sales of the Lead Product in any Calendar Year	[***] Dollars ($[***])

9.5.2. Lead Product Sales Related Milestone Payments (with Lead Product CoDev Option and [***] Exercise). AstraZeneca shall make the Sales Milestone Payments listed below at the occurrence of each Sales Milestone Event for the Lead Product where Pieris has exercised the Lead Product CoDev Option and [***].

Sales Milestone Event	**Sales Milestone Payment**
The first achievement of [***] Dollars ($[***]) in Net Sales of the Lead Product in any Calendar Year	[***] Dollars ($[***])
The first achievement of [***] Dollars ($[***]) in Net Sales of the Lead Product in any Calendar Year	[***] Dollars ($[***])
The first achievement of [***] Dollars ($[***]) in Net Sales of the Lead Product in any Calendar Year	[***] Dollars ($[***])

9.5.3. Lead Product Sales Related Milestone Payments (with Lead Product CoDev Option and [***] Split Option or [***] Cap Option Exercise). AstraZeneca shall make the Sales Milestone Payments listed below at the occurrence of each Sales Milestone Event for the Lead Product where Pieris has exercised the Lead Product CoDev Option and [***] Split Option or [***] Cap Option.

Sales Milestone Event	**Sales Milestone Payment**
The first achievement of [***] Dollars ($[***]) in Net Sales of the Lead Product in any Calendar Year	[***] Dollars ($[***])
The first achievement of [***] Dollars ($[***]) in Net Sales of the Lead Product in any Calendar Year	[***] Dollars ($[***]) [***]
The first achievement of [***] Dollars ($[***]) in Net Sales of the Lead Product in any Calendar Year	[***] Dollars ($[***])

9.5.4. AZ Product Sales Related Milestone Payments. On an AZ Dev-by-AZ Dev Product basis, AstraZeneca shall make the one-time Sales Milestone Payments listed below at the occurrence of each Sales Milestone event for each AZ Dev Product.

Sales Milestone Event	Sales Milestone Payment
The first achievement of [***] Dollars ($[***]) in Net Sales of the AZ Dev Product in any Calendar Year	[***] Dollars ($[***])
The first achievement of [***] Dollars ($[***]) in Net Sales of the AZ Dev Product in any Calendar Year	[***] Dollars ($[***])
The first achievement of [***] Dollars ($[***]) in Net Sales of the AZ Dev Product in any Calendar Year	[***] Dollars ($[***])

9.5.5. CoDev Product Sales Related Milestone Payments ([***]). On a CoDev Product-by-CoDev Product basis, AstraZeneca shall make the Sales Milestone Payments listed below at the occurrence of each Sales Milestone events for each CoDev Product where Pieris has exercised the [***].

Sales Milestone Event	Sales Milestone Payment
The first achievement of [***] Dollars ($[***]) in Net Sales of the CoDev Product in any Calendar Year	[***] Dollars ($[***])
The first achievement of [***] Dollars ($[***]) in Net Sales of the CoDev Product in any Calendar Year	[***] Dollars ($[***])
The first achievement of [***] Dollars ($[***]) in Net Sales of the CoDev Product in any Calendar Year	[***] Dollars ($[***])

9.5.6. CoDev Product Sales Related Milestone Payments ([***] Split Option or [***] Cap Option). On a CoDev Product-by-CoDev Product basis, AstraZeneca shall make the Sales Milestone Payments listed below at the occurrence of each Sales Milestone events for each CoDev Product where Pieris has exercised the [***] Split Option or [***] Cap Option.

Sales Milestone Event	Sales Milestone Payment
The first achievement of [***] Dollars ($ [***]) in Net Sales of the CoDev Product in any Calendar Year	[***] Dollars ($[***])
The first achievement of [***] Dollars ($[***]) in Net Sales of the CoDev Product in any Calendar Year	[***] Dollars ($[***])
The first achievement of [***] Dollars ($[***]) in Net Sales of the CoDev Product in any Calendar Year	[***] Dollars ($[***])

9.6. **Royalty and Gross Margin Payments**. As partial consideration for the rights granted hereunder regarding each Product, AstraZeneca (or its Affiliates or Sublicensees) shall pay Pieris royalties equal to the following Gross Margin share ("**Gross Margin Payment**") or percentages of Net Sales ("**Product Royalty**") of the Product over a Calendar Year in the Territory within [***] days of the end of each Calendar Quarter. Gross Margin Payments shall be made to Pieris for [***]. Product Royalties on the Net Sales of each applicable Product shall be paid for the Royalty Term or [***], as indicated herein.

9.6.1. Lead Product Royalties or Gross Margin Payments.

9.6.1.1. Lead Product Royalties (No Co-Development). AstraZeneca shall pay the following Product Royalties for the Lead Product if Pieris does not exercise the Lead Product CoDev Option. Such payments shall be made during the Royalty Term for the Lead Product.

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

9.6.1.2. Lead Product Gross Margin Payment ([***] Co-Development). AstraZeneca shall pay Pieris a [***] percent ([***]%) share of the Gross Margin for sales of the Lead Product in the Territory for [***] if Pieris exercises the Lead Product CoDev Option and selects the [***].

9.6.1.3. Lead Product Royalties ([***] Split Option Co-Development). AstraZeneca shall pay the following Product Royalties [***] for the Lead Product if Pieris exercises the Lead Product CoDev Option and selects the [***] Split Option.

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

9.6.1.4. Lead Product Royalties ([***] Cap Option Co-Development). In case Pieris selected the [***] Cap Option, then the sum of the difference between the [***] that [***] and the [***] shall be [***] and such sum (the "**[***] Cap Shortfall Amount**") shall be [***] by the application of a [***]. The [***] in a given year will be calculated as follows [***]. AstraZeneca will offset the [***] Cap Shortfall Amount against the result of this calculation each year [***]. Once the [***] Cap Shortfall Amount has been [***] the royalties under Section 9.6.1.3 ([***] Split Option) shall then apply to all subsequent Net Sales of the Lead Product. An example calculation is set forth in Exhibit 9.6.1.4.

9.6.2. AZ Product Royalties. AstraZeneca shall pay the following Product Royalties for each AZ Dev Product. Such payments shall be made during the Royalty Term of the applicable AZ Dev Product.

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

9.6.3. CoDev Product Gross Margin Payment ([***] Co-Development). AstraZeneca shall pay Pieris a [***] percent ([***]%) share of the Gross Margin for sales of each CoDev Product in the Territory [***] if Pieris exercises the CoDev Product CoDev Option and selects the [***] for such Product.

9.6.4. CoDev Product Royalties ([***] Split Option Co-Development). AstraZeneca shall pay the following Product Royalties [***] for each CoDev Product if Pieris exercises the CoDev Product CoDev Option and selects the [***] Split Option for such Product.

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

9.6.5. CoDev Product Royalties ([***] Cap Option Co-Development). In case Pieris selected the [***] Cap Option for a CoDev Product, then the sum of the difference [***] and the [***] shall be [***] and such sum (the "**[***] Cap Shortfall Amount**") shall [***] by the application of a [***]. The [***] in a given year will be calculated as follows [***]. AZ will offset the [***] Cap Shortfall Amount against the result of this calculation each year [***]. Once the [***] Cap Shortfall Amount has been [***] the royalties under Section 9.6.4 ([***] Split Option) shall then apply to all subsequent Net Sales of such CoDev Product.

9.6.6. Product Royalty or Gross Margin Payment Adjustment Mechanism for Cost Overrun Scenarios. In case there was a cost overrun of more than [***] percent ([***]%) of the then-agreed annual budget for a co-Developed Product in a given year and Pieris has selected not to co-fund such cost overrun above [***] percent ([***]%) as set forth in Section 4.4.5.2, then the Product Royalties or Gross Margin Payment due to Pieris shall be adjusted as follows:

9.6.6.1. Product Royalty Adjustments under [***] Split or [***] Cap Option. The Product Royalties due to Pieris by AstraZeneca for such co-Developed Product under the [***] Split Option or the [***] Cap Option shall be [***] in accordance with Section 9.6.1 or Section 9.6.5, as applicable, meaning that the royalty rates applied shall be the rates based on no co- Development under Section 9.6.1.1 until [***]. For example, if the overspend was $[***] and Pieris would have co-funded [***]% of that amount ($[***]), AstraZeneca shall be entitled to offset $[***] through the application of [***] until such sum has been fully offset.

9.6.6.2. Gross Margin Payment Adjustment under [***]. The Gross Margin Payment due to Pieris by AstraZeneca for such co-Developed Product under the [***] shall be [***].

9.7. **Additional Royalty Terms**.

9.7.1. Royalty Term and Gross Margin Term. The Product Royalties and Gross Margin Payments due under Section 9.6 shall be paid on a Product-by-Product and country-by-country basis and shall be payable for the duration of the Royalty Term or [***], as applicable. For avoidance of doubt, the Gross Margin Payments and Product Royalties due under Section 9.6 to Pieris where Pieris has exercised a CoDev Option shall be payable for [***].

9.7.2. Reductions for Third Party Obligations. Subject to Section 9.7.3 below, in the event it would be reasonably necessary to obtain additional licenses to Patents of Third Parties that Cover the active pharmaceutical ingredient ("**API**") of the Products, in order to Commercialize the API of any Product (but

not, for example, the formulation or associated device, which shall solely be the responsibility of AstraZeneca) ("**Additional Third Party Licenses**"), AstraZeneca shall negotiate and obtain any such Additional Third Party Licenses but shall not be obligated to do so. AstraZeneca and Pieris shall [***] the costs under such Additional Third Party Licenses and Pieris' [***] percent ([***]%) share of such costs shall be payable in the form of a reduction, on a country-by-country and Product-by-Product basis, of the Product Royalty that would otherwise be payable by AstraZeneca to Pieris. Pieris' share of the total costs of such Additional Third Party License shall not reduce Pieris' Royalty by more than [***] percent ([***]%) of the Product Royalty otherwise due to Pieris in any Calendar Quarter, provided that reductions to Royalty Payments under this Section 9.7.2 not exhausted in one Calendar Quarter may be carried forward to the next Calendar Quarter. For avoidance of doubt, nothing stated herein shall prevent Pieris from seeking licenses to any Intellectual Property Rights or Patent Rights from any Third Party as it deems necessary. Where Pieris is entitled to Gross Margin Payments rather than Product Royalties, Pieris' [***] percent ([***]%) share of such costs shall be deducted from the Gross Margin Payments otherwise payable to Pieris. Pieris' share of the total costs of such Additional Third Party License shall not reduce Pieris' Gross Margin Payment by more than [***] percent ([***]%) of the Gross Margin Payment otherwise due to Pieris in any Calendar Quarter, provided that reductions to Gross Margin Payments under this Section 9.7.2 not exhausted in one Calendar Quarter may be carried forward to the next Calendar Quarter.

9.7.3. Payments to Third Parties in respect of Target IP and Platform IP. Notwithstanding Section 9.7.2 above, Pieris shall be responsible for all costs associated with any license from a Third Party where such license is reasonably necessary, because absent such license, the practice of the Pieris Platform IP and the Pieris Platform Technology in accordance with this Agreement and the Platform Agreement would, in and of itself and irrespective of the Target relevant to such activities or the use of the Anticalin generated through the practice of such IP and Platform Technology, infringe a Patent owned or controlled by such Third Party. Notwithstanding Section 9.7.2 above, AstraZeneca shall be responsible for all costs associated with any license from a Third Party to a Patent that generically claims compositions of matter that are specific to the Target or methods of treatment involving the Target in the Field (excluding the [***] Grant-Back Field with respect to the Lead Product) where such license is reasonably necessary because absent such a license, AstraZeneca's import, export, Manufacture, use, sale or offer for sale of an Anticalin directed to the applicable Designated Target (or the Lead Product Target, as applicable) would infringe such Third Party Patent. Neither AstraZeneca nor Pieris shall enter into any such license on behalf of the other without the other's prior written consent which consent shall not be unreasonably withheld, conditioned or delayed.

9.7.4. 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 two 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. For avoidance of doubt, there shall be no reduction of Gross Margin Payments in connection with this Section 9.7.4.

9.7.5. Royalty Minimum. Notwithstanding the foregoing but subject to Section 9.7.3, in no event will the Product Royalties due to Pieris in a Calendar Quarter be reduced by more than [***] percent ([***]%) of the amount that would otherwise be due hereunder.

9.8. **Payment Terms.**

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

9.8.2. Reports and Royalty Payments. For as long as a Product Royalty or Gross Margin Payment is due to Pieris under this Agreement, AstraZeneca will furnish to Pieris a written report, within [***] ([***]) days after the end of each Calendar Quarter, showing in Dollars, the amount of Net Sales of Products and royalty due, or Gross Margin and Gross Margin Payment due for such Calendar Quarter, as applicable. Product Royalties and/or Gross Margin Payments consistent with the written report provided under this Section 9.8.2 for each Calendar Quarter will be due within [***] ([***]) days after the end of each Calendar Quarter. The report will include, at a minimum, the following information for the applicable Calendar Quarter, each listed by Product and by country of sale: (a) the number of units of each Product on which Product Royalty or Gross Margin Payment are owed to Pieris hereunder sold by AstraZeneca or its Affiliates or Sublicensees; (b) the gross amount received for such sales; (c) Net Sales for the Calendar Quarter and Year; (d) the Fully Burdened Manufacturing Cost for such Product; (e) deductions provided for in the definition of Net Sales; and (f) the Product Royalties, Gross Margin Payment, and Sales Milestone Payments owed to Pieris listed by category, as applicable. All such reports will be treated as Confidential Information of AstraZeneca.

9.8.3. Records and Audits. AstraZeneca shall keep complete, true and accurate books and records in accordance with its Accounting Standards in relation to this Agreement, including in relation to Lead Product, AZ Dev Product and CoDev Product Development Costs and Net Sales, Fully Burdened Manufacturing Costs, Gross Margin Payments and Product Royalties. Pieris shall keep complete true and accurate books and records in accordance with Accounting Standards in relation to Lead Product and CoDev Product Development Costs. Each Party will keep such books and records for at least [***] ([***]) years following the Calendar Year to which they pertain. The other Party may, upon written request, cause an internationally-recognized independent accounting firm (the "**Auditor**"), which is reasonably acceptable to the audited Party, to inspect the relevant records of the audited Party and its Affiliates to verify the payments made or Costs incurred by the audited Party and the related reports, statements and books of accounts, as applicable. Before beginning its audit, the Auditor shall execute an undertaking acceptable to the audited Party by which the Auditor agrees to keep confidential all information reviewed during the audit. The Auditor shall have the right to disclose to the auditing Party only its conclusions regarding any payments owed under this Agreement. The audited Party and its Affiliates shall make their records available for inspection by the Auditor during regular business hours at such place or places where such records are customarily kept, upon receipt of reasonable advance notice from the auditing Party or the Auditor. The records shall be reviewed solely to verify the accuracy of the audited Party's payment or Cost sharing obligations and compliance with the financial terms of this Agreement. Such inspection right shall not be exercised more than once in any Calendar Year and not more frequently than once with respect to records covering any specific period of time. In addition, the auditing Party shall only be entitled to audit the books and records of the audited Party from the [***] ([***]) Calendar Years prior to the Calendar Year in which the audit request is made. The auditing Party agrees to hold in strict confidence all information received and all information learned in the course of any audit or inspection, except to the extent necessary to enforce its rights under this Agreement or to the extent required to comply with any law, regulation or judicial order. The Auditor shall provide its audit report and basis for any determination to the audited Party at the time such report is provided to the auditing Party 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. The auditing Party shall pay for such inspections, as well as its expenses associated with enforcing its rights with respect to any payments hereunder. In addition, if an underpayment of more than [***] percent ([***]%) of the total payments due hereunder for the applicable year is discovered, the fees and expenses charged by the Auditor shall be paid by the audited Party.

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

9.8.5. Taxes.

9.8.5.1. The royalties, milestones and other amounts payable by AstraZeneca to Pieris pursuant to this Agreement ("Payments") shall not be reduced on account of taxes unless required by Applicable Laws. Pieris alone shall be responsible for paying any and all taxes (other than withholding taxes required by Applicable Law to be paid by AstraZeneca) levied on account of, or measured in whole or in part by reference to, any Payments it receives. AstraZeneca shall deduct or withhold from the Payments any taxes that it is required by Applicable Laws 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 AstraZeneca or the appropriate Governmental Authority (with the assistance of AstraZeneca 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 AstraZeneca of its obligation to withhold tax, and AstraZeneca shall apply the reduced rate of withholding, or dispense with withholding, as the case may be, provided that AstraZeneca has received evidence, in a form reasonably satisfactory to AstraZeneca, of Pieris' delivery of all applicable forms at least fifteen (15) Business Days prior to the time that the Payments are due. If AstraZeneca 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, AstraZeneca 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.

9.8.5.2. 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, AstraZeneca 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, AstraZeneca shall promptly inform Pieris and shall cooperate with Pieris to provide such information or assistance as may be necessary to enable the issuance of such invoice consistent with Indirect Tax requirements.

9.8.6. Blocked Payments. In the event that, by reason of Applicable Law in any country, it becomes impossible or illegal for AstraZeneca to transfer, or have transferred on its behalf, payments owed to Pieris hereunder, AstraZeneca will promptly notify Pieris of the conditions preventing such transfer and such payments will be deposited in local currency in the relevant country to the credit of the Pieris in a recognized banking institution designated by the Pieris or, if none is designated by Pieris within a period [***] ([***]) days, in a recognized banking institution selected by the AstraZeneca, as the case may be, and identified in a written notice given to the other Party.

9.8.7. Interest Due. AstraZeneca 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 LIBOR per annum or the maximum applicable legal rate, if less, calculated on the total number of days such payment is delinquent.

10. INTELLECTUAL PROPERTY

10.1. **Ownership of Pieris IP and AstraZeneca Background IP**. Unless otherwise explicitly stated in this Agreement, Pieris shall be or remain the owner of Pieris IP, and AstraZeneca shall be or remain the owner of AstraZeneca IP.

10.2. **Ownership and Right to Exploit**.

10.2.1. Ownership.

10.2.1.1. Pieris shall own all Pieris Platform Improvement IP. AstraZeneca hereby assigns to Pieris all right, title and interest in the Pieris Platform Improvement IP.

10.2.1.2. The Parties shall [***]. Pieris shall [***] existing at the Effective Date. Such [***] in the form set out in Exhibit 10.2.1.2.

10.2.1.3. The Parties shall jointly own the Collaboration Product IP in equal shares. Each Party hereby assigns to the other all such right title and interest in the Collaboration Product IP in order that the Parties shall jointly own the Collaboration Product IP.

10.2.1.4. AstraZeneca shall own all Arising IP excluding all Collaboration Product IP. Pieris hereby assigns to AstraZeneca all right title and interest in the Arising IP excluding the Collaboration Product IP.

10.2.1.5. AstraZeneca shall own all AstraZeneca Background Improvement IP. Pieris hereby assigns to AstraZeneca all right title and interest in the AstraZeneca Background Improvement IP.

10.2.2. Right to Exploit. For all Patents within the Lead Product IP and the Collaboration Product IP, AstraZeneca hereby covenants not to practice such Patents outside the scope of the licenses granted to AstraZeneca under Section 2 of this Agreement. For avoidance of doubt, this includes the Manufacture, use, sale or offer for sale of any Anticalin protein other than those 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 Lead Product IP and Collaboration Product IP outside the scope of such licenses and the Back-Up Hits Exclusivity Field, subject to the non-compete provisions of Section 8.2.

10.3. **[***] Grant-Back Field Patent Rights**. Anything in this Section 10 to the contrary notwithstanding, to the extent that there is a Patent Right filed after the Execution Date Covering [***] that is directed to the [***] Grant-Back Field, Pieris shall have the sole responsibility for the Prosecution and Maintenance and enforcement of such Patent Right at its own expense. Prior to the expiration of the ROFN Period under Section 2.6.4.1, Pieris shall inform AstraZeneca of any significant Prosecution and enforcement activities with respect to such Patent Rights. If AstraZeneca exercises its ROFN in accordance with Section 2.4.4 AstraZeneca shall take over control of the Prosecution and Maintenance and enforcement of such Patent Rights subject to the terms and conditions of the subsequent agreement between Pieris and AstraZeneca negotiated in connection with AstraZeneca's exercise of such ROFN.

10.4. **Prosecution and Maintenance.**

10.4.1. IP Coordination. Representatives of the Parties shall meet together with mutually agreed external counsel from time to time as reasonably requested by either Party to discuss the Prosecution and Maintenance of all Patents within the Pieris IP, Lead Product IP, Collaboration Product IP, AstraZeneca Contributed 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. If there is a disagreement between the Parties' representatives at either Party's request, matters may be escalated to the JSC as it deems appropriate; provided that any decision regarding Patents are subject to the terms and conditions of this Section 10.4.

10.4.2. AstraZeneca Background IP.

10.4.2.1. General. Subject to remainder of this Section 10.4.2, as between the Parties, AstraZeneca will have the sole responsibility, at AstraZeneca's sole discretion, and sole responsibility for all applicable costs, to Prosecute and Maintain all Patents within AstraZeneca Background IP, in AstraZeneca's name. Notwithstanding the foregoing, in the event that AstraZeneca uses any Pieris Know-How or Pieris Confidential Information, in a manner permitted under this Agreement (for avoidance of doubt, no rights are granted under this Section 10.4.2 for AstraZeneca to use Pieris Know-How or Pieris Confidential Information for any purpose), directly or indirectly in either the conception or reduction to practice of an invention or in the filing, Prosecution or Maintenance of any Patent, then Pieris' advance written consent shall be required.

10.4.2.2. Dropped AstraZeneca Background IP. AstraZeneca shall have the right at its sole discretion not to Prosecute or Maintain (or continue to Prosecute and Maintain, including filing a Patent claiming priority to a Patent prior to its issuance), any Patent within the AstraZeneca Background IP. Pieris shall have no rights to assume responsibility for the AstraZeneca Background IP.

10.4.3. Pieris IP.

10.4.3.1. General. Subject to remainder of this Section 10.4.3, 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 IP (other than the Lead Product IP, which shall be subject to Section 10.4.4), in Pieris' name. Pieris will consult with AstraZeneca, on its strategy for the Prosecution and Maintenance of all such Patents. Pieris will furnish AstraZeneca, 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, or copies of documents filed with the relevant patent offices or other Governmental Authorities with respect to such Patents, and such other substantive documents related to the Prosecution

and Maintenance of such Patents, and as applicable in sufficient time prior to filing such document or making any payment due thereunder to allow for review and comment by AstraZeneca and will consider in good faith timely comments from AstraZeneca thereon. Pieris will furnish AstraZeneca, 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. 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 Pieris IP.

10.4.3.2. Dropped Pieris IP. In the event that Pieris 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 under Section 10.4.3.1 that covers the sale, offer for sale, manufacture, use or import of any Product in the Field, Pieris will notify AstraZeneca at least sixty (60) days before any such Patent would become abandoned, no longer available or otherwise forfeited. AstraZeneca will have the right (but not the obligation), at AstraZeneca's sole discretion, and sole responsibility for all applicable costs, to Prosecute and Maintain such Patents in the Territory in the names of AstraZeneca and Pieris (which right will include the right to file additional Patents claiming priority to such Patent).

10.4.4. Lead Product IP, Collaboration Product IP, Arising IP and AstraZeneca Background Improvement IP .

10.4.4.1. General. Subject to remainder of this Section 10.4.4.1, as between the Parties, AstraZeneca will have the right (but not the obligation), at AstraZeneca's sole discretion, and sole responsibility for all applicable costs, to Prosecute and Maintain all Patents within the Lead Product IP, Collaboration Product IP, and Arising IP ("**Key IP**"); provided that, the approval of both Parties shall be required for the filing of the initial provisional or non-provisional patent applications (i.e. any priority application or PCT application) within the Collaboration Product IP. In the event of disagreement, and such filing shall as a minimum cover, as applicable, the Collaboration Product (i.e. the Lead Candidate) and the [***] ([***]) Collaboration Product Back-Up Hits selected by AstraZeneca pursuant to Section 4.3.3.4 and any Lead Product Back-Up Hits together with any Anticalin with [***] ([***]) or fewer differences in the variable region of the Anticalin when compared to the foregoing. AstraZeneca shall have final decision-making with respect to such applications except that Pieris Know-How and Pieris Confidential

Information shall not be incorporated into such application without Pieris' prior written consent. AstraZeneca shall not pursue a Patent claim within the Lead Product IP or Collaboration Product IP that is not limited to the applicable Target. AstraZeneca will consult with Pieris, on its strategy for the Prosecution and Maintenance of all such Patents within the Key IP. AstraZeneca 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. AstraZeneca 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. Pieris shall, if requested by AstraZeneca, consent to opt out of the Unitary Patent in respect of any Patent within the Key IP. AstraZeneca shall also notify Pieris in writing (which may be via email) promptly if AstraZeneca files any Patents within the AstraZeneca Background Improvement IP whose initially filed claims Cover a Product at the time of filing.

10.4.4.2. Dropped Key IP. In the event that AstraZeneca 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 Lead Product IP, Collaboration Product IP, or Grantback IP anywhere in the world, AstraZeneca will notify Pieris at least sixty (60) 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 names of both AstraZeneca and Pieris at Pieris' sole cost (which right will include the right to file additional Patents claiming priority to such Patent). With respect to any Patents within the Key IP other than Patents within the Lead Product IP, Collaboration Product IP, or Grantback IP, AstraZeneca shall offer Pieris the same notifications and rights set forth in the first sentence of this Section 10.4.4.1 to the extent that (i) such Patent Covers a therapeutic method of use of the applicable Product and that such Patent as filed contains at least one (1) claim specific to the use of Anticalin proteins (lipocalin muteins) in the Respiratory Field, or (ii) such Patent relates solely to one or more Product(s) and not to other AstraZeneca products.

10.4.5. Other Anticalin Patents Against a Target. At any time after the initial filing of a provisional or non-provisional Collaboration Product Patent with respect to a given Product, Pieris may file for Patent protection with respect to any Anticalin protein described in Section 2.4. Such Patent shall not claim any Anticalin protein against a Designated Target within the Lead Candidate and Back-Up Hits Exclusivity Field. Pieris shall not take any action when Prosecuting and Maintaining any such Patent that would materially prejudice any Lead Product Patent or Collaboration Product Patent. For clarity, Pieris shall own and fully control such Patents, AstraZeneca shall not have a license to such Patents, and such Patents shall not be considered Pieris IP, Arising IP, or Collaboration Product IP. Pieris shall provide written notice, together with the filing number, to AstraZeneca as soon as reasonably possible if it files any such Patent and Pieris shall also inform AstraZeneca in writing [***] ([***]) [***] before any such Patent is granted in the United States.

10.4.6. 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

10.4.7. 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 Lead Product Patents, Collaboration Product Patents, Pieris Platform Patents, Pieris Platform Improvement Patents, Co-Invented Arising Patents, and Co-Invented AstraZeneca Background Improvement Patents. AstraZeneca 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.

10.5. **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, AstraZeneca Background IP or Key IP without the prior written consent of the other Party.

10.6. **Defense.**

10.6.1. If the manufacture, use, importation, offer for sale or sale of any Product pursuant to this Agreement results in any claim, suit or proceeding alleging patent infringement or trade secret misappropriation against Pieris or AstraZeneca, 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.

10.6.2. If a Third Party asserts that a Patent owned by or licensed to it are infringed by the development, manufacture, use, importation, offer for sale or sale of a Lead Product or Collaboration Product by AstraZeneca or its Affiliates (or by Pieris in the case of Co-Development or Co-Commercialization), or that its trade secrets were misappropriated in connection with such activity, then AstraZeneca shall have the exclusive 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, without limitation, attorneys' and expert fees) and all liabilities incurred in connection therewith. Notwithstanding the above, AstraZeneca 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 AstraZeneca 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 impact on activities outside the Field.

10.6.3. If an action for infringement is commenced against Pieris, its licensees or its sublicensees related to Pieris' conduct of the research program within the scope of the Lead Product Development Plan or a Collaboration Product Development Plan or the discovery of a Product, then Pieris shall have the right (but not the obligation) to defend such action at its own expense, and AstraZeneca shall assist and cooperate with Pieris, at Pieris' expense, to the extent necessary in the defense of such suit. Pieris shall have the right to settle the suit or consent to an adverse judgment thereto, in its sole discretion, so long as such settlement or adverse judgment does not adversely affect the rights of AstraZeneca and its Affiliates (including any Patents Controlled by any of them). Pieris shall assume full responsibility for the payment of any award for damages, or any amount due pursuant to any settlement entered into by it with such Third Party.

10.6.4. Notwithstanding Section 10.6.3, if the infringement action against Pieris is the result of its co-Development or co-Commercialization activities with respect to any Product, then it shall be treated as an action under Section 10.6.2 and AstraZeneca shall have the exclusive right and responsibility to resolve any such claim subject to the provisions of that Section.

10.7. **Enforcement.**

10.7.1. AstraZeneca 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 Products in the Field, but excluding the [***] Grant-Back Field with respect to the Lead Product ("**Infringement Action**"), in its own name and entirely under its own direction and control. In the event that AstraZeneca does not wish to enforce such Patents against such a potential infringer, then AstraZeneca shall deliver prompt written notice thereof to Pieris. If AstraZeneca requests so, Pieris shall reasonably cooperate with AstraZeneca 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). Notwithstanding the foregoing, if AstraZeneca does not either initiate such an Infringement Action or grant adequate rights and licenses to such Third Party within one hundred twenty (120) days after AstraZeneca's receipt of a notice of infringement (or sooner if any deadlines require action prior to such one hundred and twenty (120) days) and the infringement relates to the launch or a threat to launch a Biosimilar version of a Product, then Pieris will have the second right, but not the obligation, to initiate such Infringement Action, but solely with respect to any Patent Right within the Pieris IP, Lead Product IP, Collaboration Product IP and Grantback IP. All 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 as Net Sales to the extent such monies recovered are designated as lost profits, and shall otherwise be divided between the Parties with [***] percent ([***]%) paid by the enforcing Party to the non-enforcing Party and [***] percent ([***]%) retained by enforcing Party.

10.7.2. For avoidance of doubt, AstraZeneca 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 Pieris Platform IP or Pieris Platform Improvement IP, against a Third Party under any circumstances and Pieris shall not be under any obligation to enforce such Patent Rights.

10.7.3. Notwithstanding Section 10.7.1, Pieris shall have the 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 under the Pieris IP (including the Lead Product IP) and Arising IP to the extent directly relating to a Lead Product Patent and to the Lead Product in the [***] Grant-Back Field ("**[***] Infringement Action**"), in its own name and entirely under its own

direction and control with the prior written consent of AstraZeneca. If AstraZeneca provides such consent, the Parties shall reasonably cooperate with 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). All monies recovered upon the final judgment or settlement of any such suit or action to enforce such Patents subtracting any costs that Pieris or AstraZeneca bore in connection with such suit shall be retained in their entirety by Pieris. Even in the event that Pieris does not wish to bring an action under this Section 10.7.3, AstraZeneca still shall not have the right to bring or control any [***] Infringement Action. For avoidance of doubt, nothing in this Section shall restrict Pieris from enforcing any other Patent or Intellectual Property Rights against any Third Party in the [***] Grant-Back Field (including any Patents filed by Pieris as described in Section 10.3).

10.8. **Common Interest Disclosures**. With regard to any information or opinions disclosed pursuant to this Agreement by one Party to each other regarding intellectual property 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 Development Plans and/or Lead Product 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 Development Plans and/or Lead Product and/or Collaboration Products. Accordingly, the Parties agree that all such information and materials obtained by Pieris and AstraZeneca 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.

10.9. **Patent Term Extensions**. AstraZeneca 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 AstraZeneca Background IP and Key IP. Pieris shall execute such authorizations and other documents and take such other actions as may be reasonably requested by AstraZeneca to obtain such Patent Term Extensions. All filings for such Patent Term Extensions shall be made by AstraZeneca; provided, that in the event that AstraZeneca

elects not to file for a Patent Term Extension, AstraZeneca 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. Pieris shall not and shall procure that its Affiliates and licensees shall not apply for a Patent Term Extension for PRS-060 in the [***] Grant-Back Field without AstraZeneca's prior written consent. 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, AstraZeneca shall not be permitted to apply for any Patent Term Extensions using the Pieris Platform IP without the prior written consent of Pieris.

11. CONFIDENTIALITY & PUBLICATION

11.1. **Nondisclosure Obligation**.

11.1.1. All Confidential Information disclosed 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.

11.1.2. 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 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 the foregoing, 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 11.2.

11.1.3. Notwithstanding the obligations of confidentiality and non-use set forth above and in Section 11.1.4 below, a Receiving Party may provide Confidential Information disclosed to it, and disclose the existence and terms of this Agreement or the as may be reasonably required in order to perform its obligations and to exploit its licenses and other rights under this Agreement, and specifically to (a) 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 in each case who are under an obligation of confidentiality with respect to such information that is no less stringent than the terms of this Section 11.1; (b) a Governmental Authority, including any other Regulatory Authorities in order to obtain patents or perform its obligations or exploit its rights 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) the extent required by Law, including by the rules or regulations of the United States Securities and Exchange Commission or similar regulatory agency 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, 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 11.1 (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 Law to disclose Confidential Information of the other Party that is subject to the non-disclosure provisions of this Section 11.1, 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.

11.1.4. Notwithstanding Section 11.1.1, Confidential Information that is permitted or required to be disclosed will remain otherwise subject to the confidentiality and non-use provisions of this Section 11.1. If either Party concludes that a copy of this Agreement must be filed with the United States Securities and Exchange Commission 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.

11.2. **Publication and Publicity.**

11.2.1. Publication. Except for disclosures permitted pursuant to Section 11.1 and Section 11.2.2, if Pieris wishes to make a publication or public presentation relating to the Lead Product or Collaboration Product or if 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 or any results of Research and Development activities under this Agreement (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 will have the right (a) to propose modifications to the publication or presentation for Patent reasons or trade secret reasons or to remove Confidential Information of the Reviewing Party or its Affiliates, and the Publishing Party will remove all Confidential Information of the other Party if requested by the reviewing Party and otherwise reflect such Party's reasonable comments into consideration, or (b) to request a reasonable delay in publication or presentation in order to protect patentable information. If the Reviewing Party requests a delay, 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. 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 11.2.1 to the extent that AstraZeneca or Pieris, as the case may be, has the right and ability (after using commercially reasonable efforts to obtain such right and ability) to do so. Notwithstanding the foregoing, in no event will either Party make a publication regarding a Collaboration Product until the first patent application directed to the composition of matter of such Product has been filed. Further, neither Party will submit or

publish any article or other publication to or with any scientific journal or other publisher that requires, as a condition of publication, that the submitting Party agree to make available to the publisher or Third Parties any Product or other materials which are the subject of the publication. Except as set out above AstraZeneca shall control in its discretion all publications and public presentations relating to the Research, Development, Manufacture and Commercialization of the Products and Pieris shall not make any such publication or public presentation without the prior written consent of AstraZeneca provided that [***] for any Product AstraZeneca will provide to Pieris copies of all material publications that AstraZeneca proposes to make with regard to that Product. Such publications will be provided at least [***] ([***]) days prior to the intended date of publication. Following [***] for a Product AstraZeneca shall provide to Pieris copies of any publication it makes regarding a Product promptly after such publication has been made. In addition, Pieris shall have the right to publish data generated relating to [***] in the [***] Grant-Back Field but shall first provide to AstraZeneca a copy of any proposed publication or presentation relating to the [***] in the [***] Grant-Back Field at least [***] days prior to submission for publication or presentation. AstraZeneca shall have the right to propose modifications to the publication or presentation and Pieris will consider all such proposed modifications in the publication or presentation in good faith. In addition, Pieris shall also provide to AstraZeneca copies of any patent application which Pieris proposes to file in relation to [***] in the [***] Grant-Back Field at least [***] ([***]) days prior to filing. AstraZeneca shall review such patent applications and Pieris shall incorporate all reasonable comments made by AstraZeneca in relation to any such patent application.

11.2.2. Publicity. Except as set forth in Sections 11.1, 11.2.1 and 11.3, the terms of this Agreement may not be disclosed by either Party, and neither Party will use the name, Trademark, trade name or logo 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 United States Securities and Exchange Commission or similar regulatory agency 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, Trademark, trade name or logo of the other Party, and otherwise complies with Section 11.1.2, or (b) as expressly permitted by the terms hereof.

11.3. **Press Release**.

11.3.1. Initial Press Release. The Parties agree to issue the joint press release attached hereto as Exhibit 11.3.1 on the Execution Date.

11.3.2. Further Press Releases. Except as provided in this Section 11.3, 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 United States Securities and Exchange Commission or similar regulatory agency 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 11.3. In addition, Pieris may, with AstraZeneca's prior written approval, such approval not to be unreasonably withheld, conditioned or delayed, issue a press release regarding (x) the exercise of any option (such as any CoDev Option, Co-Commercialization Option, or Collaboration Term Extension), or (y) the payment or receipt of any milestone payments under this Agreement with respect to any Product, provided, that (i) such press release does not identify the Target of such Product unless otherwise already made public; and (ii) otherwise complies with this Section 11.3.

12. REPRESENTATIONS & WARRANTIES

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

12.1.1. 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;

12.1.2. 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;

12.1.3. 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;

12.1.4. 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;

12.1.5. all employees, consultants, or (sub)contractors (except (i) academic or public institution collaborators, (ii) Third Parties under the licenses or other agreements entered prior to the Execution Date); of such Party or Affiliates performing Development activities hereunder on behalf of such Party are, and such Party hereby covenants to the other Party that they will be, obligated to assign all right, title and interest in and to any inventions developed by them, whether or not patentable, to such Party or Affiliate, respectively, as the sole owner thereof;

12.1.6. such Party will, and such Party hereby covenants to the other Party that it will, perform its activities pursuant to this Agreement 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 are conducted, and 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 national, federal, state and local laws, regulations and ordinances in performing its obligations under this Agreement; and

12.1.7. such Party is not debarred under the United States Federal Food, Drug and Cosmetic Act or comparable Applicable Laws and it does not, and will not during the Term, employ or use the services of any person or entity who is debarred, in connection with the Development, manufacture or commercialization of the Products. If either Party becomes aware of the debarment or threatened debarment of any person or entity 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.

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

12.2.1. Pieris is the owner of, or otherwise has the right to grant all rights and licenses it purports to grant to AstraZeneca with respect to the Pieris IP (including the Lead Product IP) under this Agreement;

12.2.2. The Pieris Patents (including the Lead Product Patents) are subsisting and have been filed and maintained properly and correctly in all material respects. 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 Patents (including by granting any covenant not to sue with respect thereto) in such a way as to make the representation set forth in Section 12.2.1 not true, 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 AstraZeneca under this Agreement;

12.2.3. Each of the Pieris Patents (including the Lead 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 Pieris Patent or Lead Product Patent issued or such application is pending;

12.2.4. Pieris has not received any written claim alleging, and does not have knowledge of any fact or circumstance indicating, that any of the Pieris Patents (including the Lead Product Patents) are invalid or unenforceable;

12.2.5. 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 Lead Product or the practice of the Pieris Platform Technology infringe or misappropriate any intellectual property rights of a Third Party;

12.2.6. Pieris has not received any written claim or notice of dispute from a Third Party relating to the Pieris IP or the Pieris Platform Technology including any dispute with a Third Party licensor and does not have any knowledge of any fact or circumstance indicating that a claim or dispute could arise.

12.2.7. to Pieris' knowledge, there are no additional licenses (beyond those provided in this Agreement and the Platform Agreement) under any intellectual property owned or Controlled by Pieris or its Affiliates as of the Execution Date, that would be necessary or useful in order for AstraZeneca to further Develop, Manufacture or Commercialize a Product as contemplated under this Agreement;

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

12.2.9. Pieris and its Affiliates have not conducted any clinical studies with Lead Product and has conducted, and has required its contractors and consultants to conduct, where applicable, preclinical studies related to Lead 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;

12.2.10. True and complete copies of all material information, documents and data relating to the Lead 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 AstraZeneca; and

12.2.11. Pieris will not sell or otherwise assign the Pieris IP to any Third Party without the prior written consent of AstraZeneca.

13. INDEMNIFICATION, LIABILITY & INSURANCE

13.1. **Indemnification by AstraZeneca**. AstraZeneca 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 an AstraZeneca employee, consultant or (sub)contractor in the performance of the AstraZeneca Conducted Activities, (b) the Development, Manufacture or Commercialization of any Product by AstraZeneca or its Affiliates, Sublicensees, distributors or contractors, (c) any breach by AstraZeneca of any of its representations, warranties or covenants pursuant to this Agreement, or (d) the negligence or willful misconduct of AstraZeneca or any AstraZeneca 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 the Platform Agreement, or (iii) any breach of Applicable Law by any Pieris Indemnitee.

13.2. **Indemnification by Pieris**. Pieris agrees to defend AstraZeneca, its Affiliates and their respective directors, officers, stockholders, employees and agents, and their respective successors, heirs and assigns (collectively, the "**AstraZeneca Indemnitees**"), and will indemnify and hold harmless the AstraZeneca Indemnitees, from and against any Losses arising out of (A) Third Party Claims brought against any AstraZeneca Indemnitee and resulting from or occurring as a result of: (a) any activities conducted by an Pieris employee, consultant or (sub)contractor in the performance of the Pieris Conducted Activities, (b) any breach by Pieris of any of its representations, warranties or covenants pursuant to this Agreement, (c) the negligence or willful misconduct of any Pieris Indemnitee or any (sub)contractor of Pieris in the performance of this Agreement, or (d) the Development, Manufacture or Commercialization of any terminated Product by Pieris or its Affiliates, Sublicensees, distributors or contractors; and (B), any Losses arising out of any dispute between Pieris and [***] ("**[***]**") [***] by and between [***] (the "**[***]**") including any termination of that agreement except in any such case to the extent such Losses result from: (i) the negligence or willful misconduct of any AstraZeneca Indemnitee, (ii) any breach by AstraZeneca of any of its representations, warranties, covenants or obligations pursuant to this Agreement or the Platform Agreement, or (iii) any breach of Applicable Law by any AstraZeneca Indemnitee.

13.3. **Notice of Claim**. All indemnification claims provided for in Section 13.1 and Section 13.2 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 13.1 or Section 13.2, 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 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.

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

13.4.1. 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 thirty (30) 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 13.4.1, 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.

13.4.2. Right to Participate in Defense. Without limiting Section 13.4.1, 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 13.4.1 (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.

13.4.3. 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 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 13.4.1, 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.

13.4.4. 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.

13.4.5. Costs and Expenses. Except as provided above in this Section 13.4, 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.

13.5. **Insurance**.

13.5.1. Pieris' Insurance Obligations. Pieris will maintain, at its cost, reasonable insurance against liability and other risks associated with its activities contemplated by this Agreement, including but not limited to 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 for the activities to be conducted by it under this Agreement taking into account the scope of development of products. Pieris will furnish to AstraZeneca evidence of such insurance, upon request.

13.5.2. AstraZeneca's Insurance Obligations. AstraZeneca will maintain, at its cost, reasonable insurance against liability and other risks associated with its activities contemplated by this Agreement (including product liability), including but not limited to its indemnification obligations herein, in such amounts and on such terms as are customary for prudent practices for large companies in the pharmaceutical industry for the activities to be conducted by AstraZeneca under this Agreement. AstraZeneca will maintain such insurance or self-insurance throughout the Term and for [***] years thereafter, and will furnish to Pieris evidence of such insurance, upon request.

13.6. **LIMITATION OF CONSEQUENTIAL DAMAGES**. EXCEPT FOR (A) CLAIMS THAT ARE SUBJECT TO INDEMNIFICATION UNDER SECTIONS 13.1 AND 13.2 OR (B) CLAIMS ARISING OUT OF A PARTY'S BREACH OF ITS CONFIDENTIALITY OBLIGATIONS UNDER THIS AGREEMENT, 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, 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.

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

13.7.1. 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:

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

13.7.1.2. 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;

13.7.1.3. 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

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

13.7.2. 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.

13.7.3. Each Party acknowledges that its undertakings given in Section 13.7.1 and Section 13.7.2 are material to the other Party in entering into a relationship with such Party.

13.7.4. 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 13.7.1 and Section 13.7.2 above.

13.7.5. 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 13.7.1 and Section 13.7.2; 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.

13.7.6. 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 13.7 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**").

13.7.7. Each Party will be responsible for any breach of any representation, warranty or undertaking in this Section 13.7 or of the Anti-Corruption Laws by any of its Party Representatives.

13.7.8. Each Party may disclose the terms of this Agreement or any action taken under this Section 13.7 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.

13.8. **Set-Off:** AstraZeneca shall have the right to set-off any sums which may be owed by Pieris to AstraZeneca under this Agreement (including by way of damages for breach) against any future sums due to Pieris under this Agreement or any other agreement between the Parties.

14. TERM AND TERMINATION

14.1. **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 14.2 on a Product-by-Product and country-by-country basis, until such time as AstraZeneca's payment obligations with respect to the sale of such Product in such country expires. Upon the natural expiration (as opposed to termination) of AstraZeneca's payment obligations with respect to a Product and country the licenses granted by Pieris to AstraZeneca under this Agreement with respect to such Product shall remain in effect as granted in accordance with this Agreement, shall become irrevocable, fully paid-up and royalty-free licenses and shall last as long as AstraZeneca intends to Develop or Commercialize the applicable Product in such country. For avoidance of doubt, on a Product-by-Product and country-by-country basis, with respect to any Product where Pieris has exercised a CoDev Option, this Agreement shall last [***] the Lead Product or applicable CoDev Product.

14.2. **Termination**. Notwithstanding anything in this Agreement or elsewhere to the contrary, subject to Section 14.3.4 below, this Agreement may be terminated as follows:

14.2.1. 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 one hundred and eighty (180) days (or thirty (30) days in the case of a payment breach) 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 one hundred and eighty (180) day (or thirty (30) day with respect to payment breach) period if, prior to the expiration of the one hundred and eighty (180) day (or thirty (30) 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 one hundred and eighty (180) day period, then, upon written notice to the non-breaching Party during the initial one hundred and eighty (180) day period, the breaching Party may have additional time, not to exceed another one hundred and eighty (180) 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 15.1, and the notifying Party may not terminate this Agreement until it has been finally determined under Section 15.1.4, that the Agreement was materially breached as described above and the breaching Party does not cure the breach within sixty (60) days of the arbitration award under Section 15.1.4 below.

14.2.2. Termination by Mutual Agreement. This Agreement (as a whole or on a Product-by-Product and country-by-country basis) may be terminated by the mutual written consent of the Parties.

14.2.3. Termination by AstraZeneca for Convenience or Clinical Failure. AstraZeneca may terminate this Agreement (i) in its entirety (with respect to all Products) by providing ninety (90) days' prior written notice to Pieris (unless any Product has achieved Marketing Approval, in which case such period shall be one hundred and eighty (180) days), (ii) with respect to a Product for convenience in its entirety or on a country-by-country basis or following Clinical Failure of such Product (prior to the filing of the first BLA or MAA for such Product) by providing ninety (90) days' prior written notice, or (iii) with respect to a Product for convenience in its entirety or on a country-by-country basis or following Clinical Failure of such Product (following the filing of the first BLA or MAA for such Product) by providing one hundred and eighty (180) days' prior written notice with such termination being effective upon the end of such notice period. Notwithstanding the foregoing, AstraZeneca may not terminate this Agreement in its entirety or with respect to the Lead Product within the first twelve (12) months following the Effective Date.

14.2.4. 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 ninety (90) 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.

14.2.5. Termination for Patent Challenge.

14.2.5.1. Pieris IP (including Lead Product IP) and Collaboration Product IP. Pieris may terminate this Agreement if AstraZeneca or its Affiliates (including MedImmune) disputes, or assists any Third Party to dispute, the validity of any Patent within the Pieris IP, including the Lead Product IP, and Collaboration Product IP in a patent re-examination, inter-partes review, post-grant or other patent office proceeding, opposition, litigation, or other court proceeding and, within thirty (30) days written notice from Pieris, AstraZeneca fails to rescind any and all of such actions, provided however that, nothing in this clause prevents AstraZeneca from taking any of the actions referred to in this clause and provided further that Pieris will not have the right to terminate if AstraZeneca:

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

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

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

14.2.5.2. Pieris challenge to Collaboration Product Patents and Lead Product Patents. AstraZeneca may terminate this Agreement if Pieris or its Affiliates disputes, or assists any Third Party to dispute, the validity of any Patent within the Lead Product IP, Collaboration Product IP, and

AstraZeneca Contributed IP in a patent re-examination, inter-partes review, post-grant or other patent office proceeding, opposition, litigation, or other court proceeding and, within thirty (30) days written notice from AstraZeneca, Pieris fails to rescind any and all of such actions, provided however that, nothing in this clause prevents Pieris from taking any of the actions referred to in this clause and provided further that AstraZeneca will not have the right to terminate if Pieris:

(a) asserts invalidity as a defense in any court proceeding brought by AstraZeneca asserting infringement of one of the foregoing Patents;

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

(c) licenses a product for which AstraZeneca has an existing challenge, whether in a court or administrative proceeding, against one of the foregoing Patents.

14.2.5.3. Pieris Platform IP and Pieris Platform Improvement IP. Pieris may terminate this Agreement if AstraZeneca or its Affiliates (including MedImmune) disputes, or assists any Third Party to dispute, the validity of any Patent within the Pieris Platform IP or Pieris Platform Improvement IP, in a patent re-examination, inter-partes review, post-grant or other patent office proceeding, opposition, litigation, or other court proceeding and, within thirty (30) days written notice from Pieris, AstraZeneca fails to rescind any and all of such actions, provided however that, nothing in this clause prevents AstraZeneca from taking any of the actions referred to in this clause and provided further that Pieris will not have the right to terminate if AstraZeneca:

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

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

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

14.3. **Effects of Termination**.

14.3.1. 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 AstraZeneca for Pieris' material breach under Section 14.2.1, (ii) by AstraZeneca due to Pieris' insolvency under Section 14.2.4, or (iii) under Section 14.2.2 (termination by mutual agreement), then the following shall apply:

14.3.1.1. At Pieris' request, AstraZeneca 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 AstraZeneca shall be entitled to retain one (1) copy for archival and compliance purposes, and as required by Applicable Law or regulatory requirement). At AstraZeneca's request, subject to Section 14.3.1.6, Pieris will return to AstraZeneca or destroy (and certify such destruction to AstraZeneca), at AstraZeneca's option, all other AstraZeneca Confidential Information related to the terminated Product(s) and all other AstraZeneca 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).

14.3.1.2. 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 AstraZeneca and its Affiliates as of the date of such termination, provided that, if Pieris so acquires any or all such inventory, Pieris shall reimburse AstraZeneca the cost incurred by AstraZeneca for such inventory and if Pieris does not purchase such inventory AstraZeneca shall be entitled to continue selling any such inventory for [***] ([***]) months following the effective date of termination.

14.3.1.3. All licenses and sublicenses granted by Pieris to AstraZeneca hereunder shall terminate, provided however that they will continue solely to enable AstraZeneca to (i) complete sales of Products for any purchase orders that were in place prior to the effective date of termination and (ii) sell off any existing inventory of Products pursuant to Section 14.3.1.2; thereafter, AstraZeneca will discontinue Commercialization of the applicable Product.

14.3.1.4. To the extent requested by Pieris, AstraZeneca shall enter into an agreement whereby AstraZeneca assigns its rights to the Lead Product Patents and Collaboration Product Patents (including all Patents therein) to Pieris and grants an exclusive (sub)license to Pieris, under

AstraZeneca Contributed IP and Arising IP reasonably necessary to further Develop, Manufacture and Commercialize the terminated Products (including any Patent Rights or Intellectual Property Rights included in the AstraZeneca Contributed IP or Arising IP related to the device for such terminated Product) on reasonable commercial terms, including adequate indemnities to be agreed upon. For purposes of this Section 14.3.1, "reasonable commercial terms" means that (i) no upfront or milestone payments shall be due from Pieris to AstraZeneca for such terminated Product, and (ii) any royalties on Net Sales of any terminated Product shall not exceed (a) [***] percent ([***]%) if the effective date of termination for such Product is prior to [***] for such Product, (b) [***] percent ([***]%) if the effective date of termination for such Product is after [***] for such Product but is prior to the [***] for such Product or (c) [***] percent ([***]%) if the effective date of termination for such Product is after the [***] for such Product. Notwithstanding the forgoing, to the extent that the licenses provided under this Section 14.3.1.4 do not include any Intellectual Property rights Covering an inhalation device that is being used for inhaled delivery of the terminated Product, then the royalty rate ceilings set forth under this Section 14.3.1.4 shall be reduced by [***] percent ([***]%). In the event that AstraZeneca has in-licensed Patent Rights from a Third Party specifically pertaining to an inhalation device for use in connection with the terminated Product ("**Device In-License**"), then the royalty rate ceilings set forth under this Section 14.3.1.4 shall also be reduced by [***] percent ([***]%) and Pieris shall pay the royalties associated with such Device In-License to such Third Party. Pieris shall be 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 AstraZeneca to Pieris pursuant to this Section 14.3.1.4. Pieris shall take over responsibility for the Prosecution and Maintenance and shall have sole enforcement rights (with AstraZeneca providing any reasonably requested assistance) of any Patents in the Arising IP and AstraZeneca Background Improvement IP which solely and exclusively Cover the Products.

14.3.1.5. At the request of Pieris, AstraZeneca shall continue all [***] ([***]) [***] and all [***] (including AstraZeneca's funding or co-funding of such [***]) through Completion of such [***] and completion of such [***].

14.3.1.6. AstraZeneca will, as promptly as practicable, and subject to Pieris' reasonable assistance and to agreeing reasonable commercial terms pursuant to Section 14.3.1.4, to the extent legally permissible (including to the extent permitted under AstraZeneca's obligations to

Third Parties on the effective date of termination), (i) transfer and assign to Pieris or Pieris' designee AstraZeneca'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 Products, and (ii) transfer to Pieris or Pieris' designee copies of all material Data, Know-How, Clinical Study data and safety data in AstraZeneca's possession and Control to the extent specifically related to and required for the research, Development, Manufacture or Commercialization of the terminated Products. In addition, AstraZeneca will appoint Pieris as AstraZeneca's and/or AstraZeneca'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 terminated Products, but nonetheless which are reasonably necessary for the Development, Manufacture or Commercialization of the terminated Products above, in each of (x) and (y) AstraZeneca hereby consents and grants to Pieris the right to access and reference (without any further action required on the part of AstraZeneca, whose authorization to file this consent with any Regulatory Authority is hereby granted) any such item with respect to all terminated Products.

14.3.1.7. If AstraZeneca or its Affiliates are Manufacturing Finished Product with respect to terminated Products on the effective date of termination, at Pieris' option (which must be exercised in writing to AstraZeneca within [***] ([***]) days of the effective date of termination), AstraZeneca or its Affiliates will use commercially reasonable efforts to supply such Finished Product (including any device if applicable, but solely in the form as such terminated Product was being manufactured by AstraZeneca as of the effective date of termination) to Pieris at AstraZeneca'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 Finished Product supply, or (ii) t[***] ([***]) months following the effective date of termination. Should Pieris not be able to procure or develop its own source of Finished Product supply within [***] ([***]) months, then the Parties will discuss in good faith a potential extension of supply by AstraZeneca 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.

14.3.1.8. If Pieris so requests within [***] ([***]) days of the effective date of termination, the Parties will cooperate, to the extent legally permissible (including to the extent permitted under AstraZeneca'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 products to which AstraZeneca is a party, subject to any required consents of such Third Party.

14.3.1.9. Subject to agreeing to reasonable commercial terms pursuant to Section 14.3.1.4, the Parties will cooperate, to the extent legally permissible (including to the extent permitted under AstraZeneca's obligations to Third Parties on the effective date of termination), to promptly transfer and assign or exclusively license (or, if applicable, will cause its Affiliates to assign) to Pieris all of AstraZeneca's (and such Affiliates') worldwide right, title and interest in and to any registered trademarks or registered internet domain names that are specific to and exclusively used for the terminated Products (it being understood that the foregoing will not include any trademarks or internet domain names that contain the corporate or business name(s) of AstraZeneca or any of its Affiliates or any other products of AstraZeneca or any of its Affiliates).

14.3.1.10. Subject to AstraZeneca's agreement that it will not incorporate any Intellectual Property Rights, Data or Know-How Controlled by [***] that would be reasonably necessary for Pieris to continue the Development, Manufacture or Commercialization of any terminated Product, AstraZeneca shall not be required to grant a license under or otherwise transfer to Pieris under this Section 14.3.1 any Intellectual Property Rights, Data or Know-How Controlled by [***]. For clarity, AstraZeneca agrees not use any [***] for the Manufacture of any Product. AstraZeneca and its Affiliates (including MedImmune) hereby covenant not to sue (and not to assist Third Parties in suing) Pieris or its Affiliates or Sublicensees alleging infringement or misappropriation of any Intellectual Property Rights (including any claim for Patent infringement) with respect to any terminated Product as it is constituted at the date of termination for any Intellectual Property Rights including Patent Rights Controlled by AstraZeneca and its Affiliates (including MedImmune) at the date of termination or any Patents Controlled by AstraZeneca or its Affiliates after the date of termination to the extent such Patents incorporate Arising IP or AstraZeneca Contributed IP.

14.3.1.11. More generally, the Parties shall cooperate to ensure a smooth and orderly transition of the Product, including any Development, Manufacturing, or Commercialization activities ongoing at the time of termination to Pieris, pursuant to a termination agreement to be negotiated by the Parties within [***] ([***]) months following the termination notice. Such agreement shall be consistent with this Section 14.3.1.

14.3.1.12. For clarity where a Product is sold as part of a Combination Product, Pieris shall only have rights under this Section 14.3.1 with regard to the Product and Pieris shall not be granted any rights with regard to the other active ingredient.

14.3.2. Termination Due to Competing Product.

14.3.2.1. In the event that this Agreement is terminated (i) by Pieris for AstraZeneca's material breach of the Non-Compete under Section 8.2.3 or (ii) by AstraZeneca for convenience (but not for Clinical Failure) under Section 14.2.3 where within [***] ([***]) [***] of the effective date of such termination, AstraZeneca Develops, Manufactures or Commercializes a Competing Product (excluding any Competing Product of any Acquiror of AstraZeneca) corresponding to the terminated Product (a) beyond [***], (b) beyond [***] in the event that the terminated product had achieved [***] Prior to the effective date of termination or (c) is no longer at [***] (as defined in Section 8.2.3.7) as compared to the [***] of the terminated Product on the effective date of termination, then the following shall apply in addition to the provisions of Section 14.3.1: AstraZeneca will pay the [***] with respect to such Product within [***] ([***]) days of (1) the effective date of the termination of the Agreement by Pieris with respect to the applicable Product as described in this Section 14.3.2.1(i) above, or (2) AstraZeneca's initiation of [***] within [***] ([***]) [***] of termination of the corresponding Product by AstraZeneca for convenience as described in this Section 14.3.2.1(ii)(a)-(c) above. In the event that a terminated Product is terminated following [***] but before [***], the [***] shall be the [***] in the [***] for that terminated Product. By way of example, if the Lead Product is terminated under this Section 14.3.2.1 during a [***] and Pieris has not exercised the [***] (i.e., has exercised the [***] Split Option, [***] Cap Option, or has not exercised its CoDev Option), then AstraZeneca shall pay Pieris [***] Dollars ($[***]). In the event that a terminated Product is terminated following [***] but before [***] of such terminated Product, the [***] shall be the [***] in the [***] for that terminated Product. By way of example, if the Lead Product is terminated under this Section 14.3.2.1 after [***] and Pieris has not exercised the [***] (i.e., has exercised the [***] Split Option, [***] Cap Option, or has not exercised its CoDev Option) then AstraZeneca shall pay Pieris [***] Dollars ($[***]). Once any such [***] has been paid no further sums will be due under this Section.

14.3.2.2. For the avoidance of doubt, Section 14.3.2.1 shall not apply if AstraZeneca terminated a Product due to Clinical Failure.

14.3.3. For Material Breach or Insolvency. In the event that AstraZeneca terminates this Agreement as a result of Pieris' material breach under Section 14.2.1, due to Pieris' insolvency under Section 14.2.4, or as a result of Pieris's Patent challenge under Section 14.2.5.2, then the following terms shall apply:

14.3.3.1. 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, all Disclosing Party's Confidential Information related to the 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).

14.3.3.2. All Development, Manufacture and Commercialization of such terminated Product by the Parties shall immediately cease;

14.3.3.3. The licenses granted by each Party to the other with respect to the terminated Product shall immediately terminate; and

14.3.3.4. The non-compete set forth in Section 8.2 regarding the terminated Product will no longer apply;

14.3.4. 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 Laws 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. Each Party agrees that the other Party, 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 a Party under the Bankruptcy Code (the "**Insolvent Party**"), the other Party shall be entitled to a complete duplicate of (or complete access to, as appropriate) any intellectual property and Know-How licensed to such Party under this Agreement and held by such first Party 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.

14.3.5. 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 2.3 (Grantback License), Sections 2.6.1, 2.6.2, and 2.6.4.2(b) ([***] Grant-Back licenses becoming irrevocable), Section 9.6 (with respect to any Net Sales accrued following the Term during a permitted sell-off period under Section 14.3.1.2), Section 9.8.2 (for any final reports and final payments), Section 9.8.3 (Records and Audits), Section 11.1 (Confidentiality except for the last Sentence of Section 11.1.2), Section 13 (Indemnification, Liability and Insurance), Section 14 (until completion of termination obligations) and Section 15 (Miscellaneous) 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 latters.

15. MISCELLANEOUS

15.1. **Dispute Resolution.**

15.1.1. 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. Any dispute between the Parties (excluding any a failure to reach consensus on a matter within the JSC's decision-making authority which dispute will resolved in accordance with Section 3.2.5) will be promptly presented to the Senior Representatives, or their respective designees, for resolution. Such Senior Representatives, or their respective designees, 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, controversy or claim.

15.1.2. Limited Escalation for Lead Product and CoDev Products Not Yet in Co-Development. Notwithstanding Section 15.1.1, to the extent that the Parties fail to reach agreement regarding a matter within the JSC's decision-making authority and such matter relates to a Product for which Pieris has an unexpired but not yet exercised CoDev Option (including the time period where such Option is not yet exercisable), then such matter shall be resolved by the JSC and if not resolved by the JSC shall be subject to AstraZeneca's final say and shall not be escalated to Senior Representative as set forth in Section 15.1.1.

15.1.3. Request for Arbitration. If after negotiating in good faith, the Parties fail after good faith discussions undertaken within reasonable promptness, to reach an amicable agreement within ninety (90) days, then either Party may upon written notice to the other submit to binding arbitration pursuant to Section 15.1.4 below; provided that any dispute within the JSC's decision-making authority shall be resolved in accordance with Section 3.2.5, rather than arbitration. 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.

15.1.4. Arbitration.

15.1.4.1. Subject to Section 15.2, 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 15.1.1, will be resolved by final and binding arbitration conducted in accordance with the terms of this Section 15.1.4.1. The arbitration will be held in [***] according to Rules of Arbitration of the ICC. 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 ICC 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 [***] 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 15.1.4. 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 11.1. 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 11.1. 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.

15.1.4.2. 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.

15.1.5. 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 15.1.4.

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

15.2.1. This Agreement will be governed by and construed and enforced in accordance with the laws of the [***], 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.

15.2.2. Each Party acknowledges and agrees that the restrictions set forth in Section 8.2 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 15.2.2 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 15.1.4.1, 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.

15.2.3. 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 13) or the Platform Agreement.

15.3. **Antitrust Filing**.

15.3.1. Each Party agrees to prepare and make or cause to be prepared and made appropriate filings under the HSR Act and any other antitrust requirements relating to this Agreement and the transactions contemplated under this Agreement within [***] ([***]) Business Days after the Execution Date. Each of the Parties agrees to cooperate in the antitrust clearance process, including by furnishing to the other Party such necessary information and reasonable assistance as the other Party may request in connection with its preparation of any filing or submission that is necessary under the HSR Act and other antitrust requirements, and to furnish promptly with the United States Federal Trade Commission ("**FTC**"), the Antitrust Division of the United States Department of Justice ("**DOJ**") and any other antitrust authority, any information reasonably requested by them in connection with such filings. Each Party shall furnish copies (subject to reasonable redactions for privilege or confidentiality concerns) of, and shall otherwise keep the other Party apprised of the status of any communications with, and any inquiries or requests for additional information from, the FTC, DOJ and any other antitrust authority, and shall comply promptly with any such inquiry or request. Each Party shall give the other Party the opportunity to review in advance, and shall consider in good faith the other Party's reasonable comments in connection with any proposed filing or communication with the FTC, DOJ or any other antitrust authority. Each Party shall consult with the other Party, to the extent practicable, in advance of participating in any substantive meeting or discussion with the FTC, the DOJ or any other antitrust authority with respect to any filings, investigation or inquiry and, to the extent permitted by such antitrust authority, give the other Party to the opportunity to attend and participate in such meeting or discussion. Neither Party shall withdraw its filing under the HSR Act or agree to delay the Effective Date without the prior written consent of the other Party. The Parties' rights and obligations hereunder apply only in so far as they relate to the Agreement and to the transactions contemplated under the Agreement.

15.3.2. Each Party shall use commercially reasonable efforts to obtain the expiration or early termination of the HSR Act and any other clearance required under other antitrust requirements relating to the Agreement and the transactions contemplated under the Agreement. Commercially reasonable efforts as used in this Section 15.3.2 will not include proposing, negotiating, committing to and effecting, by consent decree, hold separate order, or otherwise, (a) the sale, divestiture, disposition, licensing or sublicensing of any of a Party's or its Affiliates' assets, properties or businesses, (b) behavioral limitations, conduct restrictions or commitments with respect to such assets, properties or business, or of any of the rights or obligations of a Party under this Agreement, or (c) defending through litigation any claim asserted in court by any party that would restrain, prevent or delay the Effective Date.

15.3.3. Other than the provisions of Section 14.1, Section 11, and Section 15 which shall apply as of the Execution Date, the rights and obligations of the Parties under this Agreement will not become effective until the waiting period under the HSR Act has been terminated or expired, or any other timeline required by another antitrust authority and there is no proceeding, order, injunction or judgment relating thereto, pending before any governmental authority in which it is sought to restrain or prohibit the transaction(s) contemplated hereby. Upon the occurrence of the Effective Date, all other provisions of this Agreement shall become effective automatically without the need for further action by the Parties.

15.3.4. AstraZeneca shall be responsible for the filing fee related to any initial filing required by the HSR Act. Thereafter, each Party shall be responsible for its fees and costs associated with the preparation and submission of any required notification and report form under the HSR Act (or to any other antitrust authority), and the provision of any supplemental information to the FTC, DOJ or other antitrust authority, including any legal fees incurred by such Party in connection with such Party's obligations pursuant to this Section 15.3.

15.4. **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), without AstraZeneca's consent, to an Affiliate or to a Third Party in connection with a payment factoring transaction; provided, however, that Pieris will provide AstraZeneca advance notice of any such proposed payment factoring transaction giving AstraZeneca a reasonable opportunity to provides comments (which Pieris will consider in good faith). Upon Pieris' request, AstraZeneca shall provide royalty reports described under Section 9.8 and direct payments described under Section 8.2.4.3 to such Third Party 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 15.3 will be null and void.

15.5. **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 Execution 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 products 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.

15.6. **Change of Control Involving Pieris.**

15.6.1. Notice. Pieris will provide written notice ("**COC Notice**") to AstraZeneca within [***] ([***]) [***] following the closing of a Change of Control involving Pieris, and such notice will identify the Third Party acquiring company (the "**COC Acquiror**").

15.6.2. Effect on Pieris Co-Development and Co-Commercialization Options. In the event of a Change of Control with respect to Pieris there shall be no impact on Pieris' Co-Development and Co-Commercialization options as set forth in this Agreement; provided that, if such Change of Control is with an entity that, in the Calendar Year prior to such Change of Control, had revenues during its most recently concluded fiscal year from the sale of biopharmaceutical products that are within the top [***] ([***]) highest in the world (a "**Top [***]**

Pharma Company"), then (i) AstraZeneca shall be permitted, by written notice to Pieris, to immediately terminate any unexercised CoDev Option and Co-Commercialization Options and, effective upon [***] ([***]) months prior written notice, to terminate Pieris' rights under any Co-Commercialization Options that were exercised by Pieris prior to the closing of such Change of Control and (ii) if Pieris has exercised a CoDev Option, from and after the closing of such Change of Control, the resultant CoDev Products shall be treated as if they were Products for which Pieris does not have or has not exercised a CoDev Option with respect to the information sharing only (i.e., such Product shall not be subject to decision-making through the joint committee structure and AstraZeneca shall be entitled to disband the JSC and JDC). A Top [***] Pharma Company COC Acquiror Co-Developing a Product under this Agreement would specifically be entitled to the information reporting and sharing set forth in Sections 4.8 and 5.4.2 (except that AstraZeneca shall not be required to provide: (a) information that is specific to the Product and does not have any impact on Anticalin proteins per se; or (b) copies of such correspondence required by that Section 5.4.2 or to allow Pieris or Pieris' successor to review and comment on any proposed response to such correspondence), but not as set forth in Sections 5.4.1, 5.5 and 6.4. For clarity, the payment and other obligations of AstraZeneca with respect to such Co-Developed Product would not be altered. For avoidance of doubt, if the COC Acquiror is not a Top [***] Pharma Company, then there shall be no change to the rights granted to Pieris under this Agreement.

15.7. **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 [***] ([***]) [***], 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.

15.8. **Notices**. Any notice or request required or permitted to be given under or in connection with this Agreement will be deemed to have been sufficiently given if in writing and personally delivered or sent by internationally recognized overnight express courier service (signature required), prepaid, 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: [***]
Lise-Meitner-Strasse 30
85354 Freising, Germany

With a copy to: Pieris Pharmaceuticals, Inc.
Attention: [***]
255 State Street, 9th Floor
Boston, MA 02109

If to AstraZeneca, addressed to: AstraZeneca AB
Attention: [***]
SE-431 83 Molndal
Sweden

With a copy to: AstraZeneca AB
Attention: [***]
SE-431 83 Molndal
Sweden

or to such other address for such Party as it will have specified by like notice to the other Party; provided that notices of a change of address will be effective only upon receipt thereof. If delivered personally, the date of delivery will be deemed to be the date on which such notice or request was given. If sent by internationally recognized overnight express courier service, the date of delivery will be deemed to be the second Business Day after such notice or request was deposited with such service. It is understood and agreed that this Section 15.8 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.

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

15.9. **Conditional Split**. Without prejudice to Section 14.3.4 and without limiting the Parties' respective rights hereunder, upon the reasonable request of AstraZeneca, the Parties shall negotiate in good faith a mechanism to ensure AstraZeneca's continued license under the Pieris IP, Lead Product IP and Collaboration Product IP to the extent this Agreement is terminated or rejected for any reason in connection with Pieris' insolvency, including splitting this Agreement into two separate agreements: (i) so as to grant to AstraZeneca an irrevocable license which a receiver, liquidator or similar cannot discontinue, terminate or otherwise reject; and (ii) a collaboration agreement.

15.10. **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.

15.11. **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.

15.12. **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.

15.13. **Entire Agreement; Modifications**. This Agreement (including attachments) sets forth and constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof, and all prior agreements, understanding, 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.

15.14. **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.

15.15. **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).

15.16. **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.

15.17. **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.

15.18. **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. 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.

15.19. **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.

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

15.20. **Compliance with Laws**. Each Party will, and will ensure that its Affiliates and Sublicensees will, comply with all relevant laws (including all Applicable Laws) and regulations in exercising its rights and fulfilling its obligations under this Agreement

15.21. **Joint and Several Liability**. Pieris Pharmaceuticals Inc., Pieris Pharmaceuticals GmbH and Pieris Australia Pty Limited shall be jointly and severally liable to AstraZeneca in respect of all obligations and liabilities arising under this Agreement.

[SIGNATURE PAGE FOLLOWS]

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their representatives thereunto duly authorized as of the Execution Date.

Pieris Pharmaceuticals, Inc.

By: /s/ Stephen Yoder
Name: Stephen Yoder
Title: President and CEO
Date: May 2, 2017

AstraZeneca AB

By: /s/ Marcus Scindler
Name: Marcus Schindler
Title: VP, Head of CVMD iMed
Date: May 2, 2017

Pieris Pharmaceuticals GmbH

By: /s/ Stephen Yoder
Name: Stephen Yoder
Title: Managing Director
Date: May 2, 2017

Pieris Australia Pty Limited

By: /s/ Stephen Yoder
Name: Stephen Yoder
Title: Managing Director
Date: May 2, 2017

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit Index

Exhibit 1.20: Arising Patents

Exhibit 1.23: Patents within the AstraZeneca Background Improvement IP

Exhibit 1.40: Technical Candidate Drug Criteria

Exhibit 1.43: Clinical Failure Criteria

Exhibit 1.83: Countries for Patent Filings included in Development Costs

Exhibit 1.110: Fully Burdened Manufacturing Cost

Exhibit 1.135: Lead Product Amino Acid Sequence

Exhibit 1.142: Lead Product Patents

Exhibit 1.171: Pieris Patents

Exhibit 1.172: Pieris Platform Improvement Patents

Exhibit 1.175: Pieris Platform Patents

Exhibit 4.1.1: Initial Lead Product Development Plan

Exhibit 4.3.2.1: Reservation List

Exhibit 4.3.2.7: CoDev Targets from initial Reservation List

Exhibit 9.6.1.4: [***] Cap Shortfall Amount Example Calculation

Exhibit 10.2.1.2: [***]

Exhibit 11.3.1: Initial Press Release

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 1.20: Arising Patents

To be updated from time to time.

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 1.23: Patents within the AstraZeneca Background Improvement IP

To be updated from time to time.

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 1.40: Technical Candidate Drug Criteria

[***, 5 pages]

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 1.43: Clinical Failure Criteria

[***, 1 page]

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 1.81: Countries for Patent Filings Included in Development Costs

[***, 1 page]

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 1.110: Fully Burdened Manufacturing Cost

A. General Principles

1. The costs of Finished Product supplied by a Party for Development supply requirements or commercial supply requirements shall be at Fully Burdened Manufacturing Cost, calculated as described in Section B of this Exhibit, plus, if applicable, the Cost of Finishing, as described in Section C of this Exhibit below.

2. Fully Burdened Manufacturing Cost accumulates costs as they are incurred and may or may not utilize a standard cost system; *provided that t*o the extent a standard cost system for the Product is used for internal purposes at a Party, Fully Burdened Manufacturing Costs shall accumulate utilizing such standard cost system.

3. Fully Burdened Manufacturing Cost shall be calculated using methodology that is in accordance with a Party's Accounting Standards at the election of such Party and consistently applied by such Party throughout its operations, without any mark-up. A Party may utilize a standard Fully Burdened Manufacturing Cost when reporting its commercial supply cost or Development supply cost, but will true-up such standard to its actual Fully Burdened Manufacturing Cost using a methodology that is in accordance with such Party's Accounting Standards consistently applied by such Party.

4. If the Product is Manufactured in a Party's facility that is also used to manufacture other products not included within the scope of this Agreement (a "Shared Facility"), only the value of the specific resources used for or reasonably allocated to the Manufacture of Product shall be included in the calculation of Fully Burdened Manufacturing Costs. The cost of idle or underutilized capacity (but not designated reserved capacity in a Product Development Plan or a Commercialization Plan) in a Shared Facility shall not be included in the calculation of Fully Burdened Manufacturing Cost.

5. Any reasonable capital expenditures incurred by a Party in the ordinary course of capacity planning in providing capacity for the Manufacture of Finished Product (including Formulated Bulk Product contained therein) shall be the responsibility of such Party. Depreciation related to other capital expenditures, calculated using methodology that is in accordance with Accounting Standards and consistently applied by a Party throughout its operations, shall be included in Fully Burdened Manufacturing Costs, as applicable. To the extent material modifications to a Party's or its Affiliates' facilities, or construction of new facilities by a Party or any of its Affiliates, are needed to provide capacity for the Manufacture of Finished Product, the Parties will agree to the allocation of any capital expenditures with respect thereto between the Parties.

B. Fully Burdened Manufacturing Cost

1. "Fully Burdened Manufacturing Cost" includes the following costs of preparations for, and the Manufacture of, Finished Product (including Formulated Bulk Product contained therein) (which for the purposes of this Section B shall include unformulated, formulated and failed lots).

i. Direct Costs incurred by a Party:

1. Direct labor, based on the actual hours consumed by manufacturing and facility personnel for Finished Product charged at an average hourly wage rate that is designed to approximate actual cost for each employee's position.

2. Direct labor fringe benefits, including, compensation expense (other than wages included in direct labor cost in paragraph B.1(i)1), payroll taxes and benefits allocated based on a proportionate percentage of direct labor costs charged to the Finished Product to total actual plant-wide labor costs, plus Product specific travel.

3. Materials and supplies for making Finished Product (including Formulated Bulk Product contained therein), based on actual costs including any applicable freight, taxes, duties, customs or import fees, less any discounts or free goods.

4. Other costs directly associated with or actually consumed for Finished Product (including Formulated Bulk Product contained therein), including, facility costs, depreciation, waste removal, miscellaneous supplies, outside testing, consulting fees, occupancy costs, maintenance, rent, insurance and site service support.

ii. Indirect Costs incurred by a Party:

1. Plant support services, which includes functions such as quality control, process sciences, quality assurance, regulatory and validation. All general costs for each plant support service department, which includes, labor, payroll taxes, fringe benefits, materials and supplies, outside testing, consulting fees, depreciation, maintenance and occupancy costs, shall be allocated to the cost of the Product based on the proportion of actual labor hours consumed by each plant support service department on the Finished Product to total actual labor hours consumed by each plant support service department on all of a Party's products or its Affiliates' or collaborators' products.

2. Overhead costs required to support the Manufacture of the Finished Product (including the Formulated Bulk Product contained therein). These overhead costs are allocated either based on actual labor hours or manufacturing process area square footage, but are only costs directly related to the plant in which the Product is Manufactured. Overhead costs allocated based on actual labor hours consumed include, general materials and supplies, consulting costs, and other labor costs such as general plant maintenance, management, engineering, janitorial services and administration, information services, travel and training, and vacation, holiday, personal and sick time. Overhead costs allocated based on Manufacturing process area square footage consist primarily of general facility costs that include, facility services and supplies, utilities, rent, real estate taxes, depreciation, general and preventative maintenance, insurance and waste removal.

iii. The cost of a Third Party contract manufacturer as invoiced to a Party without any mark-up, including any fees paid to such Third Party to reserve capacity for the Product; *provided that* the Parties will share any capital expenditures paid to a Third Party contract manufacturer as Development Costs.

Notwithstanding the foregoing, (i) Fully Burdened Manufacturing Cost shall include costs incurred with respect to, or as a result of, spoilage, obsolescence, expiration, or loss or failed or destroyed batches of Product except to the extent attributable to a Party's or any of its Affiliates' gross negligence or willful misconduct and (ii) any reimbursement from a Party to the other Party for capital expenditures in such other Party's plant under this Agreement shall not be included in the basis of assets used to calculate depreciation included in Fully Burdened Manufacturing Costs.

C. Cost of Finishing. Cost of finishing is the cost of filling, device Manufacture and assembly, packaging, labeling and testing Finished Product, including freight, insurance and quality control. If such filling, device Manufacture and assembly, packaging, labeling or testing is performed by or on behalf of a Party, it shall be billed by the Party at its actual cost without any profit for the Party or mark-up by the Party. If such filling, device Manufacture and assembly, packaging, labeling, or testing is performed by a Third Party, the finishing, filling, device Manufacture and assembly, packaging and testing costs will be billed by the Party that contracts with the Third Party responsible for such activities at its Out-of-Pocket Costs without any mark-up and will include any fees paid to such Third Party to reserve capacity for the Product to the extent not included in the Fully Burdened Manufacturing Cost.

Exhibit 1.135: Lead Product Amino Acid Sequence

[***, 1 page]

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 1.142: Lead Product Patents

[***, 1 page]

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 1.171: Pieris Patents

[***, 1 page]

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 1.172: Pieris Platform Improvement Patents

To be updated from time to time.

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 1.175: Pieris Platform Patents

[***, 3 pages]

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

CONFIDENTIAL TREATMENT REQUESTED

Execution Copy

Exhibit 4.1.1: Initial Lead Product Development Plan

[***, 3 pages]

CONFIDENTIAL TREATMENT REQUESTED

Execution Copy

Exhibit 4.3.2.1: Reservation List

Target Name	[***]	Indication(s) within the Respiratory Field

[***, 1 page]

The Reservation List shall be narrowed and may be updated from time-to-time during the Collaboration Term as set forth in this Agreement.

Exhibit 4.3.2.7: CoDev Targets from initial Reservation List

Target Name	[***]	Indication(s) within the Respiratory Field

[***, 1 page]

***Portions of the exhibit, indicated by the mark "[***],"** were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.*

CONFIDENTIAL TREATMENT REQUESTED

Execution Copy

Exhibit 9.6.1.4 : [***] Cap Shortfall Amount – Example Calculation

[***, 1 page]

CONFIDENTIAL TREATMENT REQUESTED

Execution Copy

Exhibit 10.2.2: [***]

[***, 2 pages]

THE SCHEDULE

[***, 1 page]

Exhibit 11.3.1: Initial Press Release

PRESS RELEASE

Pieris Pharmaceuticals and AstraZeneca Collaborate to Develop and Commercialize Anticalin-Based Inhaled Treatments for Respiratory Diseases

- Pieris to receive $57.5 million USD in upfront and near-term milestone payments
- Pieris has the potential to receive development-dependent milestones and eventual commercial payments for all products not exceeding $2.1 billion as well as tiered royalties
- For programs co-developed by Pieris, the Company will be entitled to receive increased royalties or a gross margin share on worldwide sales, dependent on the level of investment to which Pieris commits
- Pieris will host a conference call on Wednesday, May 3rd at 10am EDT to discuss the collaboration

Boston, MA, May 3, 2017 – Pieris today announced a strategic collaboration in respiratory diseases with AstraZeneca to develop novel inhaled drugs that leverage Pieris' Anticalin® platform, including its lead preclinical drug candidate, PRS-060.

Anticalin molecules are engineered proteins which can mimic antibodies by binding to sites either on other proteins or on small molecules. They are smaller than monoclonal antibodies, offering the potential of direct delivery to the lung.

Under the collaboration, Pieris will be responsible for advancing its preclinical lead candidate, PRS-060, into Phase 1 clinical trials in 2017. PRS-060 is an Anticalin against interleukin-4 receptor alpha (IL-4Rα) with potential in asthma. AstraZeneca will fund all clinical development and subsequent commercialization programs and Pieris has the option of co-development and co-commercialization in the US from Phase 2a onwards. In addition, the parties will collaborate to progress four additional novel Anticalins against undisclosed targets for respiratory diseases with Pieris having the option to co-develop and co-commercialize in the US two of these programs.

Mene Pangalos, Executive Vice President, Innovative Medicines and Early Development Biotech Unit and Business Development, said: "At AstraZeneca, discovering and developing innovative new medicines to treat respiratory diseases is a key strategic priority. Our alliance with Pieris adds an important new modality to our respiratory portfolio and builds on our scientific expertise in inhaled formulation technologies. Pieris shares our passion for ground-breaking science and we look forward to working together to develop new, life-changing treatment options for patients."

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Stephen Yoder, President and Chief Executive Officer of Pieris, said: “Our partnership with AstraZeneca accelerates the transformation of Pieris into a fully-integrated drug development and commercial organization, comprising two main pillars in immunology: respiratory diseases and immuno-oncology, each of which is now anchored by a major alliance. We recognize AstraZeneca’s unparalleled expertise in the development of inhaled drugs, which will maximize the potential of PRS-060 and other inhaled Anticalin molecules to become valuable assets for both companies.”

AstraZeneca will make an upfront and near term milestone payments to Pieris in the amount of $57.5 million—$45 million USD of upfront payments and $12.5 million USD for the initiation of the PRS-060 Phase 1 trial. Pieris has the potential to receive development-dependent milestones and eventual commercial payments for all products not exceeding $2.1 billion as well as tiered royalties on the sales of any potential products commercialized by AstraZeneca. For programs co-developed by Pieris, the Company stands to receive increased royalties or a gross margin share on worldwide sales equal, dependent on the level of investment to which Pieris commits.

Louis Matis, M.D., Senior Vice President and Chief Development Officer of Pieris, said: “AstraZeneca, a leading innovator in respiratory diseases with considerable expertise in the development of inhaled products, is the ideal partner to exploit the potential of our platform in respiratory diseases. Based on the limitations of many types of biologic molecules, direct delivery to the lungs via inhalation has been challenging to date for other classes of therapeutic proteins. Anticalin proteins have unique properties, not least of which is their size and stability, and show considerable promise for this route of delivery.”

The collaboration agreement is conditional upon the expiration or early termination of the applicable waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

PRS-060, an Anticalin protein potently engaging IL-4Rα, is being developed for patients suffering from moderate to severe asthma, many of whom are not able to control their asthma well with currently available medications. In a large proportion of asthma patients, the Th2 pathway plays an important role. IL-4 and IL-13 are the main cytokines involved in Th2-mediated asthma. Both signal *via* IL-4Rα, making IL-4Rα a cornerstone intervention point. PRS-060 differentiates from antibody approaches through inhaled delivery directly into the lungs, potentially resulting in efficacy and safety benefits. The local delivery may allow for lower doses than systemically administered antibodies, potentially also resulting in a significant cost of goods advantage over those therapies. Pieris has demonstrated proof of concept in animals as well as feasibility for pulmonary delivery with PRS-060.

Conference Call

Pieris will host an investor conference call on Wednesday, May 3, 2017 at 10:00 AM (EDT) to discuss the collaboration. To access the call, participants may dial 1-877-407-8920 (US & Canada) or 1-412-902-1010 (International) at least 10 minutes prior to the start of the call.

Portions of the exhibit, indicated by the mark “[***],” were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant’s application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

An archived replay of the call will be available by dialing 1-877-660-6853 (US & Canada) or 1-201-612-7415 (International) and providing the Conference ID #13661472.

About Pieris Pharmaceuticals

Pieris Pharmaceuticals (NASDAQ: PIRS) is a clinical-stage biotechnology company that discovers and develops Anticalin-based drugs to target validated disease pathways in a unique and transformative way. Our pipeline includes immuno-oncology multispecifics tailored for the tumor micro-environment, an inhaled Anticalin® protein to treat uncontrolled asthma and a half-life-optimized Anticalin protein to treat anemia. Proprietary to Pieris, Anticalin® proteins are a novel class of protein therapeutics validated in the clinic and by partnerships with leading pharmaceutical companies. Anticalin® is a registered trademark of Pieris. Pieris has partnerships with Servier, ASKA, Roche, Sanofi, Daiichi Sankyo and Zydus. For more information visit www.pieris.com.

About AstraZeneca in Respiratory Disease

Respiratory disease is one of AstraZeneca's main therapy areas, and we have a growing portfolio of medicines that reached more than 17 million patients in 2015. Our aim is to transform asthma and COPD treatment through inhaled combinations at the core of care, biologics for the unmet needs of specific patient populations, and scientific advancements in disease modification. We are building on a 40-year heritage in respiratory disease, and our capability in inhalation technology spans both pressurized metered-dose inhalers (pMDIs) and dry powder inhalers (DPIs), as well as our innovative Co-SuspensionTM Delivery Technology. Our research is focused on four key biological pathways: eosinophilic disease, Th2-driven disease, epithelial-driven pathobiology and autoimmunity.

About AstraZeneca

AstraZeneca is a global, science-led biopharmaceutical company that focuses on the discovery, development and commercialization of prescription medicines, primarily for the treatment of diseases in three main therapy areas—Oncology, Cardiovascular & Metabolic Diseases and Respiratory. The Company also is selectively active in the areas of autoimmunity, neuroscience and infection. AstraZeneca operates in over 100 countries and its innovative medicines are used by millions of patients worldwide. For more information, please visit www.AstraZeneca.com and follow us on Twitter @AstraZeneca.

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, references to novel technologies and methods; our business and product development plans and timelines; the timing and progress of our studies and development of therapeutic programs; ability to receive research funding; our liquidity and ability to fund our future operations; our investments in our programs, including co-developed or co-commercialized programs; our ability to achieve certain milestones and receive future milestone or royalty payments; current or future partnerships; the potential benefits of our therapies; or market information. 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; competition in the

industry in which we operate 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, 2016 and the Company's Quarterly Reports on Form 10-Q.

Contacts at Pieris:

Company Contact:
Pieris Pharmaceuticals, Inc.
Lance Thibault
Acting Chief Financial Officer
+1-857-246-8998
thibault@pieris.com

Investor Relations Contact:
The Trout Group
Thomas Hoffmann
+1-646-378-2931
thoffmann@troutgroup.com

Media Inquiries:
Mario Brkulj
+49 175 5010575
mbrkulj@macbiocom.com

or Cammy Doung
+1-781-591-3443
cduong@macbiocom.com

##END##

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

ASTRAZENECA AND PIERIS PHARMACEUTICALS COLLABORATE TO DEVELOP AND COMMERCIALISE ANTICALIN-BASED INHALED TREATMENTS FOR RESPIRATORY DISEASES

3 May 2017

AstraZeneca today announced a strategic collaboration in respiratory diseases with Pieris Pharmaceuticals, Inc. to develop novel inhaled drugs that leverage Pieris' Anticalin® platform. Anticalin molecules are engineered proteins which can mimic antibodies by binding to sites either on other proteins or on small molecules. They are smaller than monoclonal antibodies, offering the potential of direct delivery to the lung.

Under the collaboration, Pieris will be responsible for advancing its preclinical lead candidate, PRS-060 into Phase I clinical trials in 2017. PRS-060 is an Anticalin against interleukin-4 receptor alpha (IL-4Rα) with potential in asthma. AstraZeneca will fund all clinical development and subsequent commercialisation programmes and Pieris has the option of co-development and co-commercialisation in the US from Phase IIa onwards. In addition, the parties will collaborate to progress four additional novel Anticalins against undisclosed targets for respiratory disease.

Mene Pangalos, Executive Vice President, Innovative Medicines and Early Development Biotech Unit and Business Development, said: "At AstraZeneca, discovering and developing innovative new medicines to treat respiratory disease is a key strategic priority. Our alliance with Pieris adds an important new modality to our respiratory portfolio and builds on our scientific expertise in inhaled formulation technologies. Pieris shares our passion for ground-breaking science and we look forward to working together to develop new, life-changing treatment options for patients."

Stephen Yoder, President and Chief Executive Officer of Pieris, said: "Our partnership with AstraZeneca accelerates the transformation of Pieris into a fully-integrated drug development and commercial organisation, comprising two main pillars in immunology: respiratory disease and immuno-oncology, each of which is now anchored by a major alliance. We recognize AstraZeneca's unparalleled expertise in the development of inhaled drugs, which will maximize the potential of PRS-060 and other inhaled Anticalin molecules to become valuable assets for both companies."

AstraZeneca will make upfront and near-term milestone payments to Pieris in the amount of $57.5 million. Pieris has the potential to receive development-dependent milestones and eventual commercial payments for all products not exceeding $2.1 billion as well as tiered royalties on the sales of any potential products commercialised by AstraZeneca.

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

The collaboration agreement is conditional upon the expiration or early termination of the applicable waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

– ENDS –

NOTES TO EDITORS

About PRS-060

PRS-060 is in preclinical studies. It is an Anticalin® potently engaging IL-4Rα, is being developed for patients suffering from moderate to severe asthma, many of whom are not fully controlled with currently available medications. In a large proportion of asthma patients, the Th2 pathway plays an important role. IL-4 and IL-13 are the main cytokines involved in Th2-mediated asthma. Both signal *via* IL-4Rα, making IL-4Rα a cornerstone intervention point. PRS-060 differentiates from antibody approaches through potential inhaled delivery directly into the lungs which may result in improved ability to target the biological drivers of disease in the lung. Local delivery may allow for lower doses than systemically administered antibodies. Pieris has demonstrated proof of concept in animals as well as feasibility for pulmonary delivery with PRS-060.

About Pieris Pharmaceuticals

Pieris Pharmaceuticals (NASDAQ: PIRS) is a clinical-stage biotechnology company that discovers and develops Anticalin-based drugs to target validated disease pathways in a unique and transformative way. Our pipeline includes immuno-oncology multispecifics tailored for the tumor micro-environment, an inhaled Anticalin® protein to treat uncontrolled asthma and a half-life-optimized Anticalin protein to treat anemia. Proprietary to Pieris, Anticalin® proteins are a novel class of protein therapeutics validated in the clinic and by partnerships with leading pharmaceutical companies. Anticalin® is a registered trademark of Pieris. Pieris has partnerships with Servier, ASKA, Roche, Sanofi, Daiichi Sankyo and Zydus. For more information visit www.pieris.com.

About AstraZeneca in Respiratory Disease

Respiratory disease is one of AstraZeneca's main therapy areas, and we have a growing portfolio of medicines that reached more than 17 million patients in 2015. Our aim is to transform asthma and COPD treatment through inhaled combinations at the core of care, biologics for the unmet needs of specific patient populations, and scientific advancements in disease modification. We are building on a 40-year heritage in respiratory disease, and our capability in inhalation technology spans both pressurized metered-dose inhalers (pMDIs) and dry powder inhalers (DPIs), as well as our innovative Co-Suspension™ Delivery Technology. Our research is focused on four key biological pathways: eosinophilic disease, Th2-driven disease, epithelial-driven pathobiology and autoimmunity.

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

About AstraZeneca

AstraZeneca is a global, science-led biopharmaceutical company that focuses on the discovery, development and commercialization of prescription medicines, primarily for the treatment of diseases in three main therapy areas—Oncology, Cardiovascular & Metabolic Diseases and Respiratory. The Company also is selectively active in the areas of autoimmunity, neuroscience and infection. AstraZeneca operates in over 100 countries and its innovative medicines are used by millions of patients worldwide. For more information, please visit www.AstraZeneca.com and follow us on Twitter @AstraZeneca.

Contacts

Media Enquiries

Karen Birmingham UK/Global +44 203 749 5634

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 10.2

CONFIDENTIAL TREATMENT REQUESTED

Execution Copy

NON-EXCLUSIVE ANTICALIN® PLATFORM TECHNOLOGY LICENSE AGREEMENT

This Non-Exclusive Anticalin® Platform Technology License Agreement ("**Agreement**") is made and entered into effective as of May 2, 2017 (the "**Execution Date**"), by and between **PIERIS PHARMACEUTICALS, INC.**, a Nevada corporation having its principal place of business at 255 State Street, 9th floor, Boston, MA 02109 **AND PIERIS PHARMACEUTICALS GMBH**, a company organized and existing under the laws of Germany having offices and principal place of business at Lise-Meitner-str. 30, 85354 Freising, Germany (collectively, "**Pieris**"), and **ASTRAZENECA AB**, a corporation existing under the laws of Sweden having a principal place of business at S-431 83 Mölndal, Sweden ("**Licensee**"). Pieris and Licensee each may be referred to herein individually as a "**Party**," or collectively as the "**Parties**."

RECITALS

A. Pieris Controls (defined below) certain intellectual property related to Pieris' Platform Technology (defined below).

B. Licensee desires to obtain from Pieris a non-exclusive license (or sublicense, as applicable) under such intellectual property to Develop, have Developed, Manufacture, have Manufactured, Commercialize, have Commercialized, the Licensed Products in the Licensed Field and Licensed Territory (as such terms are defined below).

C. Pieris is willing to grant such non-exclusive license (or sublicense, as applicable) to Licensee on the terms and conditions set forth herein.

In consideration of the foregoing premises, the mutual promises and covenants set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Pieris and Licensee hereby agree as follows:

AGREEMENT

1. Definitions

When used in this Agreement, capitalized terms will have the meanings as defined below and throughout the Agreement. Unless the context indicates otherwise, the singular will include the plural and the plural will include the singular.

1.1 "**Accounting Standards**" means the International Financial Reporting Standards, the US Generally Accepted Accounting Principles, and any other internationally recognized accounting standards.

1.2 **"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 this definition of "Affiliate" only, 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.

1.3 "**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" shall mean a protein arising as a result of a mutation or a recombinant DNA procedure.

1.4 "**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.

1.5 "**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.

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

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

1.8 "**Anticalin Selection**" means 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 Anticalin proteins, from the solution containing non-binding Anticalin proteins.

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

1.9 "**Applicable Law**" means 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 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 "**Auditor**" shall have the meaning set forth in Section 3.5.7.

1.11 "**Biological License Application**" or "**BLA**" means a Biological License Application in the United States 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.

1.12 "**Biosimilar**" means, with respect to a given Licensed 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 Licensed 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 Licensed Product. For countries or jurisdictions where no explicit biosimilar regulations exist, Biosimilar includes products which have been deemed to be a Biosimilar or otherwise deemed interchangeable by a Regulatory Authority in another country or jurisdiction. Any product or component thereof (including any Licensed Product or component thereof) licensed, marketed, sold, manufactured, or produced by or on behalf of a Party, its Affiliates or Sublicensees (to the extent such Sublicensee commercializes a Biosimilar in reliance on or access to the Data, Patents and Know-How licensed under this Agreement) will not constitute a Biosimilar.

1.13 "**Business Day**" means a day other than a Saturday, Sunday, or a bank or other public holiday in Munich, Germany, Boston, Massachusetts, London, United Kingdom or Gothenburg, Sweden.

1.14 "**Calendar Quarter**" means each three (3) consecutive calendar months ending on each March 31, June 30, September 30 and December 31.

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

***Portions of the exhibit, indicated by the mark "[***],"* were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.**

1.16 **"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 fifty percent (50%) of the outstanding shares, or less than fifty percent (50%) 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 Licensed Products, 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 fifty percent (50%) 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 fifty percent (50%) or more of either the outstanding voting power or the then outstanding shares of such Party, in each case on a fully-diluted basis. 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.

1.17 "**Clinical Study**" means a Phase 1 Study, Phase 2a Study, Phase 2b 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 Licensed Product.

1.18 "**Collaboration Agreement**" shall have the meaning set forth in Section 2.1.

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

***Portions of the exhibit, indicated by the mark "[***],"* were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.**

1.20 **"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.

1.21 "**Cover**", "**Covered**" or "**Covering**" means, with respect to the applicable invention, discovery, process or product (including a Licensed 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 a Valid Claim of such Patent (or, in the case of a Patent that has not yet issued, would infringe any then-pending Valid Claim in such Patent if it were to issue with such claim), or (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.

1.22 "**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 Licensed 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 6 of this Agreement.

***Portions of the exhibit, indicated by the mark "[***],"* were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.**

1.23 "**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).

1.24 **"Disclosing Party"** shall have the meaning set forth in Section 6.1.1.

1.25 "**Effective Date**" means the Effective Date as defined in the Collaboration Agreement.

1.26 "**Execution Date**" has the meaning set forth in the preamble.

1.27 "**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 Licensed Product to a Third Party by Licensee or any of its Affiliates in such country following receipt of applicable Marketing Approval of such Licensed 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 Licensed Product is supplied without charge or at the actual Manufacturing cost thereof (without allocation of indirect costs or any markup).

1.28 "**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 are conducted or that are otherwise applicable.

1.29 "**GLP Tox Study**" means, with respect to a Licensed 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.

1.30 "**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.

1.31 "**Indemnified Party**" has the meaning set forth in Section 8.3.

1.32 "**Indemnification Claim Notice**" has the meaning set forth in Section 8.3.

1.33 "**IND**" means (a) an Investigational New Drug Application as defined in the FD&C Act and applicable regulations promulgated thereunder by the FDA, (b) the Investigational Medicinal Product Dossier (IMPD) in the applicable European territories, 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.

1.34 "**Indication**" means a distinct type of disease or medical condition in humans to which a Licensed Product is directed and eventually approved. To distinguish one Indication from another Indication, the two Indications have to be listed in two different blocks of the ICD-10 (as a way of example, any respiratory disease under J44 is in a different block from any respiratory disease under block J45, whereas J44.1 and J44.8 belong to the same block).

1.35 "**Indirect Taxes**" shall mean 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.

1.36 "**Infringement Action**" shall have the meaning set forth in Section 4.2.

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

1.38 "**Intellectual Property Rights**" means, collectively, Patent Rights, copyrights, trademarks, designs, domain names, moral rights and all other intellectual property and proprietary rights.

***Portions of the exhibit, indicated by the mark "[***],"* were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.**

1.39 "**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 but not limited to ideas, concepts, inventions, discoveries, data, formulae, specifications, information relating to any materials, procedures for experiments and tests, results of experimentation and testing, computer programs or algorithms, results of Research, Development or Commercialization including laboratory records and data analyses.

1.40 "**Licensee Indemnitees**" shall have the meaning set forth in Section 8.2.

1.41 "**Licensed Field**" means, on a Licensed Product-by-Licensed Product basis, the permissible field of use under the Collaboration Agreement.

1.42 "**Licensed Product**" means any product that includes an Anticalin protein licensed to Licensee under the Collaboration Agreement.

1.43 "**Licensed Territory**" or "**Territory**" means all the countries of the world.

1.44 **"Losses"** shall have the meaning set forth in Section 8.1.

1.45 "**Manufacture**" or "**Manufacturing**" means all activities related to the manufacture of Licensed Products, including, but not limited to, 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.

1.46 "**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 Licensed Product in such country, including the approval of an MAA or BLA.

1.47 "**MedImmune**" means, individually or collectively, MedImmune, LLC and MedImmune Limited.

1.48 **"Net Sales"** means the gross invoiced amount on sales of Licensed Products by or on behalf of Licensee, 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) normal and customary trade, quantity or prompt settlement discounts (including initial launch stocking discounts, chargebacks and allowances) actually allowed;

(b) amounts repaid or credited by reason of rejection, returns or recalls of goods, rebates or bona fide price reductions determined by Licensee, its Affiliates or its Sublicensees in good faith;

(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) any invoiced amounts which are not collected by Licensee, its Affiliates or its Sublicensees, including bad debts;

(e) excise taxes, value added taxes, sales taxes, consumption taxes and other similar taxes (excluding any income, franchise or withholding taxes), customs duties, customs levies and import fees imposed on the sale, importation, use or distribution of the Licensed Products, including fees paid pursuant to Section 9008 of the Patient Protection and Affordable Care Act that Licensee, its Affiliates or its or their Sublicensees, as applicable, allocable to sales of such Licensed Products in accordance with Licensee's, its Affiliates' or its or their Sublicensees' standard policies and procedures consistently applied across its products, as applicable;

(f) the portion of administrative fees paid during the relevant time period to group purchasing organizations or pharmaceutical benefit managers relating to such Licensed Products;

(g) service fees payable under any wholesaler agreement, distribution services agreement, inventory management agreement or other similar agreement;

(h) any other similar and customary deductions (including copay cards) that are consistent with the United States generally accepted accounting principles or, in the case of non-United States sales, other applicable accounting standards that are generally accepted; and

(i) the actual cost for transportation costs, distribution expenses, special packaging and related insurance charges capped at [***] percent ([***]%) of the amount arrived after the application of the deduction under clauses (a) to (h) above.

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Net Sales (including any deductions) will be calculated using Licensee'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 Licensee's operations. Deductions pursuant to subsection (d) above will be taken in the Calendar Quarter in which such sales are no longer recorded as a receivable.

If a Licensed Product is sold as part of a Combination Product (as defined below), the Net Sales from such Licensed 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 Licensed 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 Licensed Product and the other therapeutically active ingredient in such Combination Product are not sold separately in such country, a market price for such Licensed 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 Licensed Product that includes at least one additional therapeutically active ingredient (whether co-formulated or co-packaged) that is not an Anticalin protein.

1.49 "**Patents**" or "**Patent Rights**" 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, pediatric exclusivity periods and supplementary protection certificates and the like of any such patents and patent applications, and any and all foreign equivalents of the foregoing.

1.50 "**Payments**" has the meaning set forth in Section 3.5.4.

1.51 "**Phase 1 Study**" means a clinical study of an investigational product in patients and/or healthy volunteers with the primary objective of characterizing its safety, tolerability, and pharmacokinetics and identifying a recommended dose and regimen for future studies 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.

1.52 "**Phase 2a Study**" means a clinical study of an investigational product in patients that has the primary objective of establishing the safety and initial efficacy of a product, which is prospectively designed to generate sufficient data (if successful) to commence a Phase 2b Study. The investigational product can be administered to patients as a single agent or in combination with other investigational or marketed agents and a Phase 2a Study shall be deemed commenced when Initiated.

1.53 "**Phase 2b Study**" means a clinical study of an investigational product in patients with the primary objective of characterizing its activity in a specific disease state as well as generating more detailed safety, tolerability, and pharmacokinetics information as described 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 2b Study shall be deemed commenced when Initiated.

1.54 "**Phase 3 Study**" means a clinical study of an investigational product in patients that incorporates accepted endpoints for confirmation of statistical significance of efficacy and safety with the aim to obtain Marketing Approval in any country as described in 21 C.F.R. 312.21(c), 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 3 Study shall be deemed commenced when Initiated.

1.55 **"Pieris Indemnitees"** shall have the meaning set forth in Section 8.1.

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

1.56 "**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 Licensee 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 Platform IP, including any Intellectual Property Rights subsisting therein for example, Patents ("**Platform Improvement Patents**"). Any Platform Improvement Patents that are filed during the term of the Agreement shall be listed in Exhibit A.

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

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

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

1.60 "**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.

1.61 "**Pricing Approvals**" means such governmental approval, agreement, determination or decision establishing prices for a Licensed Product that can be charged or reimbursed in regulatory jurisdictions where the applicable Governmental Authorities approve or determine the price or reimbursement of pharmaceutical products.

1.62 "**Receiving Party**" has the meaning set forth in Section 6.1.1.

1.63 "**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 Licensed Product in a particular country or regulatory jurisdiction.

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

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

1.65 "**Regulatory Exclusivity**" means any exclusive marketing rights or data exclusivity rights conferred by any applicable 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.

1.66 "**Royalties**" has the meaning set forth in Section 3.3.

1.67 "**Royalty Term**" means, on a Licensed Product-by-Licensed Product and country-by-country basis, the time period from the First Commercial Sale of such Licensed Product in such country until the later of (i) the last to expire of the Valid Claims that would be infringed by the import (to the extent the Product is to be sold in the country into which it is imported), Manufacture, use, sale or offer for sale of such Licensed Product in such country, (ii) the period of Regulatory Exclusivity for such Product in such country, and (iii) [***] ([***]) years from the First Commercial Sale of such Licensed Product in such country.

1.68 "**Senior Representatives**" has the meaning set forth in Section 10.2.1.

1.69 "**Sublicensee**" shall have the meaning set forth in Section 2.2.1.

1.70 **"Term"** it shall have the meaning set forth in Section 7.1.

1.71 **"Third Party"** means any party other than Pieris, Licensee, or their respective Affiliates.

1.72 **"Third Party Claims"** shall have the meaning set forth in Section 8.1.

1.73 "**[***]**" has the meaning set forth in Section 8.2.

1.74 "**[***]**" has the meaning set forth in Section 8.2.

***Portions of the exhibit, indicated by the mark "[***],"* were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.**

1.75 **"Valid Claim"** means (a) a claim of an issued and unexpired Platform Patent or Platform Improvement 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 Platform Patent or Platform Improvement Patent application 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.

2. License Grant

2.1 **Grant.** Subject to the terms and conditions of this Agreement, Pieris hereby grants to Licensee a non-exclusive, non-transferrable (other than in accordance with Section 10), royalty-bearing license (or sublicense) during the Term under the Platform IP and the Platform Improvement IP, to Develop, have Developed, Manufacture, have Manufactured, Commercialize, have Commercialized, the Licensed Products in the Licensed Field and Licensed Territory pursuant to and consistent with that certain separate written agreement entitled License and Collaboration Agreement entered into on the date hereof and in effect and in good standing between Pieris and Licensee (such agreement, the "**Collaboration Agreement**").

2.2 **Sublicenses**

2.2.1 Licensee shall have the right to grant sublicenses under the rights granted in Section 2.1 (a) to its Affiliates and (b) to Third Parties (each such Affiliate or Third Party to which such sublicense is granted, a "Sublicensee"), in each of (a) and (b) solely to the extent of, and consistent with, Licensee's right to grant sublicenses of any Patent rights under the applicable Collaboration Agreement. Licensee will remain liable for all the terms and conditions of this Agreement such that any act or omission by or on behalf of a Sublicensee that would be a breach of this Agreement if undertaken by Licensee, shall be deemed a breach of this Agreement by Licensee.

***Portions of the exhibit, indicated by the mark "[***],"* were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.**

2.2.2 With respect to any (sub)license agreement(s) entered into with a Sublicensee by Licensee in effect as of the date at which termination or expiration of this Agreement becomes effective and the Sublicensee's rights under such Sublicense, to the extent that the Sublicensee is in good standing with respect to the Sublicense and was not itself the cause of the termination of this Agreement, Pieris shall negotiate in good faith a direct license with the Sublicensee under the following terms and conditions (provided that such Sublicensee does not, within thirty (30) days following the termination or expiration of this Agreement, provide written notice to Pieris of Sublicensee's election to terminate the Sublicense): (1) the Parties shall negotiate such direct license in good faith in order to execute a direct license within sixty (60) days of the termination or expiration of this Agreement, (2) such direct license shall have the same scope, payment and financial terms and non-financial terms as this Agreement, and (3) such direct license to the Sublicensee by Pieris shall not place any additional obligations (including but not limited to representations, warranties, or liabilities) on Pieris beyond its obligations under this Agreement without the prior written consent of Pieris.

2.3 **No Other License**. Licensee understands and agrees that no license under any patent, patent application or know-how other than the Platform IP and the Platform Improvement IP, is or shall be deemed to have been granted under this Agreement, either expressly or by implication. Licensee covenants not to practice under the Platform Patents or Platform Know-How outside of the scope of the license granted pursuant to Section 2.1 of this Agreement.

3. Payments

3.1 **License Fee.** In partial consideration of the rights granted hereunder with respect to up to five (5) Licensed Products, Licensee shall pay to Pieris a non-creditable, non-refundable upfront fee in the amount of [***] days following receipt of the corresponding invoice from Pieris after the Effective Date.

3.2 **Milestone Payments.** Licensee will pay to Pieris the following milestone payments upon the first achievement of the corresponding milestone event set forth in the table below by or on behalf of Licensee, its Affiliates and Sublicenses, on a Licensed Product-by-Licensed Product basis:

Milestone Event	Milestone Payment
Initiation of GLP Tox Study	[***]
Initiation of Phase 1 Study	[***]
Initiation of Phase 2a Study	[***]
Initiation of Phase 3 Study	[***]
First Commercial Sale in [***]	[***]

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Milestone Payment Terms. Each such milestone payment shall be paid within [***] ([***]) days of achievement of such milestone event by Licensee or its Sublicensee. For any Licensed Product, once a milestone is reached, the amounts under all prior milestones shall be due if not yet paid.

3.3 **Royalties.** Within [***] after the end of each Calendar Quarter following the First Commercial Sale of Licensed Product, Licensee shall make royalty payments to Pieris on a Calendar Quarter, Licensed Product-by-Licensed Product and country-by-country basis, based on the Net Sales of the applicable Licensed Product by Licensee and its Sublicensees at a rate of [***] (the "**Royalties**"). Royalties shall be payable by Licensee until the expiry of the Royalty Term following which the license granted hereunder will become fully paid up.

3.4 **Adjustments**

3.4.1 Biosimilar Drug Competition. If in any Calendar Quarter after entry of a Biosimilar(s) of a Licensed Product in a given country there has been a decline of the Net Sales of the applicable Licensed Product in such country of more than [***] percent ([***]%) of the Net Sales of such Licensed Product in such country achieved in the two consecutive Calendar Quarters immediately prior to such entry in such country, the Royalties payable to Pieris under this Agreement for such Licensed 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 Licensed 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.

3.4.2 Royalty Minimum. Notwithstanding the foregoing, in no event will the Royalties due to Pieris in a Calendar Quarter be reduced by more than [***] percent ([***]%) of the amount that would otherwise be due hereunder.

3.5 **Payment Terms**

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

3.5.2 Generally. For as long as Royalties are due to Pieris under this Agreement, Licensee will furnish to Pieris a written report, within [***] ([***]) [***] after the end of each Calendar Quarter, showing in Dollars, the amount of Net Sales of Licensed Products and Royalties due for such Calendar Quarter, as applicable. Royalties a consistent with the written report provided under this Section 3.5.2 for each Calendar Quarter will be due within [***] ([***]) [***] after the end of each Calendar Quarter. The report will include, at a minimum, the following information for the applicable Calendar Quarter, each listed by Licensed Product and by country of sale: (a) the number of units of each Licensed Product on which Royalties are owed to Pieris hereunder sold by Licensee or its Affiliates or Sublicensees; (b) the gross amount received for such sales; (c) Net Sales for the Calendar Quarter and Calendar Year; (d) deductions provided for in the definition of Net Sales; and (e) the Royalties owed to Pieris listed by category, as applicable. All such reports will be treated as Confidential Information of Licensee.

3.5.3 Interest. Licensee 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 ([***]%) per month or the maximum applicable legal rate, if less, calculated on the total number of days such payment is delinquent.

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

3.5.4 Taxes and Withholding. The Royalties, milestones and other amounts payable by Licensee 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 Licensee) levied on account of, or measured in whole or in part by reference to, any Payments it receives. Licensee 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 Licensee or the appropriate Governmental Authority (with the assistance of Licensee 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 Licensee of its obligation to withhold tax, and Licensee shall apply the reduced rate of withholding, or dispense with withholding, as the case may be, provided that Licensee has received evidence, in a form reasonably satisfactory to Licensee, of Pieris' delivery of all applicable forms at least [***] ([***]) [***] prior to the time that the Payments are due. If Licensee 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, Licensee 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.

3.5.5 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, Licensee 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, Licensee shall promptly inform Pieris and shall cooperate with Pieris to provide such information or assistance as may be necessary to enable the issuance of such invoice consistent with Indirect Tax requirements.

3.5.6 Conversions. 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 Licensee, the Dollar equivalent shall be calculated using Licensee, its Affiliates, or Sublicensee's standard conversion methodology consistent with Accounting Standards.

3.5.7 Records Retention. Licensee shall keep complete, true and accurate books and records in accordance with its Accounting Standards, including in relation to Royalties for each Licensed Product. Licensee will keep such books and records for at least [***] ([***]) years following the Calendar Year to which they pertain. Pieris may, upon written request, cause an internationally-recognized independent accounting firm (the "**Auditor**"), which is reasonably acceptable to Licensee, to inspect the relevant records of such Licensee and its Affiliates to verify the payments made by Licensee and the related reports, statements and books of accounts, as applicable. Before beginning its audit, the Auditor shall execute an undertaking acceptable to the Licensee by which the Auditor agrees to keep confidential all information reviewed during the audit. The Auditor shall have the right to disclose to Pieris only its conclusions regarding any payments owed under this Agreement. Licensee and its Affiliates shall make their records available for inspection by the Auditor during regular business hours at such place or places where such records are customarily kept, upon receipt of reasonable advance notice from Pieris or the Auditor. The records shall be reviewed solely to verify the accuracy of Licensee's payment obligations and compliance with the financial terms of this Agreement. Such inspection right shall not be exercised more than once 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 Licensee from the [***] ([***]) Calendar Years prior to the Calendar Year in which the audit request is made. Pieris agrees to hold in strict confidence all information received and all information learned in the course of any audit or inspection, except to the extent necessary to enforce its rights under this Agreement or to the extent required to comply with any law, regulation or judicial order. The Auditor shall provide its audit report and basis for any determination to Licensee at the time such report is provided to the 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. In addition, if an underpayment of more than [***] percent ([***]%) of the total payments due hereunder for the applicable year is discovered, the fees and expenses charged by the Auditor shall be paid by Licensee.

4. Patent Prosecution, Maintenance and Enforcement

4.1 **Prosecution, Defense and Maintenance.** As between the Parties, Pieris shall be solely responsible, at its sole discretion and expense, for the prosecution, defense, and maintenance of Platform Patents and Platform Improvement Patents.

4.2 **Enforcement**. Pieris 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 of the Platform Patents and Platform Improvement Patents which relates to a Licensed Product ("**Infringement Action**"), in its own name and entirely under its own direction and control. Pieris shall not take such an Infringement Action without the prior written consent of Licensee. All 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 as Net Sales to the extent such monies recovered are designated as lost profits, and shall otherwise be divided between the Parties with [***] percent ([***] paid by Pieris to Licensee and twenty-five percent ([***] retained by Pieris. In the event that [***] bring an [***], and as a result of [***], such [***] is [***], then [***] shall [***] with respect to [***] as of the [***]. For avoidance of doubt, [***] shall not [***] where there are [***] pursuant to the terms of the [***], including any [***] (as both terms are defined in the [***]), [***]. In the event of [***].

5. Representation and Warranties; Covenants

5.1 **Mutual Representations and Warranties.** Each Party hereby represents and warrants to the other Party that, as of the Execution Date:

5.1.1 Corporate Existence and Power. It is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is exists, and has full corporate power and authority and the legal right to own and operate its property and assets and to carry on its business as it is now being conducted and as contemplated by this Agreement, including the right to grant the rights granted hereunder.

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

5.1.2 Authority and Binding Agreement. (a) It has the power and authority and the legal right to enter into this Agreement and perform its obligations hereunder; (b) it has taken all necessary corporate action required to authorize the execution and delivery of the Agreement and the performance of its obligations hereunder; and (c) 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.

5.2 **Further Representations by Pieris.** Pieris hereby represents and warrants to Licensee that, as of the Execution Date (except as disclosed to AstraZeneca in writing):

5.2.1 Pieris has not entered into any agreement with any Third Party that is in conflict with the rights granted to Licensee under this Agreement and covenants that during the Term it shall not enter into any agreement with a Third Party that would conflict with the rights granted to Licensee under this Agreement.

5.2.2 Pieris is the owner of, or otherwise has the right to grant all rights and licenses it purports to grant to Licensee with respect to the Platform Patents and Platform Improvement IP under this Agreement.

5.2.3 All Platform Patents have been filed and maintained properly and correctly in all material respects. 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 Platform Patents (including by granting any covenant not to sue with respect thereto) in such a way as to make the representation set forth in Section 5.2.2 not true, and it will not enter into any such agreements or grant any such right, title or interest to any Third Party that is inconsistent with the rights and licenses granted to Licensee under this Agreement.

5.2.4 Each of the Platform Patents properly identifies each and every inventor of the claims thereof as determined in accordance with the laws of the jurisdiction in which such Platform Patent issued or such application is pending.

5.2.5 Pieris has not received any written claim alleging, and does not have knowledge of any fact or circumstance indicating, that any of the Platform Patents are invalid or unenforceable.

5.2.6 Pieris is not and, as far as Pieris is aware, the counter party is not in breach of [***].

5.2.7 Pieris has disclosed to Licensee a true and complete redacted copy of [***] and all amendments thereto.

5.3 **Pieris Covenant**. Pieris shall keep [***] in full force and effect throughout the Term. Pieris shall [***] in a timely manner and shall not breach [***] Pieris shall inform Licensee immediately upon [***].

5.4 **DISCLAIMER OF WARRANTY.** EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH IN SECTIONS 5.1 AND 5.2 AND THOSE SET FORTH IN THE COLLABORATION AGREEMENT, NEITHER PARTY MAKES, AND EACH PARTY HEREBY DISCLAIMS, ANY AND ALL REPRESENTATIONS AND WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, VALIDITY, ENFORCEABILITY, PATENTABILITY, SCOPE AND NON-INFRINGEMENT AND ANY WARRANTY ARISING OUT OF PRIOR COURSE OF DEALING AND USAGE OF TRADE.

6. Confidentiality; Publicity

6.1 **Confidentiality**.

6.1.1 All Confidential Information disclosed 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:

(i) 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;

(ii) 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;

***Portions of the exhibit, indicated by the mark "[***],"* were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.**

(iii) 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

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

6.1.2 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 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. Except as required by Applicable Law, Pieris agrees that it will not publish or disclose to a Third Party except as permitted under or contemplated by this Agreement or any other agreement with AstraZeneca, any Pieris Confidential Information related to a Licensed Product without the prior written consent of Licensee until it has complied with the provisions of Section 6.2.

Portions of the exhibit, indicated by the mark "[***],"were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

6.1.3 Notwithstanding the obligations of confidentiality and non-use set forth above and in Section 6.1.4 below, a Receiving Party may provide Confidential Information disclosed to it, and disclose the existence and terms of this Agreement or the as may be reasonably required in order to perform its obligations and to exploit its licenses and other rights under this Agreement, and specifically to (a) 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 in each case who are under an obligation of confidentiality with respect to such information that is no less stringent than the terms of this Section 6.1; (b) Governmental Authority, including any other Regulatory Authorities in order to obtain patents or perform its obligations or exploit its rights 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) the extent required by Applicable Law, including by the rules or regulations of the United States Securities and Exchange Commission or similar regulatory agency 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, 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 6.1.4 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 6.1, 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.

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

6.1.4 Notwithstanding Section 6.1.1, Confidential Information that is permitted or required to be disclosed will remain otherwise subject to the confidentiality and non-use provisions of this Section 6.1. If either Party concludes that a copy of this Agreement must be filed with the United States Securities and Exchange Commission 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.

6.2 **Publication**. Except for disclosures permitted pursuant to Sections 6.1 or 6.3, or under any other agreement with AstraZeneca, either Party wishing to make a publication or public presentation relating to any jointly carried out activity that contains the Confidential Information of the other Party or any results of Research and Development activities under this Agreement (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 will have the right (a) to propose modifications to the publication or presentation for patent reasons or trade secret reasons or to remove Confidential Information of the Reviewing Party or its Affiliates, and the Publishing Party will remove all Confidential Information of the other Party if requested by the reviewing Party and otherwise reflect such Party's reasonable comments into consideration, or (b) to request a reasonable delay in publication or presentation in order to protect patentable information. If the Reviewing Party requests a delay, 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. 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 6.2 to the extent that Licensee or Pieris, as the case may be, has the right and ability (after using commercially reasonable efforts to obtain such right and ability) to do so. Notwithstanding the foregoing, neither Party will submit or publish any article or other publication to or with any scientific journal or other publisher that requires, as a condition of publication, that the submitting Party agree to make available to the publisher or Third Parties any Licensed Product or other materials which are the subject of the publication. Except as set out above Licensee shall control in its discretion all publications and public presentations relating to the Research, Development, Manufacture and Commercialization of the Licensed Products and Pieris shall not make any such publication or public presentation without the prior written consent of Licensee.

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

6.3 **Publicity**. Except as set forth in Sections 6.1, the terms of this Agreement may not be disclosed by either Party, and neither Party will use the name, Trademark, trade name or logo 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 United States Securities and Exchange Commission or similar regulatory agency 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, Trademark, trade name or logo of the other Party, and otherwise complies with Sections 6.1, or (b) as expressly permitted by the terms hereof.

7. Term and Termination

7.1 **Term**. This Agreement will commence on the Effective Date and remain in full force and effect until the earlier of (a) the expiration of all of Licensee's payment obligations under this Agreement and (b) termination of the Collaboration Agreement (the "**Term**"), unless earlier terminated in accordance with this Section 7. Following the natural expiration of the Term, the license granted to Licensee shall be fully paid up, irrevocable, and royalty-free. In addition, on a Licensed Product-by-Licensed Product and country-by-country basis, this Agreement shall terminate upon termination of the Collaboration Agreement.

7.2 **Termination for Patent Challenge.** Pieris may terminate this Agreement if Licensee or its Affiliates (including MedImmune) disputes, or assists any Third Party to dispute, the validity of any Patent within the Platform IP or Platform Improvement IP, in a patent re-examination, inter-partes review, post-grant or other patent office proceeding, opposition, litigation, or other court proceeding and, within thirty (30) days written notice from Pieris, Licensee fails to rescind any and all of such actions, provided however that, nothing in this clause prevents Licensee from taking any of the actions referred to in this clause and provided further that Pieris will not have the right to terminate if Licensee:

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

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

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

***Portions of the exhibit, indicated by the mark "[***],"* were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.**

7.3 **Effect of Termination**.

7.3.1 Expiration or termination of this Agreement will not relieve the Parties of any obligation accruing prior to such expiration or termination, including Licensee's obligations to pay all fees and royalties that shall have accrued hereunder prior to the effective date of expiration or termination. Termination (but not expiration) of this Agreement shall result in the termination of the licenses granted to Licensee, and all such rights shall immediately revert to Pieris in full. The provisions of Sections 1 (to the extent necessary to give effect to the surviving provisions), 2.2.2, 3.5.2 (for any final reports), 3.5.7, 6.1 (except for the last sentence of 6.1.2), 7, 8, 9 and 10 will survive any termination or expiration of this Agreement.

7.3.2 In the event of any termination of this Agreement then the following shall apply:

(a) Pieris shall have the right to acquire some or all of the inventory of the available inventory of the terminated Licensed Product, as requested by Pieris, in the possession of Licensee and its Affiliates as of the date of such termination, provided that, if Pieris so acquires any or all such inventory, Pieris shall reimburse Licensee the cost incurred by Licensee for such inventory and if Pieris does not purchase such inventory Licensee shall be entitled to continue selling any such inventory for twelve (12) months.

(b) All licenses and sublicenses granted by Pieris to Licensee hereunder shall terminate, provided however that they will continue solely to enable Licensee to (i) complete sales of Licensed Products for any purchase orders that were in place prior to the effective date of termination and (ii) sell off any existing inventory of Licensed Products pursuant to Section 7.2.2(b); thereafter, Licensee will discontinue Commercialization of the applicable Licensed Product.

8. Indemnification and Insurance

8.1 **Indemnification by Licensee**. Licensee 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) the Development, Manufacture or Commercialization of any Licensed Product by Licensee or its Affiliates, Sublicensees, distributors or contractors, (b) any breach by Licensee of any of its representations, warranties or covenants pursuant to this Agreement, or (c) the negligence or willful misconduct of Licensee or any Licensee 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.

8.2 **Indemnification by Pieris**. Pieris agrees to defend Licensee, its Affiliates and their respective directors, officers, stockholders, employees and agents, and their respective successors, heirs and assigns (collectively, the "**Licensee Indemnitees**"), and will indemnify and hold harmless the Licensee Indemnitees, from and against any Losses arising out of (A) Third Party Claims brought against any Licensee Indemnitee and resulting from or occurring as a result of: (a) any breach by Pieris of any of its representations, warranties or covenants pursuant to this Agreement, (b) the negligence or willful misconduct of any Pieris Indemnitee or any (sub)contractor of Pieris in the performance of this Agreement, or (c) the Development, Manufacture or Commercialization of any terminated Product by Pieris or its Affiliates, Sublicensees, distributors or contractors; and (B), any Losses arising out of [***] ("**[***]**") under the [***] by and between [***], dated as [***](the "**[***]**") including any termination of that agreement except in any such case to the extent such Losses result from: (i) the negligence or willful misconduct of any Licensee Indemnitee, (ii) any breach by Licensee of any of its representations, warranties, covenants or obligations pursuant to this Agreement, or (iii) any breach of Applicable Law by any Licensee Indemnitee.

***Portions of the exhibit, indicated by the mark "[***],"* were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.**

8.3 **Notice of Claim**. All indemnification claims provided for in Section 8.1 and Section 8.2 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 8.1 or Section 8.2, 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 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.

8.4 **Insurance.** The Parties will, and will cause their Sublicensees to, have and maintain such types and amounts of liability insurance (including product liability coverage) as is normal and customary in the industry generally for a party similarly situated, and will upon other Party's request, provide the other Party with details of such insurance in that regard, along with any amendments and revisions thereto.

8.5 **Set-Off**. Licensee shall have the right to set-off any sums which may be owed by Pieris to Licensee under this Agreement (including by way of damages for breach) against any future sums due to Pieris under this Agreement or any other agreement between the Parties.

9. Limitation of Liability

9.1 EXCEPT FOR (A) CLAIMS THAT ARE SUBJECT TO INDEMNIFICATION UNDER SECTIONS 8.1 AND 8.2 OR (B) CLAIMS ARISING OUT OF A PARTY'S BREACH OF ITS CONFIDENTIALITY OBLIGATIONS UNDER THIS AGREEMENT, 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, 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.

***Portions of the exhibit, indicated by the mark "[***],"* were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.**

10. Miscellaneous

10.1 **Restrictions; No Other Licenses.** Except as expressly set forth hereunder or under the Collaboration Agreement, neither Party grants to the other Party any rights, licenses or covenants in or to any Patents or Know-How, whether by implication, estoppel, vicariously, indirectly or otherwise, other than the license rights that are specifically and expressly granted under this Agreement or under the Collaboration Agreement. All rights not specifically and expressly granted by a licensing party under this Agreement or under the Collaboration Agreement are reserved by such licensing party and may be used or practiced by such licensing party for any purpose.

10.2 **Dispute Resolution**

10.2.1 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. Any dispute between the Parties will be promptly presented to the [***] of Licensee and the [***] of Pieris US (the "**Senior Representatives**"), or their respective designees, for resolution. Such Senior Representatives, or their respective designees, 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, controversy or claim.

10.2.2 Request for Arbitration. If after negotiating in good faith pursuant to Section 10.2.1, the Parties fail after good faith discussions undertaken within reasonable promptness, to reach an amicable agreement within n[***], then either Party may upon written notice to the other submit to binding arbitration pursuant to Section 10.2.3 and Section 10.2.4 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.

***Portions of the exhibit, indicated by the mark "[***],"* were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.**

10.2.3 Arbitration. Subject to Section 10.3 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 10.2.1, will be resolved by final and binding arbitration conducted in accordance with the terms of this Section 10.3. The arbitration will be held in [***] according to Rules of Arbitration of the ICC. 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 ICC 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 six 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 10.3. 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 6.1. 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 6.1. 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.

10.2.4 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.

10.2.5 Undisputed Payments. Licensee shall pay all undisputed sums due to Pieris under this Agreement in accordance with Section 3. If any such sums which are undisputed are not paid to Pieris in accordance with Section 3 Pieris shall be entitled to apply to an appropriate court for judgement in default and to enforce any such judgement against Licensee.

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

10.2.6 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 10.2.3.

10.3 **Governing Law**. This Agreement will be governed by and construed and enforced in accordance with the laws of the [***], 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.

10.4 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 8) or the Collaboration Agreement.

10.5 **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.

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

10.6 **Force Majeure.** No Party will be held liable or 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 fulfilling or 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" is defined as causes beyond the control of the Party, including, without limitation, acts of God; laws of any government; war; civil commotion; destruction of production facilities or materials by fire, flood, earthquake, explosion or storm; labor disturbances; epidemic; and failure of public utilities or common carriers. In the event of force majeure, Pieris or Licensee, as the case may be, 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 thereupon be excused from such of its obligations under this Agreement as it is thereby disabled from performing for so long as such Party is so disabled, up to a maximum of [***] ([***]) [***], after which time the Party not affected by the force majeure may terminate this Agreement. To the extent possible, each Party will use reasonable efforts to minimize the duration of any force majeure.

10.7 **Notices.** Any notice or request required or permitted to be given under or in connection with this Agreement will be deemed to have been sufficiently given if in writing and personally delivered or sent by certified mail (return receipt requested), facsimile transmission (receipt verified), email or overnight express courier service (signature required), prepaid, to the Party for which such notice is intended, at the address set forth for such Party below:

If to Pieris:
Pieris Pharmaceuticals GmbH
Lise-Meitner-Strasse 30
85354 Freising, Germany
Attention: [***]

With a copy to:
Pieris Pharmaceuticals Inc.
255 State Street, 9th Floor
Boston, MA 02109
Attention: [***]

If to Licensee:
AstraZeneca AB
Attention: [***]
SE-431 83 Molndal
Sweden

***Portions of the exhibit, indicated by the mark "[***],"* were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.**

With a copy to:
AstraZeneca AB
Scientific Partnering and Alliances
Attention: [***]
SE-431 83 Molndal
Sweden

or to such other address for such Party as it will have specified by like notice to the other Parties, provided that notices of a change of address will be effective only upon receipt thereof. If delivered personally, the date of delivery will be deemed to be the date on which such notice or request was given. If sent by internationally recognized overnight express courier service, the date of delivery will be deemed to be the second Business Day after such notice or request was deposited with such service.

10.8 **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 of such condition or term or of another condition or term.

10.9 **Severability.** If any provision hereof should be held invalid, illegal or unenforceable in any jurisdiction, the Parties will negotiate in good faith a valid, legal and enforceable substitute provision that most nearly reflects the original intent of the Parties and all other provisions hereof will remain in full force and effect in such jurisdiction and will be liberally construed in order to carry out the intentions of the Parties hereto as nearly as may be possible. Such invalidity, illegality or unenforceability will not affect the validity, legality or enforceability of such provision in any other jurisdiction.

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

10.10 **Entire Agreement**. This Agreement, including the schedules and exhibits hereto, together with the Collaboration Agreement, set forth all the covenants, promises, agreements, appendices, warranties, representations, conditions and understandings between the Parties hereto and supersedes and terminates all prior agreements and understandings between the Parties relating to the subject matter hereof. There are no covenants, promises, agreements, warranties, representations, conditions or understandings, either oral or written, between the Parties relating to the subject matter hereof other than as set forth herein and in the Collaboration Agreement. No subsequent alteration, amendment, change or addition to this Agreement will be binding upon the Parties hereto unless reduced to writing and signed by the respective authorized officers of the Parties. To the extent of any conflict between the terms of this Agreement and its schedules and exhibits, the terms of this Agreement shall govern. In the event that there is any conflict between the Collaboration Agreement and this Agreement, then the Collaboration Agreement shall govern.

10.11 **Independent Contractors.** Nothing herein will be construed to create any relationship of employer and employee, agent and principal, partnership or joint venture between the Parties. Each Party is an independent contractor. Neither Party will assume, either directly or indirectly, any liability of or for the other Party. Neither Party will have the authority to bind or obligate the other Party nor will either Party represent that it has such authority.

10.12 **Headings.** Headings used herein are for convenience only and will not in any way affect the construction of or be taken into consideration in interpreting this Agreement.

10.13 **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.

10.14 **Compliance with Applicable Law.** Each Party's obligations under this Agreement shall be subject to such Party's compliance with Applicable Law applicable to its performance and its other obligations under the Agreement (including any anti-corruption, export control, environmental, hazardous substance, and data privacy and security laws).

10.15 **No Third Party Beneficiary.** Except for Section 2.2.2, nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any person other than the Parties and their respective Affiliates, successors and assigns, any rights or remedies under or by reason of this Agreement.

10.16 **Counterparts.** This Agreement may be signed in counterparts, each and every one 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.

[Remainder of page intentionally left blank. Signature page follows.]

***Portions of the exhibit, indicated by the mark "[***],"* were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.**

IN WITNESS WHEREOF, the Parties have executed this Agreement by their respective authorized representatives as of the Execution Date.

For Pieris Pharmaceuticals, Inc.

By: /s/ Stephen S. Yoder
Name: Stephen Yoder
Title: President and CEO

For AstraZeneca AB

By: /s/ Marcus Schindler
Name: Marcus Schindler
Title: VP, Head of CVMD iMed

For Pieris Pharmaceuticals GmbH

By: /s/ Stephen S. Yoder
Name: Stephen Yoder
Title: Managing Director

CONFIDENTIAL TREATMENT REQUESTED

Exhibit A

Platform Improvement Patents

To be updated from time to time.

CONFIDENTIAL TREATMENT REQUESTED

Exhibit B

Platform Patents

[***, 3 pages]

Exhibit 10.3

CONFIDENTIAL TREATMENT REQUESTED

AMENDMENT 1
TO THE
RESEARCH COLLABORATION AND
LICENSE AGREEMENT

by and between

F. Hoffmann-La Roche Ltd

with an office and place of business at Grenzacherstrasse 124, 4070 Basel, Switzerland ("**Roche Basel**")

and

Hoffmann-La Roche Inc.

with an office and place of business at 150 Clove Road, Suite 8, Little Falls, New Jersey 07424, U.S.A. ("**Roche US**"; Roche Basel and Roche US together referred to as "**Roche**")

on the one hand

and

Pieris Pharmaceuticals GmbH

with an office and place of business at Lise-Meitner-Str. 30, 83534 Freising, Germany **("Pieris Freising**")

and

Pieris Pharmaceuticals, Inc.

with an office and place of business at 255 State Street, 9th Floor, Boston, MA 02109, USA **("Pieris US**"; Pieris Freising and Pieris US together referred to as "**Pieris**")

on the other hand.

WHEREAS, Roche and Pieris entered on December 8, 2015, into a Research Collaboration and License Agreement (hereinafter called "AGREEMENT") to work together to develop binders that inhibit or specifically bind to **[***]** using Pieris Technology and Roche's **[***]** for application in particular in cancer;

WHEREAS, Roche and Pieris are willing to amend the AGREEMENT in accordance with Section 21.10 with this amendment (hereinafter called "AMENDMENT 1") in order to prolong the Research Term;

THEREFORE, the parties hereto agree to amend the AGREEMENT as follows:

I. The wording in Section 3.1.4 of the AGREEMENT shall be deleted and replaced by the following:

3.1.4 Research Term

The Research Term shall commence on January 1, 2016 and shall continue until January 1, 2018 unless extended by Roche by providing written notice (including via e-mail) to Pieris no later than September 30, 2017 to prolong the Research Term to continue until April 30, 2018. In the event that Roche opts to prolong the Research term to continue until April 30, 2018, Roche may further extend the Research Term to continue until August 31, 2018 by providing written notice (including via email) to Pieris no later than January 31, 2018. If at the end of the Research Term (including any extension(s)) the original objectives of the Research Plan are not met and Roche is unable to choose Selected Binders for product development, the Parties may agree on whether to further extend the Research Term and the share of funding to be contributed by each Party.

II. The AMENDMENT 1 will come into effect on May 31, 2017.

III. All other terms and conditions of the AGREEMENT remain unchanged and in full force and effect, and capitalized terms used in this AMENDMENT 1 shall have the meaning as defined in the AGREEMENT unless otherwise defined in this AMENDMENT 1.

Agreed by the parties through their authorized representatives:

Pieris Pharmaceuticals GmbH

/s/ Stephen S. Yoder
Name: Stephen S. Yoder
Title: Managing Director

Pieris Pharmaceuticals, Inc.

/s/ Stephen S. Yoder
Name: Stephen S. Yoder
Title: President and CEO

F. Hoffmann-La Roche Ltd

/s/ Dr. Barbara Lueckel
Name: Dr. Barbara Lueckel
Title: Head of Early Stage Partnering

/s/ Dr. Christof Burri
Name: Dr. Christof Burri
Title: Legal Counsel

Hoffmann-La Roche Inc.

***Portions of the exhibit, indicated by the mark "[***],"* were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.**

/s/ John P. Parise
Name: John P. Parise
Title: Authorized Signatory

***Portions of the exhibit, indicated by the mark "[***],"** were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.*

Exhibit 10.4

CONFIDENTIAL TREATMENT REQUESTED

[***]

FIRST AMENDMENT TO THE LICENSE AND COLLABORATION AGREEMENT BETWEEN SERVIER AND PIERIS

This First Amendment to the to the License and Collaboration Agreement entered into on January 4, 2017 (the "**First Amendment**") is effective as of June 16, 2017 (the "**First Amendment Effective Date**") by and between Les Laboratoires Servier, a corporation incorporated under the laws of France having offices and principal place of business at 50 Rue Carnot, 92284 Suresnes Cedex, France and Institut de Recherches Internationales Servier, a company duly organized and existing under the laws of France having offices and principal place of business at 50 Rue Carnot, 92284 Suresnes Cedex, France (individually and collectively, "**Servier**"), and Pieris Pharmaceuticals, Inc., a Nevada corporation having offices and principal place of business at 255 State Street, 9th floor, Boston, MA 02109 and Pieris Pharmaceuticals GmbH, a company organized and existing under the laws of Germany having offices and principal place of business at Lise-Meitner-str. 30, 85354 Freising, Germany (individually and collectively, "**Pieris**"). Servier and Pieris are individually referred to herein as a "**Party**" and collectively, as the "**Parties**". The License and Collaboration Agreement entered into on January 4, 2017 between Pieris and Servier is referred to herein as the "**Agreement**" and, unless otherwise defined herein, capitalized words in this First Amendment shall have the meaning attributed to them in the Agreement.

RECITALS

WHEREAS, Pieris and Servier have entered into the Agreement, under which the Parties are Researching and Developing the Products;

WHEREAS, the Parties wish to amend certain provisions of the Agreement related to payment obligations of the Parties in connection with terminated Products or Dropped Products;

NOW, THEREFORE, in consideration of the promises and mutual covenants herein below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. LICENSED BUILDING BLOCK PAYMENT OBLIGATIONS IN THE CASE OF DROPPED OR TERMINATED PRODUCTS

1.1 Section 4.1.3 of the Agreement contemplates that each Party is responsible for contributing certain Building Blocks to each Product (Pieris' Contribution and Servier's Contribution) and that such responsibility, including any milestones or royalties due in the case of a Building Block licensed from a Third Party ("**Licensed Building Block**"), continues even in the event that Pieris or Servier ceases its Development or Commercialization (including Manufacture thereof for purposes of such Development or Commercialization, as applicable) of a Product to the extent permitted under Section 5.2 of the Agreement (Dropped Products) or in the event that the Agreement is terminated with respect to a Product under Section 12.2 of the Agreement (terminated Products).

1.2 Notwithstanding Section 4.1.3 of the Agreement, the Parties agree that, for each Licensed Building Block, a Dropping Party or a Party that has terminated the development of a Product as permitted by the Agreement (a "**Stopping Party**") shall not be required to pay any development milestones or sales milestones due to the Third Party licensor in connection with the continued Development or Commercialization of Products including such Licensed Building Block by the other Party (the "**Continuing Party**") after the Drop Date or the date of termination of the Agreement with respect to the applicable Product, even if a Stopping Party would otherwise have had such obligation pursuant to Section 4.1.3 of the Agreement. Instead, payment of such development milestones or sales milestones due to such Third Party shall become the obligation of the Continuing Party. For purposes of the foregoing, if Pieris is the Stopping Party and Servier is the Continuing Party with respect to the Lead Product, the development milestones and sales milestones to be paid by Servier to Enumeral shall not exceed the lower of: (i) the amount of development milestones or sales milestones due by Pieris at that time and (ii) 37.75 Million USD and **[***]**, respectively, in the aggregate.

1.3 Notwithstanding Section 4.1.3 of the Agreement, the Parties agree that, for each Licensed Building Block, a Stopping Party shall be required to pay royalties due to the Third Party licensor in connection with the Licensed Building Blocks only up to the amount of any royalty payments received from the Continuing Party Commercializing the Dropped Product or the terminated Product, even if a Stopping Party would otherwise have had the obligation to pay the full amount of such royalties pursuant to Section 4.1.3 of the Agreement. The Continuing Party Commercializing the Dropped Product or the terminated Product shall be responsible to pay the remaining royalties (if any) due to the Third Party licensor.

2. MISCELLANEOUS

2.1 This First Amendment supersedes all proposals, negotiations, conversations and/or discussions between or among Parties relating to the subject matter of this First Amendment and all past dealing or industry custom.

2.2 This First Amendment shall be integrated in and form part of the Agreement effective as of the First Amendment Effective Date. Except for the foregoing, the Agreement is hereby ratified and confirmed in accordance with its original terms.

2.3 This First Amendment may be signed in counterparts, each and every one 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 First Amendment from separate computers or printers. Facsimile (including electronic) signatures will be treated as original signatures.

IN WITNESS WHEREOF, the Parties have caused this First Amendment to be executed by their duly authorized representatives.

For Pieris Pharmaceuticals, Inc.

By: /s/ Stephen S. Yoder
Name: Stephen Yoder
Title: President and CEO

For Les Laboratoires Servier

By: /s/ Christion Bazantay
Name: Christian BAZANTAY
Title: Proxy

By: /s/ Eric Falcand
Name: Eric FALCAND
Title: Proxy

For Pieris Pharmaceuticals GmbH

By: /s/ Stephen S. Yoder
Name: Stephen Yoder
Title: Managing Director

For Institut de Recherches Internationales Servier

By: /s/ Emmanuel Canet
Name: Emmanuel CANET
Title: Senior Executive Vice-President
Research and Development

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

EXHIBIT 10.5

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is made and entered into by and between **Allan Reine** ("Executive") and **Pieris Pharmaceuticals, Inc.,** a Nevada corporation (the "Company") (together referred to herein as the "Parties"), effective as of August 9, 2017 (the "Effective Date").

RECITALS

WHEREAS, the Company desires to employ Executive as Sr. Vice President and Chief Financial Officer of the Company and Executive desires to accept such employment, subject to the terms and conditions contained in this Agreement,

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

1. Employment.

(a) Term of Agreement. This Agreement shall become effective on the Effective Date and shall continue unless terminated in accordance with the terms and conditions contained in Sections 3 and 4 of this Agreement (the "Term"). Executive's employment shall begin on August 9, 2017, unless otherwise agreed to in writing by the Parties (the "Start Date"), and at all times shall be "at-will".

(b) Position and Duties. Subject to the terms and conditions of this Agreement, the Company agrees to employ Executive during the Term as Sr. Vice President and Chief Financial Officer of the Company and as such he shall report to the Chief Executive Officer of the Company. Executive shall perform such duties and bear the responsibilities as are customarily associated with this position as well as such other duties as shall be specified and designated from time to time by the Company's Chief Executive Officer, his designee, and/or the Company's board of directors (the "Board").

(c) Location. Executive shall perform services for the Company at the Company's offices located in Boston, Massachusetts; *provided*, *however*, that the Company may from time to time require Executive to travel to other locations in connection with the Company's business on a reasonable basis.

(d) Exclusivity.

(i) During the Term, Executive shall devote all of Executive's business time and energies to the business and affairs of Company and its Affiliates and to the faithful and diligent performance of the duties and responsibilities described herein. During the Term, Executive shall not (A) accept any other employment or consultancy or (B) serve on the board of directors or similar body of any entity, unless such position is approved by the Chief Executive Officer as set forth in subsection (d)(ii) below (which such

approval shall continue until such time as the Company provides notice to Executive that, in its reasonable judgment, such position is with a Competing Entity, interferes with Executive's duties to the Company or places Executive in a Competing Position with, or otherwise conflicts with, the interests of the Company, at which time the Company and Executive will discuss such conflict and the parties will use reasonable efforts to reach agreement on its resolution); provided that Executive may engage in civic and not-for-profit activities, so long as such activities, in the aggregate, do not conflict with the interests of the Company or materially interfere with the performance of Executive's duties to the Company and do not otherwise conflict with subsection (d)(ii) below.

(ii) During Executive's employment by the Company, Executive agrees not to acquire, assume or participate in, directly or indirectly, any financial position, investment or interest known by Executive to be adverse or antagonistic to the Company, its business or prospects, financial or otherwise or in any Competing Entity, directly or indirectly; provided, however, Executive may accept equity compensation related to the positions or business activities engaged in which have been approved by the Company pursuant to subsection (d)(i) above. Ownership by Executive, as a passive investment, of less than two percent (2%) of the outstanding shares of capital stock of any corporation with one or more classes of its capital stock listed on a national securities exchange or publicly traded on a national securities exchange or in the over-the-counter market shall not constitute breach of this Section 1(d).

(iii) The Executive hereby represents to the Company that: (i) the execution and delivery of this Agreement by the Executive and the Company and the performance by the Executive of the Executive's duties hereunder do not and shall not constitute a breach of, conflict with, or otherwise contravene or cause a default under, the terms of any other agreement or policy to which the Executive is a party or otherwise bound or any judgment, order or decree to which the Executive is subject; (ii) in entering into this Agreement and carrying out Executive's duties under this Agreement, Executive will not disclose to the Company any trade secret, confidential or proprietary information belonging to any other Person, including any previous employer, and that Executive shall not bring with Executive any such information to the Company; (iii) the Executive is not bound by any agreement with any previous employer or other party to refrain from competing with the business of, which would be violated by Executive's employment with the Company; and (iv) all facts Executive has presented or will present to the Company in connection with entering into this Agreement and an employment relationship with the Company are accurate and true, and this includes all oral and written statements Executive has made to the Company (including, but not limited to, those pertaining to any agreements Executive previously entered into containing restrictive covenants, Executive's prior work experience, and Executive's prior exposure to trade secrets, confidential and proprietary information), and Executive understands that the Company will rely upon the accuracy and truth of the representations and warranties of the Executive set forth herein and the Executive consents to such reliance.

2. Compensation and Related Matters.

(a) Base Salary. Executive's annual base salary ("Base Salary") will be $375,000 in U.S. Dollars, less payroll deductions and all required withholdings, payable in accordance with the Company's normal payroll practices in effect from time to time. The Board or a committee of the Board shall review Executive's Base Salary at least annually to determine if adjustments upward to Executive's Base Salary, if any, will be made solely at the discretion of the Board or a committee of the Board.

(b) Bonus. Executive shall also be eligible for an annual discretionary bonus of up to 40% of Executive's then-Base Salary (the "Target Bonus Amount") as determined by the Board or a committee of the Board in its sole discretion, based upon the Board's or a committee of the Board's evaluation (in its sole discretion) of the achievement of specific individual and/or Company-wide performance goals as chosen and determined by the Board or a committee of the Board in its sole discretion. The annual discretionary bonus, if any, shall be payable, less authorized deductions and required withholdings, no later than March 15th of the calendar year immediately following the calendar year in which it was earned. The Target Bonus Amount of any annual discretionary bonus for which Executive is eligible shall be reviewed by the Board or a committee of the Board from time to time. Notwithstanding the above, The Chief Executive Officer of the Company may recommend that the Board or a committee of the Board approve an increase in the Target Bonus Amount and/or payment of a full-year bonus for the 2017 calendar year. For the avoidance of doubt, any increase in Target Bonus Amount or payment of full-year bonus pursuant to this Section is subject to the sole and absolute discretion of the Board or applicable committee of the Board.

(c) Inducement Award. Subject to approval of the Board or an appropriate committee thereof, the Company shall grant Executive on the Start Date or as soon thereafter as practicable, a nonqualified stock option to purchase 450,000 shares of common stock of the Company (the "Inducement Award"). Twenty-five percent (25%) of the Inducement Award shall vest on the first anniversary of the Start Date (the "Initial Vesting Date"), with the remaining (75%) of the Inducement Award to vest over the next three years in equal installments on a quarterly basis beginning on the last day of the next calendar quarter after the Initial Vesting Date, subject in each case to Executive's continued employment in Good Standing. The Inducement Award is intended as an inducement grant pursuant to the parameters set forth in Nasdaq Rule 5635(c)(4), which, in this case, provides an exception to the stockholder approval requirements for the grant of non-qualified stock options outside the Company's 2016 Employee, Director and Consultant Equity Incentive Plan (the "Plan"). The Inducement Award shall be evidenced in writing by a stock option agreement, and subject to terms and conditions substantially similar to the Plan and the Company's standard form of stock option agreement. The stock option agreement evidencing the Inducement Award shall expire ten (10) years from the date of grant except as otherwise provided herein or in the stock option agreement.

(d) Performance Award. Subject to approval of the Board or an appropriate committee thereof, the Company shall grant Executive on the Start Date or as soon thereafter as practicable, an incentive stock option to purchase up to 50,000 shares of common stock of the Company (the "Performance Award") pursuant to the Plan. Vesting shall begin on the date that Executive receives certification from the Board or an appropriate committee thereof of substantially meeting 2017 personal objectives (which are mutually agreed upon on or about the initiation of employment) (such date of certification, the "Certification Date"). Such certification

shall also reflect the number of shares (up to 50,000) that shall vest in connection with the Performance Award. Twenty-five percent (25%) of the Performance Award shall vest on the first anniversary of the Certification Date with the remaining (75%) of the Performance Award to vest over the next three years in equal installments on a quarterly basis beginning on the last day of the next calendar quarter one year after the Certification Date, subject in each case to Executive's continued employment in Good Standing. The Performance Award shall be evidenced in writing by a stock option agreement, and subject to terms and conditions of the Plan and the Company's standard form of stock option agreement. The stock option agreement shall expire ten (10) years from the date of grant except as otherwise provided herein or in the stock option agreement.

(e) Benefits. During the Term, the Company, shall provide Executive with coverage under all employee benefit programs, plans and practices as are in effect from time to time and which the Company, makes available from time to time to its senior executive officers, with at least the same opportunity to participate as the other senior executive officers of the Company, including, without limitation, if applicable, retirement, pension, medical, dental, hospitalization, life insurance, short and long term disability, accidental death and dismemberment and travel accident coverage.

(f) Vacation and Fringe Benefits. Executive shall be entitled to four (4) weeks paid vacation in each calendar year (pro-rated as necessary for partial calendar years during the Term). Executive may take his vacation at such times consistent with the vacation policies as are in effect from time to time with respect to senior executive officers. Executive shall be entitled to the perquisites and fringe benefits which the Company makes available from time to time to its senior executive officers, commensurate with Executive's position with the Company.

(g) Business Expenses. During the Term, the Company shall reimburse Executive for all reasonable business expenses incurred in the conduct of Executive's duties hereunder in accordance with the applicable expense reimbursement policies.

(h) Clawback. Any amounts paid pursuant to this Agreement shall be subject to recoupment in accordance with any clawback policy that the Company has adopted or is required in the future to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law.

3. Termination.

(a) At-Will Employment. The Company and Executive acknowledge that Executive's employment is and shall continue to be "at-will," as defined under applicable law. This means that it is not for any specified period of time and can be terminated by any of the parties hereto at any time, with or without advance notice (other than as stated herein), and for any or no particular reason or cause. It also means that Executive's job duties, title and responsibility, compensation and benefits, as well as the personnel policies and procedures in effect, may be changed with prospective effect, with or without notice, at any time in the sole discretion of the Company. This "at-will" nature of Executive's employment shall remain unchanged during Executive's tenure as an employee and may not be changed, except in an express writing signed by Executive and a duly authorized member of the Board. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement.

(b) Deemed Resignation. Upon termination of Executive's employment for any reason, Executive shall be deemed to have resigned from all offices and directorships, if any, then held with the Company or any of its Affiliates, and, at the Company's request, Executive shall execute such documents as are necessary or desirable to effectuate such resignations.

4. Obligations Upon Termination of Employment.

(a) Executive's Obligations.

(i) Notice Period. Anything in this Agreement notwithstanding, Executive may voluntarily terminate his employment hereunder upon not less than ninety (90) days prior written notice of Executive delivered to the Company, or upon such shorter notice as Executive and the Company shall agree.

(ii) Confidentiality. Executive shall not during the Term and thereafter, without the prior written consent of the Company, knowingly (i) divulge, disclose or make accessible any Confidential Information (as defined below) to any other person, firm, partnership, corporation or other entity or (ii) use any Confidential Information for his own purposes or for the benefit of any other person, firm, partnership, corporation or other entity (other than the Company), except (x) during the Term, in the business of and for the benefit of the Company or (y) when required to do so by a court of competent jurisdiction, by any governmental agency having supervisory authority over the business of the Company, or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order Executive to divulge, disclose or make accessible such Confidential Information or by state, federal, foreign or local law, rule or regulation; provided that, in the event that Executive is so required to disclose Confidential Information, Executive shall, prior to making any such disclosure, provide the Company with prompt written notice of such requirement so that the Company may seek an appropriate protective order. For purposes of this Agreement, "Confidential Information" shall mean all confidential Company data, analyses, reports, interpretations, forecasts, documents and information concerning the affairs of the Company and its Affiliates, including, without limitation, confidential financial data, strategic business plans, computer programs and documentation, product development data (or other proprietary product data), customer lists and customer information, discoveries, practices, policies, processes, methods, marketing plans, prospects, opportunities and other proprietary information and trade secrets in whatever form, tangible or intangible; provided that Confidential Information shall not include (x) information that has become generally available to the public other than as a result of disclosure by Executive in a manner violative of this Section 4, or (y) information that is rightly received by Executive without restriction on disclosure from a third party legally entitled to possess and disclose such information without restriction (other than information that Executive may learn or has learned by reason of his association with any Affiliate). Upon conclusion of the Term or at any point prior on request of the Company, Executive shall immediately return to the Company all Confidential Information, including copies, reproductions and

summaries thereof, in his possession and shall erase all such Confidential Information from all media in his possession, and, if the Company so requests, shall certify in writing that he has done so. All Confidential Information is and shall remain the property of the Company and its Affiliates.

(iii) Trade Secrets. For purposes of this Agreement, the term "trade secrets," shall be given its broadest possible interpretation under applicable law and shall mean all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing that (i) the Company has taken reasonable measures to keep secret, and that (ii) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information.

(iv) Non-Competition. During the Term and twelve (12) months thereafter, Executive agrees that, without the prior written consent of the Board (which the Board may grant or withhold in its discretion): he shall not serve in or otherwise occupy a Competing Position at, or have any financial interest in, any Competing Entity, except that Executive's passive ownership of less than two (2%) percent of the stock of a publicly-held corporation whose stock is traded on a national securities exchange shall not, by itself, be deemed a breach of this Section 4(a)(iv).

(v) Non-Solicitation. During the Term and for twelve (12) months thereafter, Executive agrees that, without the prior written consent of the Board he shall not, on his own behalf or on behalf of any person or entity, directly or indirectly, (a) solicit for employment any employee who has been employed by the Company or any Affiliate at any time during the twelve (12) months immediately preceding such solicitation or offer or (b) solicit for the business of or provide services to any client, customer, or vendor of the Company or any Affiliate for which he or any subordinate provided services during the Term.

(vi) Intellectual Property. All Intellectual Property (as defined below) and Technology (as defined below) created, developed, obtained or conceived of by Executive during the Term, and all business opportunities presented to Executive during the Term shall be owned by and belong exclusively to the Company, provided that they directly relate to the business of the Company, as of the date of such creation, development, obtaining or conception, and Executive shall (i) promptly disclose to the Company any such Intellectual Property or Technology or any viable business opportunity presented by a third party to Executive during the Term and which the Company has not rejected and (ii) execute and deliver to the Company, without additional compensation, such instruments (such as assignments of any Intellectual Property to the Company) as the Company may require from time to time to evidence its ownership of any such Intellectual Property or Technology or business opportunity. For purposes of this Agreement, (x) the term "Intellectual Property" shall mean and include

any and all trademarks, trade names, service marks, service names, patents, copyrights and applications therefor and (y) the term "Technology" shall mean and include any and all trade secrets, proprietary information, inventions, discoveries, know-how, formulae, processes and procedures.

(vii) Non-disparagement. During the Term and at all times thereafter, unless as required by law, including through a valid subpoena, Executive shall not make, or cause to be made, any statement or communicate any information (whether oral or written) that disparages or reflects negatively on the Company or its Affiliates, officers, directors, board members, investors, shareholders, agents or employees.

(viii) Response to Legal Process. During the Term and for twelve (12) months thereafter, Executive may respond to a lawful and valid subpoena or other legal process but shall give the Company the earliest possible notice thereof, and shall, as much in advance of the return date as possible, make available to the Company and its counsel the documents and other information sought, and shall assist such counsel with his or her reasonable requests in resisting or otherwise responding to such process.

(ix) Notice Pursuant to Defend Trade Secrets Act. Notwithstanding any provision of this Agreement prohibiting the disclosure of trade secrets or other Confidential Information, Executive understands that Executive may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney representing Executive, and (B) solely for the purpose of reporting or investigating a suspected violation of law, or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, if Executive files a lawsuit or other court proceeding against the Company for retaliating against Executive for reporting a suspected violation of law, Executive may disclose the trade secret to the attorney representing Executive and use the trade secret in the court proceeding, so long as Executive files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

(x) Survival of Provisions. The provisions of this Section 4(a) shall survive the termination or expiration of the applicable Executive's employment with the Company and shall be fully enforceable thereafter. If it is determined by a court of competent jurisdiction that any restriction in this Section 4(a) is excessive in duration or scope or is unreasonable or unenforceable under the laws of that jurisdiction, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that jurisdiction.

(xi) Injunctive Relief. Executive and the Company agree that the restrictions contained in Sections 4(a) hereof are a reasonable and necessary protection of the immediate interests on the Company, that any violation of these restrictions would cause substantial injury to the Company and that the Company would not have entered into this Agreement without receiving the additional consideration offered by Executive in binding himself to these restrictions. In the event of the breach or threatened breach by

Executive of any of such restrictions, the Company shall be entitled to apply to any court of competent jurisdiction for an injunction restraining Executive for such breach or threatened breach, including, but not limited to, a civil seizure order under the Defend Trade Secrets Act; provided that the right of the Company to apply for an injunction shall not be construed as prohibiting the Company from pursuing any other available remedies for such breach or threatened breach. In the event that, notwithstanding the foregoing, a restriction, or any portion thereof, contained in Section 4(a) is deemed to be unreasonable by a court of competent jurisdiction, whether due to the passage of time, change of circumstances or otherwise, Executive and the Company agree that such restriction, or portion thereof, shall be modified in order to make it reasonable and shall be enforced accordingly.

(b) Company's Obligations.

(i) Payments of Accrued Obligations upon Termination of Employment. Upon a termination of Executive's employment for any reason, Executive (or Executive's estate or legal representative, as applicable) shall be entitled to receive, within ten (10) days after the date Executive terminates employment with the Company (or such earlier date as may be required by applicable law): (i) any portion of Executive's Base Salary earned through Executive's termination date not theretofore paid; (ii) any expenses owed to Executive under Section 2(g) above; (iii) any accrued but unused vacation pay owed to Executive pursuant to Section 2(f) above; and (iv) any amount arising from Executive's participation in, or benefits under, any employee benefit plans, programs or arrangements under Section 2(e) above, which amounts shall be payable in accordance with the terms and conditions of such employee benefit plans, programs or arrangements.

(ii) Separation Benefits upon a Covered Termination Other Than During a Change in Control Period. If Executive experiences a Covered Termination at any time other than during a Change in Control Period, and if Executive executes and does not revoke during any applicable revocation period a general release of all claims against the Company and its Affiliates in a form acceptable to the Company (a "Release of Claims") within the sixty (60) day period immediately following Executive's Separation from Service and in compliance with applicable law, following such Covered Termination, then in addition to any accrued obligations payable under Section 4(b)(i) above, the Company shall provide Executive with the following:

(A) Separation Pay. Six (6) months (the "Separation Pay Period") of Executive's Base Salary in effect as of Executive's termination date (the "Separation Pay"). Such amount will be subject to applicable withholdings and payable in twelve equal installments (the "Separation Pay Installments") on the first regular payroll date following the date the Release of Claims becomes effective and irrevocable or if the payment is subject to Section 409A, the date set forth in Section 10 hereof.

(B) Bonus. Executive's Target Bonus Amount in effect as of the termination date, pro-rated based on the total number of days elapsed in the calendar year as of the termination date, but only if, as of the date of Executive's termination of employment, the Company and Executive were "on target" to achieve all applicable performance goals for such discretionary annual bonus as determined by the Board or a committee of the Board in their reasonable discretion; plus any annual discretionary bonus that the Company awarded to Executive in the year prior to the termination but which Company still had not paid to Executive as of the termination date. Such amount will be subject to applicable withholdings and payable in a single lump sum cash payment on the first regular payroll date following the date the Release of Claims becomes effective and irrevocable or if the payment is subject to Section 409A, the date set forth in Section 10 hereof.

(C) Equity Awards. With respect to the then outstanding equity awards that remain subject to vesting or other forfeiture restrictions as of the termination date (the "Unvested Awards"): (i) seventy-five percent (75%) of the Unvested Awards shall, as applicable, vest and have any forfeiture restrictions lapse, as of the date the Release of Claims becomes effective and irrevocable; and (ii) the remaining twenty-five percent (25%) of the Unvested Awards shall be treated in accordance with the applicable terms of such awards; provided, however, that if the equity award is subject to Section 409A and payable upon vesting or lapse of restriction, as applicable, payment of such equity award shall be made on the date set forth in Section 10 hereof.

(D) Continued Healthcare. The Company shall notify Executive of any right to continue group health plan coverage sponsored by the Company or an Affiliate immediately prior to Executive's date of termination pursuant to the provisions of applicable law including, but not limited to, the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). If Executive elects to receive such continued healthcare coverage, the Company shall directly pay, or reimburse Executive for, the premium for Executive and Executive' s covered dependents, less the amount of Executive's monthly premium contributions for such coverage prior to termination, for the period commencing on the first day of the first full calendar month following the date the Release of Claims becomes effective and irrevocable through the earlier of (i) the last day of the twelve (12) full calendar months following the date the Release of Claims becomes effective and irrevocable and (ii) the date Executive and Executive's covered dependents, if any, become eligible for healthcare coverage under another employer's plan(s). Executive shall notify the Company immediately if Executive becomes covered by a group health plan of a subsequent employer. After the Company ceases to pay premiums pursuant to this subsection, Executive may, if eligible, elect to continue healthcare coverage at Executive's expense in accordance the provisions of COBRA or other applicable law.

(iii) Separation Benefits upon a Covered Termination During a Change in Control Period. If Executive experiences a Covered Termination during a Change in Control Period, and if Executive executes and does not revoke during any applicable revocation period a Release of Claims within a reasonable period of time specified by the Company, following such Covered Termination, then in addition to any accrued obligations payable under Section 4(b)(i) above, the Company shall provide Executive with the following:

(A) Separation Pay. Twelve (12) months of Separation Pay. Such amount will be subject to applicable withholdings and payable in twelve equal installments on the first regular payroll date following the date the Release of Claims becomes effective and irrevocable or if the payment is subject to Section 409A, the date set forth in Section 10 hereof.

(B) Bonus. Executive's Target Bonus Amount in effect as of the termination date; plus any annual discretionary bonus that the Company awarded to Executive in the year prior to the termination but which Company still had not paid to Executive as of the termination date. Such amount will be subject to applicable withholdings and payable in a single lump sum cash payment on the first regular payroll date following the date the Release of Claims becomes effective and irrevocable or if the payment is subject to Section 409A, the date set forth in Section 10 hereof.

(C) Equity Awards. With respect to the Unvested Awards: (i) one-hundred percent (100%) of the Unvested Awards shall, as applicable, vest and have any forfeiture restrictions lapse, as of the date the Release of Claims becomes effective and irrevocable; provided, however, that if the equity award is subject to Section 409A and payable upon vesting or lapse of restriction, as applicable, payment of such equity award shall be made on the date set forth in Section 10 hereof.

(D) Continued Healthcare. The Company shall notify Executive of any right to continue group health plan coverage sponsored by the Company or an Affiliate immediately prior to Executive's date of termination pursuant to the provisions of applicable law including, but not limited to, the provisions of COBRA. If Executive elects to receive such continued healthcare coverage, the Company shall directly pay, or reimburse Executive for, the premium for Executive and Executive' s covered dependents, less the amount of Executive's monthly premium contributions for such coverage prior to termination, for the period commencing on the first day of the first full calendar month following the date the Release of Claims becomes effective and irrevocable through the earlier of (i) the last day of the twelve (12) full calendar months following the date the Release of Claims becomes effective and irrevocable and (ii) the date Executive and Executive's covered dependents, if any, become eligible for healthcare coverage under another employer's plan(s). Executive shall notify the Company immediately if Executive becomes

covered by a group health plan of a subsequent employer. After the Company ceases to pay premiums pursuant to this subsection, Executive may, if eligible, elect to continue healthcare coverage at Executive's expense in accordance the provisions of COBRA or other applicable law.

(iv) No Other Severance. The provisions of this Section 4(b) shall supersede in their entirety any severance payment or other arrangement provided by the Company, including, without limitation, any severance plan of the Company.

(c) Release of Claims. The Company shall provide a form Release of Claims to Executive within five (5) business days of Executive's termination date.

(d) No Requirement to Mitigate; Separation Pay Offset; Survival.

(i) Executive shall not be required to mitigate the amount of any payment provided for under this Agreement by seeking other employment or in any other manner.

(ii) In the case of Covered Termination Other Than During a Change in Control Period under Section 4(b)(ii)(A), if Executive accepts a Bona Fide Offer of Employment (as defined below) from another Person during the Separation Pay Period, Executive shall no longer be entitled to each of the twelve (12) Separation Pay Installments under Section 4(b)(ii)(A). Instead, in addition to the Separation Pay Installments Executive previously paid to Executive (and in lieu of the Separation Pay Installments not yet paid):

(A) If Executive accepts a Bona Fide Offer of Employment on or before the six (6) month anniversary of the commencement of the Separation Pay Period, then Executive shall be entitled to an amount equal to six (6) months, less the number of Separation Pay Installments previously paid to Executive; or

(B) If Executive accepts a Bona Fide Offer of Employment after the six (6) month anniversary of the commencement of the Separation Pay Period, then Executive shall not be entitled to receive any further Separation Pay Installments.

For the sake of clarity, under no circumstances shall Executive receive less than six (6) months of Separation Pay in the case of a Covered Termination Other Than During a Change in Control Period.

(iii) Executive shall notify the Company in writing of Executive's acceptance of a Bona Fide Offer of Employment within two (2) business days of such offer. Executive further agrees that the compensation paid in connection with any such Bona Find Offer of Employment will be negotiated in good faith and as the result of arm's-length bargaining and not with the effect of diminishing the Company's right to reduce the Separation Pay under this Agreement.

(iv) Notwithstanding anything to the contrary in this Agreement, the termination of Executive's employment shall not impair the rights or obligations of any party.

5. Limitation on Payments. Notwithstanding anything in this Agreement to the contrary, if any payment or distribution Executive would receive pursuant to this Agreement or otherwise ("Payment") would (a) constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), and (b) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the Company shall cause to be determined, before any amounts of the Payment are paid to Executive, which of the following alternative forms of payment would maximize Executive's after-tax proceeds: (i) payment in full of the entire amount of the Payment (a "Full Payment"), or (ii) payment of only a part of the Payment so that Executive receives that largest Payment possible without being subject to the Excise Tax (a "Reduced Payment"), whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax (all computed at the highest marginal rate, net of the maximum reduction in federal income taxes which could be obtained from a deduction of such state and local taxes), results in Executive's receipt, on an after-tax basis, of the greater amount of the Payment, notwithstanding that all or some portion the Payment may be subject to the Excise Tax.

(a) The independent registered public accounting firm engaged by the Company for general audit purposes as of the day prior to the effective date of the Change in Control shall make all determinations required to be made under this Section 5. If the independent registered public accounting firm so engaged by the Company is serving as accountant or auditor for the individual, group or entity effecting the Change in Control, the Company shall appoint a nationally recognized independent registered public accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such independent registered public accounting firm required to be made hereunder.

(b) The independent registered public accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and Executive at such time as requested by the Company or Executive. If the independent registered public accounting firm determines that no Excise Tax is payable with respect to a Payment, either before or after the application of the Reduced Payment, it shall furnish the Company and Executive with an opinion reasonably acceptable to Executive that no Excise Tax will be imposed with respect to such Payment. Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon the Company and Executive.

6. Successors.

(a) Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this Section 6(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Executive's Successors. The terms of this Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

7. Notices. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or one day following mailing via Federal Express or similar overnight courier service. In the case of Executive, mailed notices shall be addressed to Executive at Executive's home address that the Company has on file for Executive. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of the Chairman of the Compensation Committee of the Company.

8. Dispute Resolution. To ensure the timely and economical resolution of disputes that arise in connection with this Agreement, Executive and the Company agree that any and all disputes, claims, or causes of action arising from or relating to the enforcement, breach, performance or interpretation of this Agreement, Executive's employment, or the termination of Executive's employment, shall be resolved to the fullest extent permitted by law by final, binding and confidential arbitration, by a single arbitrator, in Boston, Massachusetts, conducted by Judicial Arbitration and Mediation Services, Inc. ("JAMS") under the applicable JAMS employment rules. **By agreeing to this arbitration procedure, both Executive and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding**. The arbitrator shall: (i) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (ii) issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator shall be authorized to award any or all remedies that Executive or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS' arbitration fees in excess of the amount of court fees that would be required if the dispute were decided in a court of law. Nothing in this Agreement is intended to prevent either Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Notwithstanding the foregoing, Executive and the Company each have the right to resolve any issue or dispute over intellectual property rights by Court action instead of arbitration.

9. Miscellaneous Provisions.

(a) Withholdings and Offsets. The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company is required to withhold. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

(b) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Whole Agreement. This Agreement represents the entire understanding of the parties hereto with respect to the subject matter hereof and supersede all prior arrangements and understandings regarding same, including, without limitation, any severance plan of the Company.

(d) Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Massachusetts.

(e) Severability. The finding by a court of competent jurisdiction of the unenforceability, invalidity or illegality of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid or illegal. Such court shall have the authority to modify or replace the invalid or unenforceable term or provision with a valid and enforceable term or provision which most accurately represents the intention of the parties hereto with respect to the invalid or unenforceable term or provision.

(f) Interpretation; Construction. The headings set forth in this Agreement are for convenience of reference only and shall not be used in interpreting this Agreement. This Agreement has been drafted by legal counsel representing the Company, but Executive has been encouraged to consult with, and has consulted with, Executive's own independent counsel and tax advisors with respect to the terms of this Agreement. The parties hereto acknowledge that each party hereto and its counsel has reviewed and revised, or had an opportunity to review and revise, this Agreement, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

(g) Representations; Warranties. Executive represents and warrants that Executive is not restricted or prohibited, contractually or otherwise, from entering into and performing each of the terms and covenants contained in this Agreement, and that Executive's execution and performance of this Agreement will not violate or breach any other agreements between Executive and any other person or entity and that Executive has not engaged in any act or omission that could be reasonably expected to result in or lead to an event constituting "Cause" for purposes of this Agreement.

(h) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

10. **Section 409A**. The intent of the parties is that the payments and benefits under this Agreement comply with or be exempt from Section 409A of the Code and the Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date, ("Section 409A") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. If the Company determines that any provision of this Agreement would cause Executive to incur any additional tax or interest under Section 409A (with specificity as to the reason therefor), the Company and Executive shall take commercially reasonable efforts to reform such provision to try to comply with or be exempt from Section 409A through good faith modifications to the minimum extent reasonably appropriate to conform with Section 409A, *provided* that any such modifications shall not increase the cost or liability to the Company. To the extent that any provision hereof is modified in order to comply with or be exempt from Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to Executive and the Company of the applicable provision without violating the provisions of Section 409A.

(a) Separation from Service. Notwithstanding any provision to the contrary in this Agreement, no amount that is subject to Section 409A of the Code shall be payable pursuant to Section 4 unless Executive's termination of employment constitutes a "separation from service" with the Company within the meaning of Section 409A ("Separation from Service") and, except as provided under Section 10(b) of this Agreement, any such amount shall be paid, or in the case of installments, commence payment, on the sixtieth (60^{th}) day following Executive's Separation from Service. Any installment payments that would have been made to Executive during the sixty (60) day period immediately following Executive's Separation from Service but for the preceding sentence shall be paid to Executive on the sixtieth (60^{th}) day following Executive's Separation from Service and the remaining payments shall be made as provided in this Agreement.

(b) Specified Employee. Notwithstanding any provision to the contrary in this Agreement, if Executive is deemed at the time of his or her separation from service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of Executive's benefits shall not be provided to Executive prior to the earlier of (a) the expiration of the six (6)-month period measured from the date of Executive's Separation from Service or (b) the date of Executive's death. Upon the first day of the seventh month following the date of the Executive's separation from service, all payments deferred pursuant to this Section 10(b) shall be paid in a lump sum to Executive, and any remaining payments due under this Agreement shall be paid as otherwise provided herein.

(c) Expense Reimbursements. To the extent that any reimbursements payable pursuant to this Agreement are subject to the provisions of Section 409A, any such reimbursements payable to Executive pursuant to this Agreement shall be paid to Executive no later than December 31 of the year following the year in which the expense was incurred, the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year, and Executive's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

(d) Installments. For purposes of Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), Executive's right to receive any installment payments under this Agreement shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment.

11. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

(a) Affiliates. "Affiliates" means any of the Company's subsidiaries or joint ventures currently existing or which shall be established during Executive's employment by the Company.

(b) Bona Fide Offer of Employment. "Bona Fide Offer of Employment" means an offer to provide services in any capacity to another Person that during the first twelve (12) months of providing such services shall entitle Executive to earn a base salary that equals or exceeds Executive's annual Base Salary in effect as of his termination date.

(c) Cause. "Cause" means the occurrence of any of the following events, as determined by the Board or a committee designated by the Board, in its sole discretion: (i) Executive's commission of any felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof; (ii) Executive's attempted commission of, or participation in, a fraud against the Company; (iii) Executive's material violation of any contract or agreement between Executive and the Company or of any statutory duty owed to the Company, including this Agreement; (iv) Executive's unauthorized use or disclosure of the Company's confidential information or trade secrets; or (v) Executive's gross misconduct.

(d) Change in Control. "Change in Control" means:

Ownership. Any "Person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) becomes the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company's then outstanding voting securities (excluding for this purpose any such voting securities held by the Company or its Affiliates or by any employee benefit plan of the Company) pursuant to a transaction or a series of related transactions which the Board of Directors does not approve; or

Merger/Sale of Assets. (A) A merger or consolidation of the Company whether or not approved by the Board of Directors, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or the parent of such corporation) more than 50% of the total voting power represented by the voting securities of the Company or such surviving entity or parent of such corporation, as the case may be, outstanding immediately after such merger or consolidation; or (B) the sale or disposition by the Company of all or substantially all of the Company's assets in a transaction requiring stockholder approval Notwithstanding the foregoing, a "Change in Control" must also constitute a "change in control event" as defined in Treasury Regulation §1.409A-3(i)(5).

(e) Change in Control Period. "Change in Control Period" means the period beginning with the agreement which if consummated is a Change in Control and ending twelve (12) months after the effective date of a Change in Control.

(f) Covered Termination. "Covered Termination" shall mean the termination of Executive's employment (i) by the Company other than for Cause, or (ii) by Executive for Good Reason.

(g) Competing Entity. "Competing Entity" shall mean any person or entity which is engaged in any phase of the business of developing, manufacturing and marketing of products which compete with the Company and/or any of its Affiliates.

(h) Competing Position. "Competing Position" shall mean engaging, directly or indirectly, in any manner or capacity, as adviser, principal, agent, affiliate, promoter, partner, officer, director, employee, stockholder, owner, co-owner, consultant, or member of any association or otherwise, in any Competing Entity.

(i) Good Reason. "Good Reason" means Executive's resignation from all positions he or she then holds with the Company if, without Executive's consent: (i) (A) there is a material diminution in Executive's duties and responsibilities with the Company or in job title; (B) there is a material reduction of Executive's base salary; *provided*, *however*, that a material reduction in Executive's base salary pursuant to a salary reduction program affecting all or substantially all of the employees of the Company and that does not adversely affect Executive to a greater extent than other similarly situated employees shall not constitute Good Reason; or (C) Executive is required to relocate Executive's primary work location to a facility or location that would increase Executive's one-way commute distance by more than fifty (50) miles from Executive's primary work location as of immediately prior to such change, (ii) Executive provides written notice outlining such conditions, acts or omissions to the Company within thirty (30) days immediately following such material change or reduction, (iii) such material change or reduction is not remedied by the Company within thirty (30) days following the Company's receipt of such written notice and (iv) Executive's resignation is effective not later than thirty (30) days after the expiration of such thirty (30) day cure period.

(j) Good Standing. "Good Standing" means that Executive remains actively employed and (i) has not been given notice of the termination of employment; (ii) has not given notice of resignation or resigned; (iii) is not suspended by the Company for violation of its material policies and/or procedures and (iv) is not under investigation for conduct that could, in the Company's good faith determination, result in a suspension or termination for Cause.

(k) "Person" means without limitation, an individual, a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

(*Signature page follows*)

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth above.

Pieris Pharmaceuticals, Inc.

By: /s/ Stephen S. Yoder
Name: Stephen Yoder
Title: Chief Executive Officer

EXECUTIVE

By: /s/ Allan Reine
Name: Allan Reine

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 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)) 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. paragraph omitted in accordance with Exchange Act Rule 15d-14(a);

   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.

Date: August 11, 2017

/s/ Stephen S. Yoder

Stephen S. Yoder
Title: Chief Executive Officer and President (principal executive officer)

Exhibit 31.2

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

I, Allan Reine, 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)) 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. paragraph omitted in accordance with Exchange Act Rule 15d-14(a);

   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.

Date: August 11, 2017

/s/ Allan Reine

Allan Reine
Title: Chief Financial Officer
(principal financial officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER 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, 2017 (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.

Date: August 11, 2017

/s/ Stephen S. Yoder

Stephen S. Yoder
Title: Chief Executive Officer and President (principal executive officer)

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER 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 her knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2017 (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.

Date: August 11, 2017

/s/ Allan Reine

Allan Reine
Title: Chief Financial Officer
(principal financial officer)