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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2022
OR

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

For the transition period from _____ to _____
Commission File Number: 001-37471

PIERIS PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

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

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

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

As of May 5, 2022, the registrant had 74,101,330 shares of common stock outstanding.

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Special Note Regarding Forward-Looking Statements

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

Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time, and it is not possible for us to predict all risk factors, nor can we address the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause our actual results to differ materially from those contained in any forward-looking statements. Actual results could differ materially from our forward-looking statements due to a number of factors, including, without limitation, risks related to: the results of our research and development activities, including uncertainties relating to the discovery of potential drug candidates and the preclinical and ongoing or planned clinical testing of our drug candidates; the early stage of our drug candidates presently under development; our ability to obtain and, if obtained, maintain regulatory approval of our current drug candidates and any of our other future drug candidates; our need for substantial additional funds in order to continue our operations and the uncertainty of whether we will be able to obtain the funding we need; our future financial performance; our ability to retain or hire key scientific or management personnel; our ability to protect our intellectual property rights that are valuable to our business, including patent and other intellectual property rights; our dependence on third-party manufacturers, suppliers, research organizations, testing laboratories and other potential collaborators; the success of our collaborations with third parties; our ability to meet milestones; our ability to successfully market and sell our drug candidates in the future as needed; the size and growth of the potential markets for any of our product candidates for which we may obtain regulatory approval, and the rate and degree of market acceptance of any such product candidates; competition in our industry; regulatory developments in the United States and foreign countries, including with respect to the U.S. Food and Drug Administration, or FDA; our ability to initiate the phase 1 study for PRS-220; our ability to advance the phase 1 study for PRS-344/S095012, or phase 2 study for cinrebafusp alfa, or PRS-343; AstraZeneca's ability to advance the phase 2 study for PRS-060/AZD1402; the expected impact of new accounting standards; and the length and severity of the pandemic relating to SARS-CoV-2 (severe acute respiratory syndrome coronavirus 2), or coronavirus, which causes coronavirus disease 2019, or COVID-19, which could have an impact on our research, development, supply chain and clinical trials.

You should not place undue reliance on any forward-looking statement(s), each of which applies only as of the date of this Quarterly Report on Form 10-Q. Before you invest in our securities, you should be aware that the occurrence of the events described in Part I, Item 1A (Risk Factors) of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 filed with the Securities and Exchange Commission, or SEC, on March 2, 2022, could negatively affect our business, operating results, financial condition and stock price. All forward-looking statements included in this document are based on information available to us on the date hereof, and except as required by law, we undertake no obligation to update or revise publicly any of the forward-looking statements after the date of this Quarterly Report on Form 10-Q to conform our statements to actual results or changed expectations.

Currency Presentation and Currency Translation

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

The functional currency for our operations is primarily the euro. With respect to our financial statements, the translation from the euro to U.S. dollars is performed for balance sheet accounts using exchange rates in effect at the balance sheet date and for

revenue and expense accounts using a weighted average exchange rate during the period. The resulting translation adjustments are recorded as a component of accumulated other comprehensive income/loss.

Where in this Quarterly Report on Form 10-Q we refer to amounts in euros, we have for your convenience also, in certain cases, provided a conversion of those amounts to U.S. dollars in parentheses. Where the numbers refer to a specific balance sheet account date or financial statement account period, we have used the exchange rate that was used to perform the conversions in connection with the applicable financial statement. In all other instances, unless otherwise indicated, the conversions have been made using the noon buying rate of €1.00 to U.S. $1.1112 based on information provided by Xignite as of March 31, 2022.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

PIERIS PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited, in thousands)

	March 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 83,737	$ 117,764
Short term investments	16,531	—
Accounts receivable	1,644	3,313
Prepaid expenses and other current assets	9,837	6,548
Total current assets	111,749	127,625
Property and equipment, net	18,849	19,122
Operating lease right-of-use assets	3,844	3,909
Other non-current assets	2,673	2,904
Total assets	$ 137,115	$ 153,560
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 4,496	$ 8,609
Accrued expenses and other current liabilities	14,075	16,836
Deferred revenues, current portion	20,913	25,116
Total current liabilities	39,484	50,561
Deferred revenue, net of current portion	30,819	38,403
Operating lease liabilities	13,362	13,841
Total liabilities	83,665	102,805
Stockholders' equity:		
Preferred stock	—	—
Common stock	74	72
Additional paid-in capital	314,668	306,998
Accumulated other comprehensive income (loss)	953	829
Accumulated deficit	(262,245)	(257,144)
Total stockholders' equity	53,450	50,755
Total liabilities and stockholders' equity	$ 137,115	$ 153,560

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

PIERIS PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(unaudited)

(in thousands, except per share data)

	Three Months Ended March 31,	
	2022	**2021**
Revenue		
Customer revenue	$ 11,180	$ 14,866
Collaboration revenue	(192)	767
Total revenue	10,988	15,633
Operating expenses		
Research and development	14,066	16,562
General and administrative	4,379	4,130
Total operating expenses	18,445	20,692
Loss from operations	(7,457)	(5,059)
Other income (expense)		
Interest (expense) income	(3)	3
Grant income	2,130	—
Other income	229	884
Net loss	$ (5,101)	$ (4,172)
Other comprehensive income (loss):		
Foreign currency translation	143	489
Unrealized loss on available-for-sale securities	(19)	—
Comprehensive loss	$ (4,977)	$ (3,683)
Net loss per share		
Basic and diluted	$ (0.07)	$ (0.07)
Weighted average number of common shares outstanding		
Basic and diluted	73,711	56,297

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

PIERIS PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(unaudited, in thousands)

For the Three Months Ended March 31, 2021 and 2022

	Preferred shares		Common shares						
	No. of shares	Share capital	No. of shares	Share capital	ATM proceeds receivable	Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total Stockholders' equity
Balance as of December 31, 2020	14	$ —	56,003	$ 56	$ —	$ 242,672	$ (295)	$ (211,406)	$ 31,027
Net loss	—	—	—	—	—	—	—	(4,172)	(4,172)
Foreign currency translation adjustment	—	—	—	—	—	—	489	—	489
Stock based compensation expense	—	—	—	—	—	1,199	—	—	1,199
Issuance of common stock resulting from exercise of stock options	—	—	10	—	—	20	—	—	20
Issuance of common stock pursuant to private placement offering	—	—	3,706	4	—	9,669	—	—	9,673
Balance as of March 31, 2021	14	$ —	59,719	$ 60	$ —	$ 253,560	$ 194	$ (215,578)	$ 38,236
Balance as of December 31, 2021	16	$ —	72,222	$ 72	$ —	$ 306,998	$ 829	$ (257,144)	$ 50,755
Net loss	—	—	—	—	—	—	—	(5,101)	(5,101)
Foreign currency translation adjustment	—	—	—	—	—	—	143	—	143
Unrealized loss on investments	—	—	—	—	—	—	(19)	—	(19)
Stock based compensation expense	—	—	—	—	—	1,178	—	—	1,178
Issuance of common stock resulting from exercise of stock options	—	—	43	—	—	85	—	—	85
Issuance of common stock pursuant to ATM offering program, net of $0.3 million in offering costs	—	—	1,833	2	—	6,407	—	—	6,409
Balance as of March 31, 2022	16	$ —	74,098	$ 74	$ —	$ 314,668	$ 953	$ (262,245)	$ 53,450

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

PIERIS PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in thousands)

	Three Months Ended March 31,	
	2022	**2021**
Operating activities:		
Net loss	$ (5,101)	$ (4,172)
Adjustments to reconcile net loss to net cash (used in) operating activities:		
Depreciation and amortization	845	625
Right-of-use asset (accretion) amortization	(5)	(25)
Stock-based compensation	1,178	1,199
Other non-cash transactions	91	(41)
Changes in operating assets and liabilities	(19,651)	(9,724)
Net cash (used in) operating activities	(22,643)	(12,138)
Investing activities:		
Purchases of property and equipment	(389)	(28)
Purchases of investments	(16,559)	—
Net cash (used in) investing activities	(16,948)	(28)
Financing activities:		
Proceeds from exercise of stock options	85	20
Proceeds from issuance of common stock from private placement, net of issuance costs	—	9,673
Proceeds from issuance of common stock resulting from ATM sales, net of $0.3 million in transaction costs	6,473	—
Net cash provided by financing activities	6,558	9,693
Effect of exchange rate change on cash and cash equivalents	(994)	(1,128)
Net decrease in cash and cash equivalents	(34,027)	(3,601)
Cash and cash equivalents at beginning of period	117,764	70,436
Cash and cash equivalents at end of period	$ 83,737	$ 66,835
Supplemental cash flow disclosures:		
Net unrealized loss on investments	$ (19)	$ —
Property and equipment included in accounts payable	$ 298	$ 36

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

1. Corporate Information

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

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

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

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

As of March 31, 2022, cash, cash equivalents, and investments were $100.3 million. The Company's net loss was $5.1 million and $4.2 million for the quarters ended March 31, 2022 and 2021, respectively. The Company has incurred net losses since inception and had an accumulated deficit of $262.2 million as of March 31, 2022. Net losses and negative cash flows from operations have had, and will continue to have, an adverse effect on the Company's stockholders' equity and working capital. The Company expects to continue to incur operating losses for at least the next several years.

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

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

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

2. Summary of Significant Accounting Policies

The Company's significant accounting policies are described in Note 2—Summary of Significant Accounting Policies, in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021. There have been no material additions to the significant accounting policies for the three months ended March 31, 2022.

Unaudited Interim Financial Information

The accompanying unaudited condensed consolidated financial statements included herein have been prepared by the Company in accordance with accounting principles generally accepted in the United States, or U.S. GAAP, for interim financial information and pursuant to the rules and regulations of the SEC. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments, consisting of normal recurring adjustments, and disclosures considered necessary for a fair presentation of interim period results have been included. Interim results for the three months ended March 31, 2022 are not necessarily indicative of results that may be expected for the year ending December 31, 2022. For further information, refer to the financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021, which was filed with the SEC on March 2, 2022.

Basis of Presentation and Use of Estimates

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

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

Cash, Cash Equivalents and Investments

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

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

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

Concentration of Credit Risk and Off-Balance Sheet Risk

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

of amounts due under strategic partnership and other license agreements with major multi-national pharmaceutical companies for which the Company does not obtain collateral.

Fair Value Measurement

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

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

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

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

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

Property and Equipment

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

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

Revenue Recognition

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

Company's intellectual property is located in Germany, the Company records all consolidated revenue in its Pieris Pharmaceuticals, GmbH subsidiary.

Collaborative Arrangements

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

In November 2018, the FASB issued ASU 2018-18, which makes targeted improvements to U.S. GAAP for collaborative arrangements, including: clarification that certain transactions between collaborative arrangement participants should be accounted for as revenue under ASC 606, *Revenue from Contracts with Customers*, or ASC 606, when the collaborative arrangement participant is a customer in the context of a unit of account; adding unit-of-account guidance in ASC 808 to align with the guidance in ASC 606; and a requirement that in a transaction with a collaborative arrangement participant that is not directly related to sales to third parties, presenting the transaction together with revenue recognized under ASC 606 is precluded if the collaborative arrangement participant is not a customer. The guidance per ASU 2018-18 was adopted retrospectively to the date of initial application of ASC 606. The Company adopted ASU 2018-18 in the first quarter of 2020. The adoption of this standard did not have a material impact on the Company’s consolidated financial statements; however, revenue recognized under a collaborative arrangement involving a participant that is not a customer (Collaboration revenue) is now presented separately from Customer revenue. All amounts presented herein are in conformity with ASU 2018-18.

Revenue from Contracts with Customers

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

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

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

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

The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring goods and services to the customer. A contract may contain variable consideration, including potential payments for both milestone and research and development services. For certain potential milestone payments, the Company estimates the amount of variable consideration by using the most likely amount method. In making this assessment, the Company evaluates factors such as the clinical, regulatory, commercial and other risks that must be overcome to achieve the milestone. Each reporting period the Company re-evaluates the probability of achievement of such variable consideration and any related

constraints. Pieris will include variable consideration, without constraint, in the transaction price to the extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. For potential research and development service payments, the Company estimates the amount of variable consideration by using the expected value method, including any approved budget updates arising from additional research or development services.

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

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

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

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

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

Milestones and Royalties

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

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

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

The Company calculates the maximum amount of potential milestones achievable under each collaboration agreement and discloses such potential future milestones for all current collaborations using such a maximum calculation.

Contract Balances

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

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

Costs to Obtain and Fulfill a Contract with a Customer

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

Government Grants

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

Leases

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

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

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

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

Company is reasonably certain to exercise that option, as well as periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

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

Recent Accounting Pronouncements Not Yet Adopted

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

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

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

3. Revenue

General

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

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

	Three Months Ended March 31,	
	2022	2021
Seagen	$ 312	$ 366
AstraZeneca	4,753	14,500
Servier	4,734	767
Genentech	1,189	—
Total Revenue	$ 10,988	$ 15,633

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

	Research, Development, Regulatory & Commercial Milestones	Sales Milestones
AstraZeneca	$ 900	$ 4,100
Servier	133	100
Seagen	754	450
Boston Pharmaceuticals	88	265
Genentech	844	600
Total potential milestone payments	$ 2,719	$ 5,515

Strategic Partnerships

Genentech

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

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

Unless earlier terminated, the term of the Genentech Agreement continues until no royalty or other payment obligations are or will become due under the Genentech Agreement. The Genentech Agreement may be terminated (i) by either party based on insolvency or breach by the other party and such insolvency proceeding is not dismissed or such breach is not cured within 90 days; or (ii) after nine months from the effective date of the Genentech Agreement, by Genentech as a whole or on a product-by-product and/or country-by-country basis upon 90 days' prior written notice before the first commercial sale of a product or upon 180 days' prior written notice after the first commercial sale of a product.

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

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

Management evaluated all of the promised goods or services within the contract and determined which such goods and services were separate performance obligations. The Company determined that the licenses granted, at arrangement inception, should be combined with the research and development services to be provided for the related target programs as they are not capable of being distinct. A third party would not be able to provide the research and development services due to the specific nature of the

intellectual property and knowledge required to perform the services, and Genentech could not benefit from the licenses without the corresponding services. The Company determined that the participation in the governance committees was distinct as the services could be performed by an outside party.

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

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

The transaction price at inception is comprised of fixed consideration of $20.0 million in upfront fees and was allocated to each of the performance obligations based on the relative proportion of their standalone selling prices. The amounts allocated to the performance obligations for the two research programs will be recognized on a proportional performance basis through the completion of each respective estimated research term of the individual research programs. The amounts allocated to the material right for the target options will be recognized either at the time the material right expires or, if exercised, on a proportional performance basis over the estimated research term for that program along with any remaining deferred revenue associated with the replacement target. The amounts allocated to the participation on the committee will be recognized on a straight-line basis over the anticipated research term for all research programs. As of March 31, 2022, there was $15.1 million of aggregate transaction price allocated to remaining performance obligations.

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

As of March 31, 2022, there were $7.9 million and $7.2 million of current and non-current deferred revenue, respectively, related to the Genentech Agreement.

Boston Pharmaceuticals

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

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

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

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

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

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

The amounts allocated to the performance obligations did not meet the criteria to be recognized over time on a proportional performance basis and thus will be recognized at a point in time. The Company determined that the performance obligation will be fully satisfied when all of the deliverables in the combined performance obligation are transferred to Boston Pharmaceuticals as that is the point at which Boston Pharmaceuticals can fully use and benefit from the license to PRS-342. The Company transferred all such deliverables to Boston Pharmaceuticals in the fourth quarter of 2021. As of December 31, 2021, the Company had recognized the full transaction price, or $5.7 million, as revenue and there is no remaining deferred revenue.

Seagen

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

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

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

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

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

resolution procedures. The Seagen Collaboration Agreement may also be terminated due to the other party's insolvency and may in certain instances, including for reasons of safety, be terminated on a product-by-product basis. Each party may also terminate the Seagen Agreements if the other party challenges the validity of any patents licensed under the Seagen Agreements, subject to certain exceptions. The Seagen Platform License will terminate upon termination of the Seagen Collaboration Agreement, whether in its entirety or on a product-by-product basis.

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

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

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

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

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

The amounts allocated to the performance obligations for the three research programs will be recognized on a proportional performance basis through the completion of each respective estimated research term of the individual research programs. The amounts allocated to the material right for the antibody target swap option will be recognized either at the time the material right expires or, if exercised, on a proportional performance basis over the estimated research term for that program. The amounts allocated to the participation on each of the committees will be recognized on a straight-line basis over the anticipated research term for all research programs. As of March 31, 2022, there was $20.8 million of aggregate transaction price allocated to remaining performance obligations.

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

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

Under the Second Seagen Amendment, Pieris' option to co-develop and co-commercialize the second of three programs in the collaboration has been converted to a co-promotion option in the United States, with Seagen solely responsible for the development and overall commercialization of that program. Pieris will also be entitled to increased royalties from that program in the event that it chooses to exercise the co-promotion option. In connection with the Seagen Subscription Agreement, the Company agreed to issue to Seagen, and Seagen agreed to acquire from the Company, 3,706,174 shares of the Company's common stock for a total purchase price of $13.0 million, or $3.51 per share, in a private placement transaction pursuant to Section 4(a)(2) of the Securities Act. The Seagen Subscription Agreement includes a provision to the effect that Seagen may ask the Company to file a registration statement to register the resale of the shares issued to Seagen, at any time beginning on the date that is 60 calendar days from the date of issuance of the shares. The Company assessed the ASC 606 implications of the Seagen Subscription Agreement and concluded that the fair value of the shares on a per share basis was $2.61 per share as of the transaction date. This resulted in a premium paid for the shares of $3.3 million, all of which was recorded in deferred revenue upon contract execution and allocated to the remaining performance obligations.

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

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

As of March 31, 2022, there were $11.5 million and $6.4 million of current and non-current deferred revenue, respectively, related to the Seagen Agreements.

AstraZeneca

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

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

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

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

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

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

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

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

AstraZeneca Collaboration Products as the company would not benefit from the commercial license without the ability to develop each product.

As a result, management concluded that there were 16 performance obligations: (i) combined performance obligation comprised of a non-exclusive platform technology license, research and development license, and commercial licenses for the AstraZeneca Lead Product and research services for the AstraZeneca Lead Product, (ii) combined performance obligation comprised of development and manufacturing services, and technology transfer services for the AstraZeneca Lead Product, (iii) committee participation, (iv-vii) four combined performance obligations each comprised of a non-exclusive platform technology license, research licenses, and research services for each AstraZeneca Collaboration Product, (viii-xi) four performance obligations comprised of a material right to acquire the development licenses granted for the AstraZeneca Collaboration Products, (xii-xv) four performance obligations comprised of the commercial licenses granted for the AstraZeneca Collaboration Products and (xvi) phase 2a services.

The Company allocated consideration to the performance obligations based on the relative proportion of their standalone selling prices. The Company developed standalone selling prices for licenses and corresponding research services by applying a risk adjusted, net present value, estimate of future potential cash flow approach, which included the cost of obtaining research services at arm's length from a third-party provider, as well as internal full-time equivalent costs to support these services. The Company developed its standalone selling price for development and manufacturing services and technology transfer services for the AstraZeneca Lead Product using estimated internal and external costs to be incurred.

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

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

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

The amounts allocated to the license performance obligation for the AstraZeneca Lead Product and the four performance obligations for the four research licenses for AstraZeneca Collaboration Products will be recognized on a proportional performance basis as the activities are conducted over the life of the arrangement. The amounts allocated to the performance obligation for phase 1 services, technology transfer services for the AstraZeneca Lead Product will be recognized on a proportional performance basis over the estimated term of development through phase 2a study. The amounts allocated to the performance obligation for phase 2a services for the AstraZeneca Lead Product will be recognized on a proportionate performance basis over an estimated term of 12 months. The amounts allocated to the performance obligation for participation on each of the committees will be recognized on a straight-line basis over the expected term of development of the AstraZeneca Lead Product and the AstraZeneca Collaboration Products. The term of performance is approximately five years. The amounts allocated to the four performance obligations for the material rights to acquire a development license and the four performance obligations for commercial licenses for the AstraZeneca Collaboration Products will be recognized upon exercise of the specific material right and delivery of each of the development licenses. As of March 31, 2022, there was $12.8 million of aggregate transaction price allocated to remaining performance obligations.

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

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

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

In connection with the Amended Collaboration Agreement, the Company and AstraZeneca entered into a subscription agreement, or the AstraZeneca Subscription Agreement, pursuant to which the Company agreed to issue to AstraZeneca, and AstraZeneca agreed to acquire from the Company, 3,584,230 shares of the Company's common stock for a total purchase price of $10.0 million, or $2.79 per share, in a private placement transaction pursuant to Section 4(a)(2) of the Securities Act. The AstraZeneca Subscription Agreement closed on April 1, 2021 and included a requirement that the Company file a registration statement to register the resale of the shares issued to AstraZeneca within 60 calendar days of the issuance of the shares. The Company assessed the payment under ASC 606 and concluded that the fair value of the shares on a per share basis was $2.60 per share as of the transaction date. This resulted in a premium paid for the shares of $0.7 million, which was added to the deferred revenue balance and will be recognized over time in line with our revenue recognition pattern for all remaining performance obligations.

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

In January 2022, the Company and AstraZeneca jointly discontinued one discovery-stage programs as they were not able to validate an exploratory target. Approximately $4.7 million of revenue was recorded related to a material right performance obligation that ceased with the discontinuation of this program. Pieris retains co-development and co-commercialization options for two of the three remaining active discovery programs.

As of March 31, 2022, there were $0.6 million and $12.3 million of current and non-current deferred revenue, respectively, related to the AstraZeneca Agreements.

The Company incurred $1.6 million of third-party success fees to obtain the contract with AstraZeneca. Upon adoption of ASC 606, the Company capitalized $1.1 million in accordance with ASC 340. As of March 31, 2022, the remaining balance of the asset recognized from transaction costs to obtain the AstraZeneca contract was $0.4 million. Amortization during the three months ended March 31, 2022 and 2021 was $0.2 million and de minimis, respectively.

Servier

In 2017, the Company entered into a license and collaboration agreement, or Servier Collaboration Agreement, and a non-exclusive Anticalin platform license agreement, or Servier Platform License, and together with the Servier Collaboration Agreement, the Servier Agreements, with Les Laboratoires Servier and Institut de Recherches Internationales Servier, or Servier, pursuant to which the Company and Servier agreed to initially pursue five bispecific therapeutic programs. The intention of the collaboration and defined programs was to combine antibodies from the Servier portfolio with one or more Anticalin proteins based on the Company's proprietary platform to generate innovative IO bispecific drug candidates, or the Collaboration Products.

Each party is responsible for an agreed upon percentage of shared costs, as set forth in the budget for the collaboration plan, and as further discussed below.

Since inception, three of the five initially committed programs have been discontinued, including the Initial Lead. The Company does not presently intend to continue development of the three discontinued programs but retains full rights to advance the development and commercialization of those products on a world-wide basis in the future. The parties continue to advance the development of two programs. The Company is co-developing PRS-344/S095012, a 4-1BB/PD-L1 bispecific, and retains commercial rights in the United States. PRS-344/S095012, may be jointly developed, according to a collaboration plan,

through marketing approval from the FDA or the European Medicines Agency. Servier has worldwide rights to PRS-352/S095025, a preclinical bispecific antibody-Anticalin fusion protein comprising an PD-L1-targeting antibody genetically fused to Anticalin proteins specific for OX40, and is responsible for further development of the Collaboration Product.

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

Under the Servier Agreements, the Company received an upfront, non-refundable payment of €30.0 million (approximately $32.0 million). Additionally, the Company has achieved three developmental milestones under PRS-344/S095012 totaling €3.3 million (approximately $3.7 million) all of which became billable on their respective achievement dates.

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

As the Company and Servier are considered to be active participants in the Servier Agreements and are exposed to significant risks and rewards, certain units of account within the Servier Agreements are within the scope of ASC 808.

Upon signing the Servier Agreements, management evaluated all of the promised goods or services within the contract and determined which goods and services were separate performance obligations. Of the initial 10 performance obligations identified at the inception of the Servier Agreements, only three are still ongoing as of March 31, 2022. The following performance obligations are the remaining active performance obligations that are within the scope of ASC 808:

- one performance obligation comprised of a combined non-exclusive platform technology license, research license and research and development services for PRS-344/S095012,
- one performance obligation comprised of participation in the various governance committees, and
- one performance obligation comprised of the development and commercial licenses granted for PRS-344/S095012 (and corresponding discounts) upon the achievement of specified preclinical activities, resulting in a material right.

Revenue recognized associated with these performance obligations are presented as Collaboration Revenue within the Statement of Operations.

The following performance obligation is within the scope of ASC 606: the development and commercial licenses granted for PRS-352/S095012 (and corresponding discounts) upon the achievement of specified preclinical activities, resulting in a material right. Revenue recognized associated with this performance obligation is presented as Customer Revenue within the Statement of Operations. The final revenue amount related to this performance obligation was recognized during the three months ended March 31, 2022 and thus the performance obligation is now considered complete.

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

The amounts allocated to the performance obligation for the research and development licenses for PRS-344/S095012 are being recognized on a proportional performance basis as the activities are conducted over the life of the arrangement. The term of the performance for PRS-344/S095012 is through approval of certain regulatory bodies; a period which could be many years. The amount allocated to the performance obligation for participation on each of the committees will be recognized on a straight-line basis over the anticipated performance period over the entirety of the arrangement with Servier. The amount allocated to the one remaining performance obligation for the material right to acquire development and commercial licenses for PRS-344/S095012 is granted in the future is being recognized over time upon delivery of the license through marketing approval. As of

March 31, 2022, there was $5.8 million of aggregate transaction price allocated to remaining performance obligations under the Servier Agreements.

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

Under the Servier Agreements, the Company is eligible to receive various research, development, commercial and sales milestones as well as tiered royalties up to low double digits on the sales of commercialized products in the Servier territories. There is uncertainty that the events to obtain the research and development milestones will be achieved given the nature of clinical development and the stage of the Company's technology. The Company has thus determined that research and development milestones will be constrained until it is deemed probable that a significant revenue reversal will not occur.

During the three months ended March 31, 2022, the Company satisfied the performance obligation related to the material right for PRS-352/S095025, which led to point-in-time recognition of revenue for $4.9 million of revenue previously deferred.

As of March 31, 2022, there were $0.9 million and $4.9 million of current and non-current deferred revenue, respectively, related to the Servier Agreements.

The Company incurred costs to obtain the contract with Servier. Upon adoption of ASC 606, the Company capitalized $0.5 million of third-party service fees in accordance with ASC 340. As of March 31, 2022, the remaining balance of the asset recognized from costs to obtain the Servier contract was $0.1 million. Amortization during the three months ended March 31, 2022 and 2021 was $0.1 million and de minimis, respectively.

Contract Balances

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

There were no additions to deferred revenue during the three months ended March 31, 2022. Reductions to deferred revenue were $10.6 million for the three months ended March 31, 2022.

4. Grant Income

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

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

5. Cash, cash equivalents and investments

As of March 31, 2022, cash, cash equivalents and investments comprised funds in depository, money market accounts, U.S. treasury securities, asset-backed securities and corporate bonds. As of December 31, 2021, cash equivalents were comprised of only money market accounts. The following table presents the cash equivalents and investments carried at fair value in accordance with the hierarchy defined in Note 2 at March 31, 2022 and December 31, 2021.

	Total	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
March 31, 2022				
Money market funds, included in cash equivalents	$ 46,122	$ 46,122	$ —	$ —
Corporate bonds, included in cash equivalents	3,004	—	3,004	—
Investments - US treasuries	2,744	2,744	—	—
Investments - Asset-backed securities	1,851	—	1,851	—
Investments - Corporate bonds	8,932	—	8,932	—
Total	$ 62,653	$ 48,866	$ 13,787	$ —

	Total	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2021				
Money market funds, included in cash equivalents	$ 56,885	$ 56,885	$ —	$ —
Total	$ 56,885	$ 56,885	$ —	$ —

Cash equivalents and marketable securities have been initially valued at the transaction price and subsequently valued, at the end of each reporting period, utilizing third party pricing services or other market observable data. The pricing services utilize industry standard valuation models, including both income and market-based approaches and observable market inputs to determine value. The Company validates the prices provided by its third-party pricing services by reviewing their pricing methods and obtaining market values from other pricing sources, as needed. After completing its validation procedures, the Company did not adjust any fair value measurements provided by the pricing services as of March 31, 2022.

Investments at March 31, 2022 consist of the following (in thousands):

	Contractual maturity (in days)	Amortized Cost	Unrealized gains	Unrealized losses	Fair Value
Investments					
US treasuries	91-182	$ 2,750	$ 1	$ (7)	$ 2,744
Asset-backed securities	168-290	1,857	—	(6)	1,851
Corporate bonds	40-352	11,943	1	(8)	11,936
Total		$ 16,550	$ 2	$ (21)	$ 16,531

The Company did not record any realized gains or losses from the maturity of available-for-sale securities during the three months ended March 31, 2022 and 2021.

As of March 31, 2022, there were no investments with a fair value that was significantly lower than the amortized cost basis or any investments that had been in an unrealized loss position for a significant period.

6. Property and equipment, net

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

	March 31, 2022	December 31, 2021
Laboratory furniture and equipment	$ 11,825	$ 11,354
Office furniture and equipment	1,924	1,959
Computer equipment	389	396
Leasehold improvements	12,888	13,130
Property and equipment, cost	27,026	26,839
Accumulated depreciation	(8,177)	(7,717)
Property and equipment, net	$ 18,849	$ 19,122

7. Accrued Expenses

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

	March 31, 2022	December 31, 2021
Accrued accounts payable	$ 1,156	$ 2,980
Collaboration cost-sharing obligation	1,580	1,610
Research and development fees	5,745	5,682
Compensation expense	2,454	3,581
Accrued license obligations	1,500	1,541
Lease liabilities	1,003	1,049
Other current liabilities	637	393
Total	$ 14,075	$ 16,836

8. Net Loss per Share

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

As of March 31, 2022 and 2021, and as calculated using the treasury stock method, approximately 39.4 million and 38.6 million of weighted average shares, respectively, were excluded from the calculation of diluted weighted average shares outstanding as their effect was antidilutive.

9. Stockholders' Equity

The Company had 300,000,000 shares authorized and 74,097,918 and 72,222,661 shares of common stock issued and outstanding as of March 31, 2022 and December 31, 2021, respectively, with a par value of $0.001 per share.

The Company had 10,000,000 shares authorized and 15,617 shares of preferred stock issued and outstanding as of March 31, 2022 and December 31, 2021. Preferred stock has a par value of $0.001 per share, and consists of the following:

- Series A Convertible, 85 shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively.
- Series B Convertible, 4,026 shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively.
- Series C Convertible, 3,506 shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively.
- Series D Convertible, 3,000 shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively.
- Series E Convertible, 5,000 shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively.

2020 Employee, Director and Consultant Equity Incentive Plan

At the 2020 Annual Meeting of Stockholders, the Company's stockholders approved the 2020 Employee, Director and Consultant Equity Incentive Plan, or the 2020 Plan. The 2020 Plan permits the Company to issue up to 3,500,000 shares of common stock pursuant to awards granted under the 2020 Plan. Upon approval of the 2020 Plan, the 2019 Employee, Director and Consultant Equity Incentive Plan, or the 2019 Plan, was terminated; all unissued options were canceled and no additional awards will be made thereunder. All outstanding awards under the 2019 Plan will remain in effect and any awards forfeited from the outstanding awards will be allocated back into the 2020 Plan. There were approximately 1,579,678 shares remaining and available for grant under the 2019 Plan that terminated upon original approval of the 2020 Plan.

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

Series E Preferred Stock Conversion

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

Open Market Sales Agreements

In August 2021, the Company established a second ATM offering program, or the 2021 ATM Program, under the existing sales agreement with Jefferies LLC, pursuant to which the Company may offer and sell shares of its common stock from time to time, up to an aggregate amount of gross sales proceeds of $50.0 million. The 2021 ATM Program is offered under a shelf registration statement on Form S-3 that was filed with and declared effective by the SEC in August 2021.

For the three months ended March 31, 2022, the Company sold 1.8 million shares for gross proceeds of $6.7 million under the 2021 ATM programs at an average stock price of $3.64.

10. Leases

The Company currently leases office space in Boston, Massachusetts. In August 2015, the Company entered into a sublease to lease approximately 3,950 square feet. In July 2021, the Company extended the lease for this office space for an additional 10 months through December 31, 2022.

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

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

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

Monthly base rent for the initial 105,000 square feet of the leased property, including parking spaces, will total approximately $0.2 million per month. In addition to the base rent, Pieris GmbH is also responsible for certain administrative and operational costs in accordance with the Hallbergmoos Lease. Pieris GmbH provided a security deposit of $0.8 million as required by the Hallbergmoos Lease. The Company will serve as a guarantor for the Hallbergmoos Lease.

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

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

	Three Months Ended March 31,	
	2022	2021
Operating lease costs	$ 349	$ 377
Variable lease costs (1)	159	182
Total lease cost	$ 508	$ 559

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

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

	As of March 31, 2022
Weighted-average remaining lease term (years)	10.2
Weighted-average discount rate	10.5 %

Cash paid for amounts included in the measurement of the lease liabilities was $0.6 million and $0.7 million, respectively, for the three months ended March 31, 2022 and 2021.

As of March 31, 2022, the maturities of the Company's operating lease liabilities and future minimum lease payments were as follows (in thousands):

	Total
2022	$ 1,829
2023	2,193
2024	2,193
2025	2,193
2026	2,193
Thereafter	12,247
Total undiscounted lease payments	22,848
Less: present value adjustment	(8,483)
Present value of lease liabilities	$ 14,365

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, 2021, and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, filed with the SEC on March 2, 2022. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to those set forth under the caption "Risk Factors" in the Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

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

Overview

We are a clinical-stage biotechnology company that discovers and develops Anticalin-based drugs to target validated disease pathways in unique and transformative ways. Our clinical pipeline includes inhaled Anticalin proteins and IO bispecifics. Proprietary to us, Anticalin proteins are a novel class of therapeutics validated in the clinic and through partnerships with leading pharmaceutical companies. Our core Anticalin technology and platform were developed in Germany, and we have collaborations with major multi-national pharmaceutical companies. In particular, we have alliances with AstraZeneca and Genentech to treat respiratory diseases, with Genentech also in ophthalmology and with Servier, Seagen, and Boston Pharmaceuticals in IO. Our discovery and development programs are in varying stages and include:

- *PRS-060/AZD1402*, our lead respiratory program partnered with AstraZeneca for the treatment of asthma, is a drug candidate that antagonizes IL-4Rα, thereby inhibiting the downstream action of IL-4 and IL-13, two cytokines known to be key mediators in the inflammatory cascade that drive the pathogenesis of asthma and other inflammatory diseases.
    - PRS-060/AZD1402 was tested in a nebulized formulation and an IV arm for pharmacokinetic, or PK, assessment in 54 healthy volunteers at nominal dose levels ranging from 0.25 mg to 400 mg in a phase 1 single-ascending dose, or SAD, study. Data from that study were presented at the American Thoracic Society International Conference in May 2019 showing that PRS-060/AZD1402 was well-tolerated when given as single inhaled or intravenous doses to healthy volunteers and there was systemic target engagement (as measured by pSTAT6 inhibition). PRS-060/AZD1402 was also tested in a phase 1 multiple-ascending dose, or MAD, study in 30 patients that were randomized to receive delivered doses via nebulizer ranging from 2 mg to 60 mg (5 mg to 150 mg nominal dose) twice daily for nine consecutive days and one final dose on the 10 day, and 12 patients were randomized to receive placebo at the same intervals. We presented interim data from the PRS-060/AZD1402 phase 1 MAD study at the European Respiratory Society International Congress in October 2019 and reported that PRS-060/AZD1402 was safe and well-tolerated at all doses, led to a statistically significant reduction in FeNO, a validated biomarker for eosinophilic airway inflammation, and showed dose-dependent systemic target engagement in patients with mild asthma and elevated levels of FeNO (≥ 35ppb).
    - The phase 2a asthma study is ongoing in multiple sites globally. This phase 2a study is a two-part, multi-center, placebo-controlled clinical study of PRS-060/AZD1402 that will evaluate PRS-060/AZD1402 at up to three dose levels using a dry powder formulation administered twice daily. In part 1a (1 mg and 3 mg dose safety) of the study, 31 asthma patients, controlled on standard of care (medium dose inhaled corticosteroids, or ICS, with long-acting beta agonists, or LABA), received PRS-060/AZD1402 twice daily over four weeks to establish the safety profile and pharmacokinetics of the dry powder formulation of PRS-060/AZD1402. A safety review following completion of part 1a included an evaluation, compared to placebo, of the incidence of adverse events, changes in laboratory markers (immuno-biomarkers, clinical chemistry, and hematology), and forced expiratory volume in one second, or FEV1. Following the safety review, AstraZeneca began enrollment of part 2a (1 mg and 3 mg dose efficacy) of the study to evaluate efficacy, safety, and pharmacokinetics of PRS-060/AZD1402 administered twice daily to asthma patients, uncontrolled on medium dose ICS LABA, that have a blood eosinophil count of ≥ 150 cells/μL and FeNO ≥ 25 ppb in the 1 mg and 3 mg arms and a placebo arm. Following a four-week run-in period, patients will be dosed and monitored over four weeks. FEV1 improvement at four weeks compared to placebo will be the primary endpoint

in this portion of the study. Following the safety review, AstraZeneca also began enrollment of part 1b (10 mg dose safety) of the study to evaluate the safety of the 10 mg dose in asthma patients controlled on standard of care who will receive PRS-060/AZD1402 twice daily over four weeks. Given the geopolitical situation, along with broader challenges amidst an ongoing pandemic, there is a heightened risk that more time will be required to deliver the topline study results by the end of the year as planned. AstraZeneca is currently in the process of conducting a thorough timeline reforecast and working on strategies to mitigate any potential delays.

- Upon receipt of the topline data and notice from AstraZeneca, including a product development plan and budget, we will have 30 days to opt into co-development of the program with AstraZeneca at one of two levels, neither of which includes an option exercise fee. If we do not choose to participate in co-development, we would still be entitled to sales royalties from single-digit up to the mid teens, plus the potential for more than one billion dollars in sales milestones. At the first opt-in level, we would be responsible for 25% of the cost-share through regulatory approval with a predetermined cost cap. At this level, for the lifetime of this product, we would receive sales royalties from single-digit up to the high teens, plus the potential for multi-billion dollar sales milestones. The second opt-in level would be at a 50% cost share without a cost cap which, instead of sales royalties and milestones, would result in a gross margin share in the mid-twenty percent range for the lifetime of the product. We also have a separate option to co-commercialize PRS-060/AZD1402 with AstraZeneca in the United States independent of the co-development opt-in decision.

- Four discovery-stage respiratory programs were included in the AstraZeneca alliance beyond PRS-060/AZD1402, the targets and disease areas of which are undisclosed. In January 2022, we and AstraZeneca jointly discontinued one of the four discovery-stage programs in the collaboration beyond PRS-060/AZD1402, for which they were not able to validate an exploratory target. We retain co-development and co-commercialization options for two of the three remaining active discovery programs.

- Our lead fully proprietary respiratory asset, PRS-220, an oral inhaled Anticalin protein targeting connective tissue growth factor, or CTGF, is being developed as a local treatment for idiopathic pulmonary fibrosis, or IPF, and passed the drug candidate nomination stage in 2021. CTGF, a matricellular protein, is a driver of fibrotic tissue remodeling and the protein has been found over-expressed in lung tissue from patients suffering from IPF. Clinical data indicate inhibition of CTGF reduces the decline in lung function among these patients.
  - In 2021, we received a €14.2 million grant from the Bavarian Ministry of Economic Affairs, Regional Development and Energy supporting research and development of the program for post-acute sequelae of SARS-CoV-2 infection (PASC) pulmonary fibrosis, or PASC-PF, also known as post-COVID-19 syndrome pulmonary fibrosis, or “long COVID”.
  - PRS-220 is currently in the clinical-enabling stage. We presented initial preclinical data for PRS-220 at the European Respiratory Society International Congress 2021, or ERS, demonstrating a more potent and durable target engagement profile compared to a clinical-stage, systemically delivered anti-CTGF antibody benchmark. Additionally, the targeting of CTGF locally in the lung showed increased attenuation of fibrotic lung remodeling *in vivo* compared to the systemically delivered antibody. This outcome correlates with superior lung tissue exposure of PRS-220 compared to that of the systemically administered antibody in head-to-head studies, where intratracheally administered PRS-220 efficiently penetrates the fibrotic, interstitial lung tissue of mice. Clinical development for the program remains on track to enter a phase 1 trial in healthy volunteers this year.

- We have also entered into a multi-program research collaboration and license agreement with Genentech, a member of the Roche Group, to discover, develop and commercialize locally delivered respiratory and ophthalmology therapies. We have initiated joint discovery activities in each of the two committed programs.

- *Cinrebafusp alfa*, our lead IO program, is a fusion protein, comprising a HER2-targeting antibody genetically linked to 4-1BB-targeting Anticalin proteins. Cinrebafusp alfa is designed to drive tumor localized T cell activation through tumor-targeted drug clustering mediated by HER2 expressed on tumor cells. This program was the first 4-1BB bispecific T cell co-stimulatory agonist to enter clinical development.
  - In January 2022, we dosed the first patient in our two-arm phase 2 study for cinrebafusp alfa in gastric cancer in the United States. Supported by additional data we presented from the phase 1 monotherapy study of cinrebafusp alfa in an oral presentation at the American Association for Cancer Research Virtual Congress, or AACR, in April 2021, the first arm of the phase 2 study includes the combination with ramucirumab and paclitaxel in HER2-high gastric cancer, while the second arm is in combination with tucatinib in HER2-low gastric cancer. Collaboration partners Lilly and Seagen are supplying ramucirumab and tucatinib, respectively. The criteria for advancement of this program will evaluate a composite of measures, including a minimum target of 50% ORR in the HER2-high arm and a minimum target of 40% ORR in the HER2-low arm, duration of response, and safety. We are reiterating

guidance the arm evaluating cinrebafusp alfa in combination with ramucirumab and paclitaxel in HER2-high gastric cancer, for which we expect to report data in 2023. For the arm evaluating cinrebafusp alfa in combination with tucatinib in HER2-low gastric cancer, we are revising our guidance and now expect to report data from this arm next year due to slower than anticipated enrollment. In June 2021, FDA granted orphan drug designation to cinrebafusp alfa for the treatment of HER2-high and HER2-low expressing gastric cancers.

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

- *PRS-344/S095012*, a bispecific antibody-Anticalin fusion protein comprising a PD-L1-targeting antibody genetically fused to Anticalin proteins specific for 4-1BB. PRS-344/S095012 is being developed as part of our IO collaboration with Servier.
  - Regulatory approval for the phase 1/2 study of PRS-344/S095012, a 4-1BB/PD-L1 bispecific, has been granted by multiple countries, including the United States in the first quarter of 2022. The first patient in the study was dosed in November 2021.
  - The first-in-human phase1/2 multicenter open-label dose escalation (part A) and cohort expansion (part B) study is designed to determine the safety and preliminary activity of PRS-344/S095012 in patients with advanced and/or metastatic solid tumors.
  - Pieris and Servier presented preclinical data and the phase 1/2 study design at the American Association for Cancer Research, or AACR, medical meeting in April 2022.
- We are also developing additional IO drug candidates beyond cinrebafusp alfa and PRS-344/S095012 that are multi-specific Anticalin-based fusion proteins designed to engage immunomodulatory targets, comprising a variety of multifunctional biotherapeutics. Other IO drug candidates are being developed as part of our collaborations with Servier, Seagen, and Boston Pharmaceuticals.
  - Servier has obtained *in vivo* proof of concept for PRS-352/S095025, a bispecific antibody-Anticalin fusion protein comprising an PD-L1-targeting antibody genetically fused to Anticalin proteins specific for OX40, triggering an undisclosed milestone payment to Pieris in 2021. Servier is continuing development of PRS-352/S095025, for which the companies recently presented preclinical data at the AACR Annual Meeting 2022. PRS-352/S095025 has demonstrated superior potency to anti-PD-L1 and combination OX40 and PD-L1 therapy benchmarks in different in vitro assays, inhibits the PD-1/PD-L1 pathway with comparable potency to anti-PD-L1 antibodies, stimulates human CD4 T cells, drives T cell stimulation in ex vivo cynomolgus monkey assays, and demonstrated an antibody-like PK profile in vivo.
  - We have already handed one of the programs in the Seagen collaboration, a bispecific tumor-targeted costimulatory agonist, over to Seagen, who is responsible for further advancement and funding of the asset. The program is one of up to three potential programs in the Seagen alliance, and we believe the previous achievement of a key development milestone for this program validates our approach and leadership in IO bispecifics, complementing the encouraging clinical data seen with cinrebafusp alfa. During the third quarter of 2021, we initiated the second program within the collaboration with Seagen. We retain a co-promotion option for one of the three programs in the Seagen collaboration in the United States.

- PRS-342/BOS-342 is a 4-1BB/GPC3 bispecific that we have exclusively licensed to Boston Pharmaceuticals. Boston Pharmaceuticals continues to advance PRS-342/BOS-342 towards the clinic, with an IND filing expected within the next 12 months.

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 March 31, 2022, we reported net losses of $5.1 million. For the three months ended March 31, 2021, we reported net losses of $4.2 million. As of March 31, 2022, we had an accumulated deficit of $262.2 million. We expect to continue incurring substantial losses for the next several years as we continue to develop our clinical and preclinical drug candidates and programs. Our operating expenses are comprised of research and development expenses and general and administrative expenses.

We have not generated any revenues from product sales to date and we do not expect to generate revenues from product sales for the foreseeable future. Our revenues for the three months ended March 31, 2022 and 2021 were from license and collaboration agreements with our partners.

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

Key Financial Terms and Metrics

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

Revenues

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

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

Research and Development Expenses

The process of researching and developing drugs for human use is lengthy, unpredictable and subject to many risks. We expect to continue incurring substantial expenses for the next several years as we continue to develop our clinical and preclinical drug candidates and programs. We are unable, with any certainty, to estimate either the costs or the timelines in which those expenses will be incurred. Our current development plans focus on the following programs: our lead respiratory program, PRS-060/AZD1402 and our other respiratory programs, our IO programs, currently comprised of cinrebafusp alfa as well as multiple additional proprietary and partnered programs, including PRS-344/S095012. These programs consume a large proportion of our current, as well as projected, resources.

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

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

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

General and Administrative Expenses

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

Results of Operations

Comparison of the three months ended March 31, 2022 and 2021

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

	Three Months Ended March 31,	
	2022	**2021**
Revenues	$ 10,988	$ 15,633
Research and development expenses	14,066	16,562
General and administrative expenses	4,379	4,130
Total operating expenses	18,445	20,692
Other (expense) income		
Interest income	(3)	3
Grant income	2,130	—
Other income	229	884
Net loss	$ (5,101)	$ (4,172)

Revenues

The following table provides a comparison of revenues for the three months ended March 31, 2022 and 2021 (in thousands):

	Three Months Ended March 31,		
	2022	**2021**	**Increase/(Decrease)**
Customer revenue	$ 11,180	$ 14,866	$ (3,686)
Collaboration revenue	(192)	767	(959)
Total Revenue	$ 10,988	$ 15,633	(4,645)

- The $3.7 million decrease in customer revenue in the three months ended March 31, 2022 compared to the three months ended March 31, 2021 relates to revenue recognized for the discontinuation of a program under the AstraZeneca collaboration and higher revenue recognized under both the Servier (due to achievement of a developmental milestone for PRS-352/S095025) and Genentech collaborations, which were overall lower than the phase 2a milestone ($13.0 million) recognized in the prior year for PRS-060/AZD1402 under the AstraZeneca collaboration.

- The $1.0 million decrease in collaboration revenues in the three months ended March 31, 2022 compared to the three months ended March 31, 2021 is due to an updated estimate of project completion for PRS-344/S095012 under the Servier collaboration, leading to lower revenue recognized in the current quarter.

Research and Development Expenses

The following table provides a comparison of the research and development expenses for the three months ended March 31, 2022 and 2021 (in thousands):

	Three Months Ended March 31,		
	2022	2021	Increase/(Decrease)
Respiratory	$ 2,278	$ 4,028	$ (1,750)
Immuno-oncology	4,424	5,925	(1,501)
Other R&D activities	7,364	6,609	755
Total	$ 14,066	$ 16,562	(2,496)

- The $1.8 million decrease in our respiratory programs for the three months ended March 31, 2022 compared to the three months ended March 31, 2021 is due to lower program costs for PRS-060/AZD1402 as work related to the phase 1 trial was largely complete in 2021, as well as lower preclinical costs for PRS-220 in 2022, partially offset by higher manufacturing costs for PRS-220 and other proprietary programs in 2022.

- The $1.5 million decrease in our IO programs for the three months ended March 31, 2022 compared to the three months ended March 31, 2021 is due primarily to a decrease in manufacturing costs for cinrebafusp alfa, partially offset by higher clinical costs for cinrebafusp alfa and higher clinical and manufacturing costs for PRS-344/S095012.

- The $0.8 million increase in other research and development activities expenses for the three months ended March 31, 2022 compared to the three months ended March 31, 2021 is due primarily to higher personnel costs due to higher headcount, offset slightly by lower external consulting expenses due to internal hiring efforts.

General and Administrative Expenses

General and administrative expenses were $4.4 million for the three months ended March 31, 2022 and $4.1 million for the three months ended March 31, 2021. The slight period-over-period increase was driven primarily by increased costs related to external business development expenses, partially offset by slightly lower legal and audit costs.

Other Income (Expense)

Our other income (expense) was $2.4 million for the three months ended March 31, 2022 and $0.9 million for the three months ended March 31, 2021. This period over period increase was primarily due to $2.1 million of grant income recorded on PRS-220, partially offset by less foreign exchange gains in the current year compared to the same period in the prior year.

Liquidity and Capital Resources

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

Through March 31, 2022, we have funded our operations primarily through private and public sales of equity, payments received under our license and collaboration agreements (including research and development services costs, upfront and milestone payments), government grants and loans.

As of March 31, 2022, we had a total of $100.3 million in cash, cash equivalents and investments. We have incurred losses in every period since inception, including the three months ended March 31, 2022 and 2021, and have a total accumulated deficit of $262.2 million as of March 31, 2022.

We have several research and development programs underway in varying stages of development, and we expect they will continue to require increasing amounts of cash for development, conducting clinical trials and testing and manufacturing of product material. We expect cash necessary to fund operations will increase significantly over the next several years as we

continue to conduct these activities necessary to pursue governmental regulatory approval of clinical-stage programs and our other product candidates.

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

	Three Months Ended March 31,	
	2022	2021
Net cash (used in) operating activities	$ (22,643)	$ (12,138)
Net cash (used in) investing activities	(16,948)	(28)
Net cash provided by financing activities	6,558	9,693

Net cash used in operating activities for the three months ended March 31, 2022 was $22.6 million compared to net cash used in operations of $12.1 million for the three months ended March 31, 2021. Cash used in the current period is impacted by lower deferred revenue, primarily driven by higher revenue recognized for AstraZeneca and Servier, lower accounts payable and accrued expenses and higher prepaid expenses, offset partially by lower accounts receivables. This compares to the impact of higher accounts receivables (due to the $13.0 million milestone due from AstraZeneca for the start of the Phase 2a trial for PRS-060/AZD1402) and prepaid expenses, offset partially by higher accounts payable and accrued expenses, along with an increase in deferred revenue amounts, primarily due to the Seagen and AstraZeneca modifications in the prior period.

The change in net cash used in investing activities for the three months ended March 31, 2022 compared to net cash used investing activities for the same period in 2021 is mainly attributable to the impact of net investments changes (purchase of investments as a result of rising interest rates in 2022) for which there is no activity in the comparable prior year period. Additionally, purchases of property and equipment were slightly higher in the current period as compared to the same period in 2021.

Cash provided by financing activities for the three months ended March 31, 2022 was $6.6 million as compared to $9.7 million for the same period in 2021. The decrease in the current period compared to the prior period is driven by the amendment to our strategic collaboration agreement with Seagen in 2021, which resulted in their purchase of $10.0 million of our common stock, whereas cash provided in the current period is due to sales under the 2021 ATM Program.

In August 2021, we established the 2021 ATM Program under the existing sales agreement with Jefferies LLC, pursuant to which we may offer and sell shares of its common stock, from time to time, up to an aggregate amount of gross sales proceeds of $50.0 million. The 2021 ATM Program is offered under a shelf registration statement on Form S-3 that was filed with and declared effective by the SEC in August 2021. For the three months ended March 31, 2022, we sold 1.8 million shares for gross proceeds of $6.7 million under the 2021 ATM program at an average stock price of $3.64.

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

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

- the scope, rate of progress, results and cost of our clinical studies, preclinical testing and other related activities;
- the cost of manufacturing clinical supplies, and establishing commercial supplies, of our drug candidates and any products that we may develop;
- the number and characteristics of drug candidates that we pursue;
- the cost, timing and outcomes of regulatory approvals;
- the cost and timing of establishing sales, marketing and distribution capabilities;
- the terms and timing of any collaborative, licensing and other arrangements that we may establish;
- the timing, receipt and amount of sales, profit sharing or royalties, if any, from our potential products;
- the cost of preparing, filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights;

- the extent to which we acquire or invest in businesses, products or technologies, although we currently have no commitments or agreements relating to any of these types of transactions; and
- the effects of the COVID-19 pandemic and the cost and timing of actions taken to contain it.

In addition, any unfavorable development or delay in the progress of our core clinical-stage programs including cinrebafusp alfa, PRS-060/AZD1402, PRS-344/S095012 and PRS-220 could have a material adverse impact on our ability to raise additional capital.

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

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

Off-Balance Sheet Arrangements

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

Critical Accounting Policies and Estimates

Refer to Part II, Item 7, “Critical Accounting Policies and Estimates” of our Annual Report on Form 10-K for the fiscal year ended on December 31, 2021 for a discussion of our critical accounting policies and estimates.

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

We believe that our most critical accounting policies are those relating to revenue recognition, contingencies, research and development expense and income taxes, and there have not been significant changes to our accounting policies discussed in the Annual Report on Form 10-K for the fiscal year ended on December 31, 2021.

Recently Issued Accounting Pronouncements

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

Smaller Reporting Company Status

Currently, we qualify as a smaller reporting company.

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

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

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

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

- An opportunity to continue utilizing the non-accelerated filer time-line requirements, which became applicable to us at the time of filing of our annual report for the year ending December 31, 2021.

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and such information is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our principal executive officer and principal financial officer have concluded that, based on such evaluation, our disclosure controls and procedures were effective as of March 31, 2022.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting identified in connection with the evaluation of such internal control required by Rules 13a-15(d) and 15d-15(d) under the Exchange Act that occurred during the quarter ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

Please refer to the complete Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021, filed with the SEC on March 2, 2022 for risks and uncertainties facing the Company that may have a material adverse effect on the Company's business prospects, financial condition and results of operations. There have been no material changes in the risk factors described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Exhibit Description		Incorporated by Reference herein from Form or Schedule	Filing Date	SEC File / Registration Number
10.1	Employment Contract by and between Pieris Pharmaceuticals GmbH and Tim Demuth, M.D., Ph.D., dated as of August 1, 2021	*			
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	*			
31.2	Certification of Principal Financial Officer and Principal Accounting Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	*			
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	**			

Exhibit Number	Exhibit Description		Incorporated by Reference herein from Form or Schedule	Filing Date	SEC File / Registration Number
32.2	Certification of Principal Financial Officer and Principal Accounting Officer Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	**			
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)				
101.SCH	Inline XBRL Taxonomy Extension Schema Document	*			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	*			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	*			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	*			
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	*			
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)	*			

* Filed herewith.

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

± Certain confidential portions of this Exhibit were omitted by means of marking such portions with brackets ("[***]") because the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.

\+ Indicates a management contract or compensatory plan.

SIGNATURES

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

PIERIS PHARMACEUTICALS, INC.

May 11, 2022 By: /s/ Stephen S. Yoder
Stephen S. Yoder
Chief Executive Officer and President
(Principal Executive Officer)

May 11, 2022 By: /s/ Thomas Bures
Thomas Bures
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

ARBEITSVERTRAG zwischen der Pieris Pharmaceuticals GmbH, Zeppelinstraße 3, 85399 Hallbergmoos vertreten durch die Geschäftsführer Stephen S. Yoder und Hitto Kaufmann, die allein zur Vertretung der Gesellschaft befugt sind, - nachfolgend auch die „**Gesellschaft**“ -, und **Dr. med. Tim Demuth** **Moritzstrasse 14b** **55130 Mainz** - nachfolgend auch der „**Mitarbeiter**“ -, - Gesellschaft und Mitarbeiter nachfolgend zusammen auch die „**Parteien**“, jeder gesondert auch die „**Partei**“ -	**EMPLOYMENT CONTRACT** between Pieris Pharmaceuticals GmbH, Zeppelinstraße 3, 85399 Hallbergmoos represented by its Managing Directors Stephen S. Yoder and Hitto Kaufmann, who are authorized to represent the Company alone, - hereinafter also referred to as the **“Company”,** and **Dr. med Tim Demuth** **Moritzstrasse 14b** **55130 Mainz** - hereinafter also referred to as the **“Employee”** - , - Company and Employee hereinafter collectively also the **“Parties”**, each of them individually also a **“Party”** -
§ 1 **Beginn des Arbeitsverhältnisses, Probezeit, Tätigkeit und Aufgabengebiet, Dienstort, aufschiebende Bedingung**	**§ 1** **Beginning of Employment, Probationary Period, Job and Scope of Responsibilities, Workplace, Condition Precedent**
(1) Das Arbeitsverhältnis beginnt am 01. Dezember 2021 (oder früher) und wird auf unbestimmte Zeit abgeschlossen.	(1) The employment relationship shall commence on December 01, 2021 (or earlier) and is entered for an indefinite term.
(2) Die ersten 6 Monate des Arbeitsverhältnisses gelten als Probezeit. Während dieser Zeit kann das Arbeitsverhältnis von beiden Parteien mit einer Frist von zwei Wochen gekündigt werden. Das Recht beider Parteien zur außerordentlichen Kündigung des Arbeitsverhältnisses aus wichtigem Grund bleibt unberührt.	(2) The first six months of the employment shall be deemed as a probationary period. During this time, both Parties shall be entitled to terminate the employment in observance of a notice period of two weeks. Both Parties’ right to terminate the employment relationship with important cause and immediate effect shall remain unaffected.
(3) Der Mitarbeiter wird für die Gesellschaft nach Maßgabe dieses Arbeitsvertrages als Chief Medical Officer tätig.	(3) The Employee shall be employed by the Company according to the terms of this Employment Contract in the position of Chief Medical Officer.

(4) Der Mitarbeiter wird die ihm übertragenen Aufgaben gewissenhaft und nach seinem besten Können sowie nach Maßgabe der Weisungen der Geschäftsführung der Gesellschaft oder von ihr bestellter Vorgesetz-ter erfüllen.	(4) The Employee shall perform the responsibilities transferred to him to the best of his abilities as well as according to the instructions of the Company's management or the superior appointed by management.
(5) Die Gesellschaft ist berechtigt, dem Mitarbeiter jederzeit ein anderes, seinen Fähigkeiten und Qualifikationen entsprechendes zumutbares, gleichwertiges Aufgaben- und Verantwortungsgebiet zu übertragen.	(5) The Company is entitled at any time to transfer to the Employee another reasonable area of tasks and responsibility which is equal of value and corresponds to his capabilities and qualifications.
(6) Dienstort des Mitarbeiters ist der jeweilige Sitz der Gesellschaft.	(6) The workplace of the Employee shall be respective current seat of the Company.
(7) Der Abschluss dieses Arbeitsvertrages steht unter der aufschiebenden Bedingung der Vorlage eines Aufenthaltstitels sowie einer ggf. erforderlichen Arbeitsgenehmigung des Mitarbeiters, mit denen die Berechtigung zur Ausübung der Tätigkeit in Deutschland nach Maßgabe dieses Arbeitsvertrages nachgewiesen wird.	(7) The conclusion of this Employment Contract shall be contingent upon the Employee providing legal proof of his authorization to stay and work in Germany and to render the services pursuant to this Employment Contract.
§ 2 **Arbeitszeit, Überstunden und Reisezeiten**	**§ 2** **Work Hours, Overtime and Travel Times**
(1) Die Position ist Vollzeit. Die regelmäßige wöchentliche Arbeitszeit beträgt 40 Stunden. Beginn, Ende und Dauer der täglichen Arbeitszeit richtet sich, wie die Lage der Pausen, nach den arbeitgeberseitigen Vorgaben.	(1) The position is full-time. The Employee shall have a regular working time of 40 hours per week. Beginning, end and duration of the daily working time as well as the time of the breaks shall be determined by the Company.
(2) Der Mitarbeiter ist verpflichtet, zumutbare Über- oder Mehrarbeit zu leisten. Überstunden sind so zu leisten, wie es der situationsbedingte Arbeitsumfang erfordert und soweit dies gesetzlich zulässig ist. Sie dürfen nur auf ausdrückliche Anweisung der Gesellschaft geleistet werden. Sämtliche Überstunden sowie geleisteter Mehraufwand sind von dem Festgehalt nach § 3 Abs. 1 umfasst und hierdurch vollständig abgegolten.	(2) Within the statutory regulations the Employee is obliged, insofar as is necessary and reasonable, to work overtime. Overtime is to be rendered as required by workload and insofar as legally permissible. It shall not be rendered unless the Company has explicitly instructed the Employee to render such overtime. All rendered overtime as well as rendered additional work shall be deemed fully compensated by the fixed salary pursuant to § 3 para 1.
(3) Reise- und/oder Dienstfahrzeiten stellen selbst dann keine Arbeitszeit im Sinne des Arbeitszeitgesetzes dar, wenn diese von der Gesellschaft angeordnet wurden und/oder an einem Sonn- bzw. Feiertag erfolgen. Dies gilt	(3) Travel and/or business trip times do not constitute working time within the meaning of the Working Hours Act ("Arbeitszeitgesetz") even if they have been ordered by the Company and/or take

nur dann nicht, wenn (i) der Mitarbeiter durch die Reise selbst bereits die Hauptleistung seiner vertraglichen Verpflichtung erbringt oder (ii) die Gesellschaft den Mitarbeiter neben der Durchführung der Dienstreise zugleich auch noch anwies, während der Fahrt für die Gesellschaft Arbeitsleistung zu erbringen (z.B. mitgeführte Akten zu bearbeiten). Es besteht ausdrücklich keine Verpflichtung des Mitarbeiters, auf einer solchen Reise/Dienstfahrt selbst ein Fahrzeug zu steuern. Die Parteien sind verpflichtet, die Vorgaben des Arbeitszeitgesetzes einzuhalten.	place on a Sunday or public holiday. This only does not apply if (i) the Employee already performs the main part of his contractual obligation through the trip itself or (ii) the Company instructed the Employee not only to carry out the business trip but also to perform work for the Company during the trip (e.g. to process accompanying files). There is expressly no obligation on the part of the Employee to drive a vehicle himself on such a travel/business trip. The Parties are obliged to comply with the provisions of the Working Hours Act
(4) Vergütungspflichtig sind Reise- und/oder Dienstfahrzeiten im Sinne von Abs. 3 nur dann, wenn diese in die reguläre werktägliche Arbeitszeit des Mitarbeiters fallen oder die Gesellschaft die Vergütungspflicht ge-genüber dem Mitarbeiter im Einzelfall jedenfalls in Textform bestätigt hat. Hierdurch darf jedoch nicht der dem Mitarbeiter für tatsächlich geleistete vergütungspflichtige Arbeit nach § 1 Abs. 1 MiLoG zustehende Anspruch auf den Mindestlohn unterschritten werden.	(4) Travel and/or business trip times within the meaning of para. 3 shall only be subject to remuneration if they fall within the Employee's regular working hours or if the Company has confirmed the remuneration obligation vis-à-vis the Employee in writing in individual cases. However, this must not result in the Employee's entitlement to remuneration for work actually performed and subject to re-muneration falling below the entitlement to the minimum wage in accordance with Sec. 1 para. 1 of the Minimum Wage Law ("Mindestlohngesetz").
§ 3 **Vergütung**	**§ 3** **Remuneration**
(1) Der Mitarbeiter erhält eine Bruttovergütung von EUR 350.000,-- (dreihundertfünfzigtausend) jährlich. Die Jahresvergütung wird in 12 gleichen Raten bargeldlos gezahlt. Die Raten werden jeweils zum Ende eines Kalendermonats zahlbar.	(1) The employee shall receive a yearly gross remuneration of EUR 350.000,-- (three hundred and fifty thousand). The yearly remuneration is paid in 12 equal installments by bank-transfer. The installments are due for payment at the end of each calendar month.
(2) Nach erfolgreicher Beendigung der Probezeit erhält der Mitarbeiter einen einmaligen „Sign-on"-Bonus in Höhe von EUR 110.000,- (brutto). Sollte der Mitarbeiter die Firma innerhalb von 24 Monaten nach Ende der Probezeit kündigen, ist der Bonus entsprechend nachfolgender Regelung zurückzuzahlen: Erfolgt die Kündigung innerhalb von 12 Monaten nach Ende der Probezeit, ist der volle Betrag zurückzuzahlen. Erfolgt die Kündigung nach 12 Monaten nach Ende der Probezeit und	(2) Upon successful completion of the probation period, the employee shall receive a one-time "sign-on" bonus of EUR 110.000, - (gross). If the employee resigns from the company within 24 months of the end of the probationary period, the bonus must be repaid, according to the following schedule: If the resignation occurs within 12 months after the end of the probationary period, the full amount must be repaid. If the resignation takes place

innerhalb von 24 Monaten nach Ende der Probezeit, ist der hälftige Betrag zurückzuzahlen.	after 12 months after the end of the probationary period and within 24 months after the end of the probationary period, half of the amount must be repaid.
(3) Bei vollständiger Erfüllung von jährlich neu festzusetzenden Zielvorgaben erhält der Mitarbeiter zusätzlich zu der Festvergütung nach Abs. 1 einen jährlichen Bonus in Zielhöhe von 40% der jährlichen Bruttovergütung. Im Eintritts- und Austrittsjahr und für Zeiten, in denen aus sonstigen Gründen kein Anspruch auf die Vergütung gemäß Abs. 1 besteht, reduzieren sich die zu erreichenden Ziele, die darauf entfallenden Bonus-Teilbeträge und die Höhe des vollen Jahreszielbonus (100%) jeweils um 1/12 für jeden vollen Monat des Nichtbestehens des Arbeitsverhältnisses bzw. des Vergütungsanspruchs gemäß Abs. 1. Teile eines Monats werden anteilig berechnet. Die Auszahlung eines etwaigen Bonus wird nach dem jährlichen Annual Review des Mitarbeiters bestimmt und ausbezahlt, jedenfalls aber Ende März des auf das Geschäftsjahr folgenden Kalenderjahres.	(3) In the instance of full achievement of targets to be determined each year, the Employee is entitled to an annual bonus in the target amount of 40% of his respective yearly gross base salary in addition to his base salary pursuant to para 1. In the year of entry and the year of exit and for those times during which, for other reasons, no entitlement to salary exists as per para 1 the to be achieved targets, the partial bonus amounts that relate to it and the amount of the full annual target bonus (100%) are each reduced by 1/12 for each full month of nonexistence of the employment and/or entitlement to salary respectively as per para 1. Parts of a month are calculated proportionally. Such bonus amounts shall be determined and paid out after the Employee's Annual Review, however, no later than the end of March of the calendar year following the respective business year.
(4) Gehaltsüberzahlungen sind durch den Mitarbeiter zurückzuerstatten. Die Gesellschaft ist zur Verrechnung von überzahlten Bezügen im Rahmen folgender Gehaltszahlungen berechtigt. Der Einwand des Wegfalls der Bereicherung (§ 818 Abs. 3 BGB) ist ausgeschlossen.	(4) Overpayments of salary are to be reimbursed by the Employee. The Company shall be entitled to set-off overpaid amounts within the framework of subsequent salary payments. The defense of the lapse of unjust enrichment (Sec. 818, para. 3 German Civil Code (BGB)) is precluded.
(5) Etwaige Steuern im Zusammenhang mit der Gewährung von Sachbezügen sind von dem Mitarbeiter zu zahlen.	(5) Any taxes in connection with the grant of benefits or payments in kind are to be paid by the Employee.
(6) Der Mitarbeiter ist berechtigt, an dem Optionsprogramm der Pieris Pharmaceuticals, Inc. teilzunehmen. Die Voraussetzungen und der Umfang der Teilnahme bestimmen sich allein nach den zwischen dem Mitarbeiter und der Pieris Pharmaceuticals, Inc. zu treffenden Vereinbarungen. Es gibt keine Ansprüche des Mitarbeiters gegen die Gesellschaft aus dem Optionsprogramm. Die Gesellschaft wird die Zuteilung von 360.000 Aktienoptionen der Pieris Pharmaceuticals, Inc. beim Aufsichtsrat	(6) The Employee shall be eligible to participate in the option pool of Pieris Pharmaceuticals, Inc., the preconditions und extent of which shall be solely agreed between Pieris Pharmaceuticals, Inc. and the Employee. There are no entitlements of the Employee against the Company based on the option pool. The Company shall request a grant of 360,000 stock options of Pieris Pharmaceuticals, Inc. from

der der Pieris Pharmaceuticals, Inc. beantragen.	the Board of Directors Pieris Pharmaceuticals, Inc.
(7) Die Gesellschaft wird zu Gunsten des Mitarbeiters eine betriebliche Altersversorgung abschließen mit einer Beitragshöhe von 2% des jeweils aktuellen Festgehalts bis zur Höhe der jeweils gültigen Beitragsbemessungsgrenze der gesetzlichen Rentenversicherung sowie 4% des jeweils aktuellen Festgehalts über der jeweils gültigen BBG der gesetzlichen Rentenversicherung.	(7) The Company shall conclude a company pension plan in favor of the employee with a contribution amount of 2% of the respective current fixed salary up to the amount of the respective valid social security ceiling of the statutory pension insurance and 4% of the respective current fixed salary above the respective valid BBG of the statutory pension insurance.
§ 4 **Spesen und Auslagen** Notwendige Reisekosten und Spesen werden dem Mitarbeiter durch die Gesellschaft im Rahmen der steuerlichen Höchstbeträge erstattet. Die Erstattung von Reisekosten und Spesen setzt den Nachweis durch Vorlage entsprechender Belege voraus. Einzelheiten können sich aus einer etwaigen Spesen- und Reisekostenrichtlinie der Gesellschaft ergeben.	**§ 4** **Expenses and Expenditures** Necessary travel costs and expenses shall be reimbursed to the Employee by the Company within the framework of the maximum amounts permitted according to the tax regulations. The reimbursement of travel costs and expenses prerequisites provision of proof by submission of respective receipts. Details can be set forth in a possible Expenses and Travel Costs Directive of the Company.
§ 5 **Erholungsurlaub** (1) Der Mitarbeiter hat Anspruch auf den gesetzlichen Mindesturlaub von 20 Arbeitstagen pro Kalenderjahr bezogen auf eine 5-Tage-Woche. Die Festlegung des Urlaubs erfolgt durch die Gesellschaft unter Berücksichtigung der Wünsche des Mitarbeiters, die der Gesellschaft rechtzeitig mitzuteilen sind. Dringende betriebliche Gründe gehen vor.	**§ 5** **Holiday** (1) The Employee shall receive the statutory minimum vacation of 20 working days per calendar year, based on a week of 5 working days. It shall be up to the Company to decide when to take vacation, however, hereby taking the Employee's wishes in consideration of which the Employee shall inform the Company in due time. Urgent operational reasons shall prevail.
(2) Zusätzlich gewährt die Gesellschaft dem Mitarbeiter einen Urlaubsanspruch von 10 Arbeitstagen im Kalenderjahr basierend auf einer Fünf-Tage-Woche. Für diesen zusätzlichen, übergesetzlichen Urlaub gilt, abweichend von den rechtlichen Vorgaben für den gesetzlichen Mindesturlaub, dass der Urlaubsanspruch spätestens nach Ablauf des Übertragungszeitraums gem. § 7 Abs. 3 BUrlG (31. März. Des Folgejahres) verfällt, auch dann, wenn der Urlaub aus vom Mitarbeiter nicht zu vertretenden Gründen (zum	(2) Additionally, the Company grants the Employee a contractual vacation of 10 working days per calendar year based on a Five-working-day-week. Notwithstanding the legal requirements for the statutory minimum vacation, the entitlement to this additional vacation shall lapse at the latest following the expiration of the transfer term pursuant to Sec. 7 para 3 of the German Federal Holiday Act (BUrlG) (March 31 of the following year), if the vacation cannot be taken due to reasons for which

Beispiel wegen Arbeitsunfähigkeit) nicht genommen werden kann. Vom Mitarbeiter genommene Urlaubstage werden zuerst auf den gesetzlichen Mindesturlaub nach Abs. 1 angerechnet.	the Employee does not bear any responsibility (for example illness of the Employee). Holidays taken by the Employee shall be imputed to the statutory minimum vacation pursuant to para 1 first.
(3) Scheidet der Mitarbeiter unterjährig aus dem Arbeitsverhältnis aus, so richtet sich die Höhe des anteiligen gesetzlichen Mindesturlaubs gemäß Abs. 1 nach den gesetzlichen Vorschriften (§ 5 BUrlG). Hinsichtlich des vertraglichen Zusatzurlaubs gemäß Abs. 2 erhält der Mitarbeiter den zeitanteiligen Urlaubsanspruch (*Zwölftelungsprinzip*); vertraglicher Zusatzurlaub gemäß Abs. 2, der nicht bis zum Ende des Arbeitsverhältnisses genommen wurde, verfällt ersatzlos.	(3) If the Employee leaves the Company during a calendar year, he is entitled to the statutory holiday entitlement for this calendar year in accordance with the statutory provisions (Sec. 5 of the German Federal Leave Act). As to the additional contractual vacation pursuant to para 2, the Employee is entitled to a pro rata temporis holiday entitlement (*Zwölftelungsprinzip*); additional contractual vacation pursuant to para 2 which was not taken until termination of employment, shall lapse without replacement.
(4) Hat der Mitarbeiter im Zeitpunkt seines Ausscheidens aus dem Unternehmen mehr Urlaub erhalten, als ihm zusteht, so hat er den auf den zu viel gewährten Urlaub entfallenden Abgeltungsbetrag zu erstatten. Dies gilt nicht hinsichtlich des gesetzlichen Mindesturlaubs, wenn die Zuvielgewährung von Urlaub darauf beruht, dass der Mitarbeiter nach erfüllter Wartezeit in der ersten Hälfte des Kalenderjahres ausscheidet.	(4) If the Employee, by the time he leaves the Company, has received more vacation than he was entitled to, he shall compensate the Company for such vacation additionally received. This shall not apply with regard to the statutory minimum vacation, provided the vacation granted without entitlement was granted because the Employee leaves the Company after the waiting period in the first half of the calendar year.
(5) Konnte der Mitarbeiter den gesetzlichen Mindesturlaub gemäß Abs. 1 ganz oder teilweise aus von ihm nicht zu vertretenden Gründen nicht nehmen und besteht deswegen sein Urlaubsanspruch noch, so hat er die Erteilung des Urlaubs innerhalb einer Ausschlussfrist von drei Monaten nach Wiedererlangung der Arbeitsfähigkeit schriftlich geltend zu machen. Die Versäumnis der Frist führt zum Verfall des Anspruchs. Für den Fall, dass der Mitarbeiter den Urlaub wegen einer medizinisch belegten Krankheit nicht in diesen ersten drei Monaten des Folgejahres nehmen kann, besteht der nicht genommene Urlaubsanspruch maximal noch für eine weitere Dauer von 12 Monaten (d.h. insgesamt 15 Monate nach Ablauf des betreffenden Kalenderjahres) fort, jedoch lediglich in Höhe des gesetzlichen Mindesturlaubs.	(5) If the Employee was not able to take the statutory minimum vacation according to para 1, in whole or in part, due to reasons for which he does not bear the legal responsibility, so that he continues to have his holiday entitlement, he shall assert such entitlement to vacation in writing within a term of three months after resuming his capability to work. The failure to observe such time-limit results in the lapse of the claim. In case the Employee cannot take the vacation within the first three months of the following year due to an illness as proven by a medical certificate, the holiday entitlement shall continue to exist for another maximum term of 12 months (i.e. 15 months following the expiration of the respective calendar year in total), however, only in the amount of the statutory minimum vacation.

(6) Der Mitarbeiter darf während des Urlaubs keine dem Urlaubszweck widersprechende Erwerbstätigkeit aufnehmen.	(6) During his vacation, the Employee shall not carry out any gainful employment which contradicts the purpose of the vacation.
(7) Tritt der Mitarbeiter unterjährig in das Ar-beitsverhältnis ein, so richtet sich die Höhe des gesetzlichen Mindesturlaubs gemäß Abs. 1 nach den gesetzlichen Vorschriften des Bundesurlaubsgesetzes. Hinsichtlich des vertraglichen Zusatzurlaubs gemäß Abs. 2 erhält der Mitarbeiter auch dann nur den zeitanteiligen Urlaubsanspruch (Zwölftelungsprinzip), wenn der volle gesetzliche Mindesturlaubsanspruch gemäß § 4 BUrlG bereits erworben wurde. Der Mitarbeiter legt der Gesellschaft bei Arbeitsantritt eine Bescheinigung über den von ihm bei seinem letzten Arbeitsgeber genommenen bzw. abgegoltenen Urlaub vor.	(7) If the Employee enters into the Company during the course of a calendar year, the statutory minimum vacation pursuant to para 1 shall be determined in accordance with the provisions of the German Federal Leave Act. As to the additional contractual vacation pursuant to para 2, the Employee shall only be entitled to the pro rata temporis holiday entitlement (Zwölftelungsprinzip); even pro-vided that the entire statutory minimum entitlement pursuant to Sec. 4 of the German Federal Leave Act has already been accrued. Upon beginning of work, the Employee shall furnish the Company with a confirmation as to the vacation taken at or compensated by his former employer.
§ 6 **Arbeitsverhinderung und Krankheit**	**§ 6** **Inability to Work and Illness**
(1) Im Falle der Arbeitsverhinderung hat der Mitarbeiter der Gesellschaft die Gründe und die voraussichtliche Dauer seiner Verhinderung unverzüglich mitzuteilen. Bei Arbeitsverhinderung durch Krankheit hat der Mitarbeiter spätestens bis zum Ablauf des 3. Werktages nach Eintritt der Arbeitsverhinderung seine Arbeitsunfähigkeit und deren voraussichtliche Dauer durch ärztliches Attest nachzuweisen. Sollte die Krankheit länger als in der Arbeitsunfähigkeitsbescheinigung angegeben andauern, gelten die Sätze 1 und 2 entsprechend. Auf Verlangen der Gesellschaft ist der Mitarbeiter verpflichtet, bereits ab dem ersten Tag einer Arbeitsverhinderung durch Krankheit eine ärztliche Arbeitsunfähigkeitsbescheinigung beizubringen. Ärztliche Arbeitsunfähigkeitsbescheinigungen auf der Grundlage von Fernbehandlungen, die ausschließlich über das Internet ("online") durchgeführt werden, werden nicht als ordnungsgemäßer Nachweis einer krankheitsbedingten Arbeitsunfähigkeit anerkannt.	(1) In the event of inability to work, the Employee shall notify the Company without undue delay of his inability, together with a statement of the grounds and the foreseeable duration. In the event of inability to work due to the illness, the Employee shall prove such inability to work and the foreseeable duration thereof by a medical certificate at the latest up until the expiration of the third work day after occurrence of the inability to work. Should the illness last for a time period which extends beyond the time period stated in the medical certificate of inability to work, then sentences 1 and 2 hereof shall apply accordingly. Upon the demand of the Company, the Employee shall be obligated to provide a medical certificate already as of the first day of the inability to work due to illness. Medical certificates of inability to work based on remote treatment carried out exclusively via the Internet ("online") are not recognized as proper proof of inability to work due to illness.

(2) Ist der Mitarbeiter infolge von Krankheit oder Unfall verhindert zu arbeiten, ohne dass ihn ein Verschulden trifft, wird die Gesellschaft dem Mitarbeiter seine vertraglichen Bezüge nach Maßgabe der jeweils geltenden gesetzlichen Bestimmungen unter Anrechnung sämtlicher Leistungen, die dem Mitarbeiter von einer gesetzlichen oder privaten Krankenversicherung für den Verdienstausfall gezahlt werden, fortzahlen. Die Fortzahlung der Bezüge erfolgt längstens bis zur Beendigung des Anstellungsverhältnisses.	(2) Should the Employee be unable to work due to illness or accident, at no fault of his own, the Company shall continue to pay the Employee his contractual remuneration payments according to the respectively applicable statutory provisions, with crediting of all benefits which the Employee is paid by a statutory or private health insurance for the loss of earnings. The continuation of payment of remuneration shall occur for a maximum period up until the ending of the Employment Contract.
(3) Soweit die Arbeitsverhinderung auf einem Ereignis beruht, aufgrund dessen dem Mitarbeiter Schadensersatzansprüche gegen einen Dritten zustehen, werden diese in Höhe der Vergütungsfortzahlung an die Gesellschaft abgetreten. Der Mitarbeiter hat die Gesellschaft unverzüglich über von Dritten schuldhaft verursachte Arbeitsunfähigkeitszeiten zu informieren. Der Mitarbeiter ist verpflichtet, im Einzelfall eine schriftliche Abtretungserklärung zu unterzeichnen.	(3) Insofar as the inability to work is caused by an event by virtue of which the Employee is entitled to damage claims against a third party, these shall be assigned to the Company in the amount of the continued payment of remuneration. The Employee shall inform the Company without undue delay regarding periods of inability to work culpably caused by third parties. The Employee is obligated to sign a written assignment declaration in the individual case.
(4) Der Mitarbeiter hat im Falle einer sonstigen, also nicht auf Krankheit beruhenden unverschuldeten vorübergehenden Arbeitsverhinderung keinen Anspruch auf Fortzahlung seiner Vergütung. Die Regelung des § 616 BGB findet keine Anwendung.	(4) In cases of other temporary inability to work without fault on his part which is not caused by illness, the Employee shall not have a claim to continued payment of his remuneration. The regulation set forth in Sec. 616 BGB shall not apply.
(5) Überschreitet die Arbeitsunfähigkeit des Mitarbeiters eine Dauer von 6 Wochen innerhalb eines Zeitraums von 6 Monaten, unabhängig davon, ob die Dauer der Arbeitsunfähigkeit in einem zusammenhängenden Zeitraum oder in mehreren Einzelzeiträumen erfolgt (z.B. im Falle von Kurzerkrankungen), ist die Gesellschaft berechtigt, die Entgeltfortzahlung ab dem ersten Tag, der dem 6-Wochen-Zeitraum folgt, einzustellen. Dies gilt nicht, wenn der Mitarbeiter der Gesellschaft nachweist, dass die Voraussetzungen des § 3 Abs. 1 Satz 2 Entgeltfortzahlungsgesetz vorliegen.	(5) If the inability to work of the Employee exceeds a term of six weeks within an overall period of six months, irrespective of whether the duration of the inability to work takes place in a continuous term or in several individual terms (for example in the instance of short term illnesses), the Company shall be entitled to stop the continued remuneration as of the first day which follows the six-week-term. This shall not apply if the Employee proves to the Company that the requirements of section 3 para 1 clause 2 of the German Continued Remuneration Law are met.
(6) Der Mitarbeiter verpflichtet sich, im Falle der Arbeitsunfähigkeit nach Abs. 5 Satz 1 unverzüglich seine (gesetzliche oder private) Krankenversicherung über die Arbeitsunfähigkeit,	(6) In the instance of inability to work according to para 5 clause 1, the Employee shall inform his (statutory or private) health insurance without undue delay about the

deren Ursache und deren tatsächliche und voraussichtliche Dauer zu informieren. Hierzu wird er der Krankenversicherung entsprechende ärztliche Atteste sowie Folgeatteste übermitteln. Diesbezüglich findet Absatz 1 S. 3 entsprechende Anwendung.	inability to work, its cause and factual and estimated duration. In this regard, he will provide the health insurance with corresponding medical certificates as well as subsequent certificates. In this regard, para 1 clause 3 shall apply accordingly.
(7) Zur Beseitigung von Zweifeln an der Arbeitsunfähigkeit des Mitarbeiters ist dieser auf Aufforderung der Gesellschaft verpflichtet, sich von einem Arzt des Medizinischen Dienstes der Krankenkassen untersuchen zu lassen. Eine Untersuchung muss binnen 2 Tagen nach Aufforderung durch die Gesellschaft und Benennung des Arztes erfolgen. Der Arzt hat dann die Arbeitsunfähigkeit zu beurteilen, die der Gesellschaft schriftlich mitgeteilt wird. Der Arzt ist nicht verpflichtet, der Gesellschaft weitere Details zur Krankheit mitzuteilen.	(7) In order to eliminate doubts as to inability of the Employee to work, the Employee shall, upon request of the Company, undergo medical examination by a doctor of the "Medizinischer Dienst der Krankenkassen". Such examination shall take place within 2 days following the request of the Company and the appointment of a doctor. The doctor shall then assess the inability to work about which the Company shall be informed in writing. The doctor is not obliged to notify the Company of further details as to the illness.
(8) Verweigert der Mitarbeiter die Untersuchung nach Abs. 7, ist die Gesellschaft berechtigt, eine ansonsten gebotene Entgeltfortzahlung zurückzubehalten. Weitere arbeitsrechtliche Sanktionen bleiben hiervon unberührt.	(8) If the Employee refuses the examination according to para 7, the Company shall be entitled to withhold payment of continued remuneration which it otherwise would have to render. Further employment law sanctions shall remain unaffected hereby.
§ 7 **Nebentätigkeit / Wettbewerbsverbot**	**§ 7** **Side-line Activity / Prohibition of Competition**
(1) Der Mitarbeiter ist grundsätzlich verpflichtet, seine gesamte Arbeitszeit den Aufgaben und Pflichten nach diesem Arbeitsvertrag zu widmen. Während der Dauer des Arbeitsverhältnisses bedarf die Ausübung jeder entgeltlichen oder unentgeltlichen Nebentätigkeit und die Wahrnehmung von Ehrenämtern sowie das Halten von Beteiligungen an Unternehmen, die mit der Gesellschaft in Konkurrenz stehen, der ausdrücklichen vorherigen schriftlichen Zustimmung der Gesellschaft, die jedoch nur bei berechtigten Interessen der Gesellschaft verweigert werden darf. Ausgenommen von der Zustimmungspflicht sind der Erwerb und das Halten von Anteilen an börsennotierten Gesellschaften bis zu einer Grenze von 2% des Grundkapitals. Eine Mitgliedschaft in Aufsichts- oder Beiräten anderer Gesellschaften sowie sonstiger Institutionen, die im Zusammenhang mit dem	(1) The Employee shall on principle be obliged to dedicate his entire working capacity to the tasks and duties under this Employment Contract. During the term of this employment relationship, any side-line activities or honorary posts which the Employee takes up against or without payment as well as the ownership in companies which are in competition with the Company shall not be admissible except with the prior written approval of the Company, which may only be rejected upon justified interests of the Company. The purchase and ownership of shares of companies listed in a stock exchange up to a threshold of 2 % of the share capital shall be exempt from this obligation to consent. The membership in supervisory or advisory boards as well as other

Geschäftsgegenstand der Gesellschaft stehen oder sonst die Interessen der Gesellschaft oder eines mit ihr verbundenen Unternehmens ersichtlich berühren, bedarf ebenfalls der ausdrücklichen vorherigen schriftlichen Zustimmung der Gesellschaft. Eine erteilte Zustimmung kann jederzeit im Rahmen billigen Ermessens durch die Gesellschaft widerrufen werden.	institutions that have a connection to the corporate purpose of the Company or otherwise affect the interests of the Company, or a company affiliated with it, require prior written consent of the Company, too. A granted consent may be revoked by the Company at any time at its reasonable discretion.
(2) Dem Mitarbeiter ist es untersagt, während der Dauer dieses Vertrages in selbständiger, unselbständiger oder sonstiger Weise für ein Unternehmen tätig zu werden, das mit der Gesellschaft im direkten oder indirekten Wettbewerb steht oder mit einem Wettbewerbsunternehmen verbunden ist. In gleicher Weise ist es dem Mitarbeiter untersagt, während der Dauer dieses Verbots ein solches Unternehmen zu errichten, zu erwerben oder sich hieran unmittelbar oder mittelbar zu beteiligen. Das Wettbewerbsverbot gilt auch zugunsten der mit der Gesellschaft verbundenen Unternehmen. Im gleichen Maße ist es dem Mitarbeiter untersagt, während der Dauer dieses Vertrages direkt oder indirekt, selbst oder durch andere, Mitarbeiter und/oder Kunden der Gesellschaft oder der mit der Gesellschaft verbundenen Unternehmen abzuwerben oder abwerben zu lassen.	(2) During the term of the employment relationship, Employee shall be prohibited from working, whether directly or indirectly, whether on a self-employed basis or as employee, for any competing enterprise as well as from taking up any self-employed activities capable of competing with the Company. For the term of this prohibition, the Employee is also prohibited from founding or purchasing such a company and to take a share in it indirectly. The non-compete obligation shall also apply with regard to the affiliated companies of the Company. To the same extent, the Employee shall be prohibited from enticing away or to have enticed away, directly or indirectly, employees and/or customers of the Company or its affiliated companies for the term of this Employment Contract.
§ 8 **Annahme von Geschenken** Geschenke, Vergünstigungen oder sonstige Leistungen dritter Personen, insbesondere von Geschäftspartnern der Gesellschaft, die im Zusammenhang mit der Arbeit des Mitarbeiters stehen können, wird der Mitarbeiter unverzüglich an die Gesellschaft herausgeben oder ablehnen. Die Gesellschaft wird über jedes Angebot unverzüglich und vollständig unterrichtet.	**§ 8** **Acceptance of Gifts** Gifts, benefits or other payments of third parties, in particular, of business partners of the Company which could be made in connection with the work of the Employee shall be surrendered without undue delay to the Company or shall be refused. The Company shall be completely notified with regard to each offer without delay.
§ 9 **Geheimhaltungspflicht / Rückgabe von Gegenständen, Unterlagen und Daten** (1) Der Mitarbeiter wird sämtliche ihm aufgrund oder im Zusammenhang mit seiner Tätigkeit für die Gesellschaft bekannt werdenden Tatsachen und Umstände, insbesondere	**§ 9** **Confidentiality Obligation / Return of Objects, Documents and Data** (1) The Employee shall maintain as strictly confidential all facts and circumstances becoming known to him on the basis of or in connection with his work, in particular,

sämtliche Geschäfts- und Betriebsgeheimnisse sowie alle Geschäfts- und Betriebsdaten, die die Gesellschaft und die mit der Gesellschaft verbundenen Unternehmen oder deren Geschäftsbetrieb betreffen, streng vertraulich behandeln, geheim halten und Dritten nicht zugänglich machen. Dies gilt auch für alle sonstigen Kenntnisse, die der Mitarbeiter über Unternehmen und/oder Personen erwirbt, die als Vertragspartner oder in anderer Weise mit der Gesellschaft und den mit ihr verbundenen Unternehmen in Geschäftsbeziehung stehen. Diese Verpflichtung gilt auch nach Beendigung des Anstellungsverhältnisses. Zu den geheim zu haltenden Geschäftsgeheimnissen zählen insbesondere, aber nicht ausschließlich: • Geschäftsstrategien • wirtschaftliche Planungen • Preiskalkulationen und –gestaltungen • Wettbewerbsmarktanalysen • Umsatz- und Absatzzahlen • Personaldaten • Personalrestrukturierungskonzepte • Produktspezifikationen • Erfindungen, , technische Verfahren und Abläufe, die nicht öffentlich bekannt sind und einen wirtschaftlichen Wert für das Unternehmen darstellen • Kundendaten • Lieferantendaten • Passwörter, Zugangskennungen • Forschungsergbnisse	all business and trade secrets as well as all business and trade data which relates to the Company and the companies affiliated with the Company or their business operations and shall not make such accessible to third parties. This shall apply also for all knowledge which the Employee gains regarding companies and/or persons which/who are contract partners or otherwise have business relationships with the Company and the affiliated companies of the Company. This obligation shall apply also after the ending of the Employment Contract. The business secrets to be kept secret include in particular, but are not limited to: • business strategies • economic plans • price calculations and structures • competitive market analyses • turnover and sales figures • personnel data • personnel restructuring concepts • product specifications • Inventions, technical processes and procedures that are not publicly known and represent an economic value for the company • customer data • supplier data • Passwords, access codes.
(2) Alle Geschäftsunterlagen, Kundenlisten, Aufzeichnungen sowie sonstige Unterlagen, Gegenstände und Daten, gleich welcher Art, die die Gesellschaft und die mit ihr verbundenen und/oder in Geschäftsbeziehungen stehenden Unternehmen und/oder Personen betreffen, sind und bleiben Eigentum der Gesellschaft. Sie sind von dem Mitarbeiter so zu behandeln, als seien sie ihm als Geschäfts- und Betriebsgeheimnisse persönlich anvertraut. Der Mitarbeiter ist nicht berechtigt, Geschäftsunterlagen, Kundenlisten, Aufzeichnungen oder sonstige Unterlagen, Gegenstände und	(2) All business documents, customer lists, records as well as other documents, objects and data, of whatever kind, which relate to the Company and the affiliated companies of it and/or companies and/or persons having business relationships with it are and remain the property owned by the Company. These shall be so treated by the Employee as if these are entrusted to him as a business and trade secret. The Employee is not entitled to use business documents, customer lists, records or other documents, objects and

Daten für nicht dienstlich bezogene oder für fremde Zwecke zu nutzen oder Dritten zugänglich zu machen. Auf Verlangen der Gesellschaft sind vorstehende Gegenstände, Unterlagen und Daten, einschließlich sämtlicher wie auch immer hergestellter Kopien gleich welcher Art der Gesellschaft jederzeit, spätestens jedoch bei Beendigung des Anstellungsverhältnisses oder einer Freistellung zurückzugeben. Die Geltendmachung eines Zurückbehaltungsrechts ist ausgeschlossen. Auf Verlangen der Gesellschaft hat der Mitarbeiter die Vollständigkeit der Rückgabe mindestens in Textform zu versichern.	data for his own use or the use of third parties or to make such accessible to third parties. Upon the demand of the Company, the afore-mentioned objects, documents and data, including all copies whatsoever made thereof of whatever kind are to be returned to the Company at any time but, however, at the latest, upon the ending of the Employment Contract or upon a release from performance of the employment obligations. The claim of a right of retention is precluded. Upon request of the Company, the Employee shall confirm complete return of company property at least in text form.
§ 10 Rechte an Arbeitsergebnissen	**§ 10 Intellectual Property Rights**
(1) Erfindungen und technische Verbesserungsvorschläge, die der Mitarbeiter während seiner Tätigkeit für die Gesellschaft oder im Zusammenhang mit seiner Tätigkeit für die Gesellschaft oder aufgrund von Arbeitserzeugnissen der Gesellschaft gemacht oder erarbeitet hat, sind unverzüglich in Textform zu melden. Für patent- oder gebrauchsmusterfähige Erfindungen oder technische Verbesserungsvorschläge, die von der Gesellschaft verwertet werden, zahlt die Gesellschaft eine Arbeitnehmererfindervergütung nach den gesetzlichen Bestimmungen des Arbeitnehmererfindungsgesetzes. Abs. 12 S. 1 findet insoweit keine Anwendung.	(1) Inventions and technical improvement proposals which the Employee has created or made during or in connection with his services for the Company or on the basis of work products of the Company are to be notified immediately to the Company in text form. For patentable inventions and eligible utility models or technical improvement proposals that are exploited by the Company, the Employee shall be eligible to an invention remuneration by the Company according to the legal provisions of the Employee Inventions Act (*Arbeitnehmererfindungsgesetz*). Insofar para 12 cl. 1 shall not apply.
(2) Der Mitarbeiter überträgt hiermit im Wege der Abtretung an die Gesellschaft, die diese Abtretungen hiermit annimmt, unwiderruflich alle etwaig bestehenden und zukünftigen gewerblichen Schutzrechte, Urheberrechte und verwandte Schutzrechte sowie sonstige Ausschließlichkeitsrechte, insbesondere solche aus Patent-, Gebrauchsmuster-, Marken-, Design- oder Urheberrecht, an den Arbeitsergebnissen, die der Mitarbeiter während oder außerhalb der Arbeitszeit	(2) The Employee hereby irrevocably assigns and shall assign to the Company, which hereby accepts such assignment, all possibly existing and future intellectual property rights, copyrights and affiliated propriety rights as well as all other exclusive rights, including but not limited to rights from patents, utility patents, trademarks, designs or copyrights in and to the work results which the Employee obtains, within or outside his working hours,
a) während der Dauer seines Arbeitsverhältnisses erstellt und die einen Bezug zu seinen	a) during the term of his employment and which have a connection to his employment tasks, and /or

arbeitsvertraglichen Aufgaben haben, und/oder	
b) im Zusammenhang mit arbeitsvertraglichen Tätigkeiten für die Gesellschaft erworben hat, und/oder	b) in connection with his contractual services rendered on behalf of the Company, and/or
c) unter Verwendung von Material und/oder Arbeitszeit, die von der Gesellschaft zur Verfügung gestellt wurden, entwickelt oder erworben hat (nachfolgend zusammen die **„Arbeitsergebnisse“**), jeweils mit Wirkung zum Zeitpunkt ihres Entstehens. Zu den Arbeitsergebnissen gehören insbesondere Datenverarbeitungsprogramme, schriftliche Unterlagen (Dokumentationen, Handbücher etc.), Softwarebeschreibungen (Pflichtenhefte, Grob- und Feinspezifikationen etc.), Darstellungen in wissenschaftlicher und technischer Art (z.B. Pläne, Skizzen, Tabellen etc.), Datenbanken sowie Schulungsmaterialen und sonstige Bild- und Sprachwerke. Soweit eine Abtretung der oben genannten Rechte nicht möglich ist, überträgt der Mitarbeiter der Gesellschaft das ausschließliche, zeitlich, räumlich und inhaltlich unbeschränkte Nutzungs- und Verwertungsrecht für alle etwaigen nach Marken-, Gebrauchsmuster-, Urheberrecht und Design schutzfähigen Arbeitsergebnisse sowie allen unter sonstige Immaterialgüterrechte fallenden Arbeitsergebnisse. Die Übertragung schließt auch Rechte ein, die ggf. schon vor Aufnahme der Tätigkeit des Mitarbeiters für die Gesellschaft von ihm erworben wurden, sowie Rechte, die der Mitarbeiter privat und/oder im Ausland erworben hat, sofern die zuvor genannten Voraussetzungen lit. a) -c) (alternativ oder kumulativ) vorliegen.	c) upon use of material and/or work time provided by the Company (collectively the **“Work Results”**), in each case with effect from the time of their development. The Work Results shall include, but not be limited to, data processing programs, written documentation (documents, handbooks, etc.), software descriptions (system specifications, rough and subtle specifications, etc.), presentations of scientific and technical kind (for example plans, sketches, charts, etc.), data bases as well as teaching material and other image and language works. If and to the extent to, such assignment of the aforementioned rights is not possible, the Employee hereby assigns and shall assign to the Company the exclusive right of use and exploitation, which is unrestricted in terms of time, territory and subject-matter, for all possible protectable Work Results, which may otherwise be protectable according to utility patents, trademarks, designs or copyrights according to any other industrial property right, as well as all other Work Results capable of any other protection under intellectual property rights. This assignment shall also encompass rights which were generated prior to the Employee’s beginning of his services hereunder as well as rights obtained by the Employee in private and/or abroad, provided the preconditions under lit. a) – c) are met (alternatively or cumulatively).
(3) Die Übertragung nach Abs. 2 gilt auch für Manuskripte, Zeichnungen, Bilder einschließlich der Negative, Datenträger sowie sonstige Vorarbeiten und umfasst auch das Recht zur vollständigen oder teilweisen Übertragung	(3) The grants of rights pursuant to para 2 shall also encompass and relate to manuscripts, drawings, pictures including negatives, data carrier plus any other preparatory work. It shall also include the right to complete or partial transfer of

von Nutzungsrechten und zur Vergabe von Lizenzen an Dritte. Von der Rechteübertragung nach Abs. 2 umfasst sind insbesondere auch die folgenden Rechte:	exploitation rights and to grant licenses to third parties. The assignment of rights pursuant to para 2 shall also include, but not be limited to, the following rights:
a) das Vervielfältigungsrecht, insbesondere das Recht, die Arbeitsergebnisse oder deren Bearbeitungen vollständig oder teilweise, dauerhaft oder vorübergehend mit jedem Mittel und in jeder Form auf allen Speichermedien körperlich festzulegen sowie dauerhaft oder vorübergehend durch Laden, Anzeigen, Ablaufen, Übertragen und/oder Speichern zum Zwecke der Ausführung und/oder der Verarbeitung von Datenbeständen zu vervielfältigen;	a) The right of permanent or temporary reproduction of the Work Results by any means and in any form, in part or in whole, including loading, displaying, running, transmission, and/or storage and copies of the Work Results for the purpose of processing and reproduction of database;
b) das Verbreitungsrecht, also insbesondere das Recht, die Tätigkeitsergebnisse oder deren Bearbeitungen oder Vervielfältigungsstücke hiervon einem oder mehreren Dritten entgeltlich oder unentgeltlich, dauerhaft oder vorübergehend auf alle Verbreitungs- und Vertriebsarten und -wege körperlich weiterzugeben;	b) the right of distribution, in particular the right of transferring the Work Results or their editing or reproductions to one or more third parties free of charge or for a consideration, permanent or temporary and in any form;
c) das Vermiet- und Verleihrecht, insbesondere das Recht, die Arbeitsergebnisse zu vermieten und/oder zu verleihen;	c) the rental right and lending right, in particular the right to rent and lend the Work Results
d) das Datenbankrecht, also insbesondere das Recht, die Arbeitsergebnisse in eine Datenbank einzuspeisen oder als Sammlung, die durch ein Datenbankmanagementsystem verwaltet wird, auf beliebigen Datenträgern zu speichern, diese Datenträger in beliebiger Form zu vervielfältigen, zu verbreiten, zu vermieten, zu verleihen und/oder online, insbesondere im Internet bzw. WWW, bereitzuhalten, zu übertragen, wiederzugeben, öffentlich zugänglich zu machen und/oder vorzuführen oder, soweit der Vertragsgegenstand Datenbanken enthält, das Recht, diese Datenbanken oder einen nach Art oder Umfang wesentlichen Teil der Datenbanken zu vervielfältigen, zu verbreiten und/oder öffentlich wiederzugeben oder öffentlich zugänglich zu machen;	d) the database right, i.e. in particular the right to collect or store the Work Results in a data bank, or as a collection which is administrated by a data bank management system on data carriers, to duplicate such data carriers in every possible form, to distribute, lease and lend, to borrow, and/or to store, transfer, reproduce, make available and/or display online, in particular in the internet or WWW, or, to the extent the contract ma-ter includes data banks, the right of re-production, distribution and/or publicly display or making available such data-bases or a part which is material due to its kind or extent;
e) das Recht der Öffentlichen Zugänglichmachung (making-available), insbesondere also das Recht, die Arbeitsergebnisse elektronisch, ganz oder teilweise, drahtgebunden, über Fernleitung oder draht- oder kabellos zu übertragen	e) the right of public access (making-available), thus, in particular the right to transmit the Work Results online or electronically, in part or in whole, via cable or

und/oder gegenüber der Öffentlichkeit oder geschlossenen Benutzerkreisen in einer Weise zugänglich zu machen, dass es diesen von Orten und zu Zeiten ihrer Wahl zugänglich ist;	wireless, and/or the right of public or non-public flexible (time and location) access;
f) das Online-Übertragungsrecht und das Online-Wiedergaberecht, also das Recht, die Arbeitsergebnisse elektronisch, ganz oder teilweise, drahtgebunden, über Fernleitung oder draht- oder kabellos, insbesondere über das Internet, das WWW oder über andere Online Dienste und/oder über beliebige interne oder externe Netzwerke (insbesondere WAN, LAN, W-LAN) oder per Funk Dritten zugänglich zu machen, zu versenden, zu übertragen, insbesondere auf Einzelabruf, per E-Mail und/oder im Rahmen einer Push-Applikation und/oder die Arbeitsergebnisse auf diesem Weg zu übertragen, zu senden und/oder öffentlich wiederzugeben;	f) the right to online-transmission and online-reproduction, i.e. the right to transmit, transmit electronically, in whole or in part, wired, via telecommunication or wireless, in particular via internet or other online services or via any internal or external network (in particular WAN, LAN, W-LAN) or by funk to third parties, in particular for individual requests, by e-mail and/or in the form of an electronic transmission, and/or to transmit, send and/or publicly display the Work Results in such way to third parties,
g) das Vorführrecht, also das Recht, die Arbeitsergebnisse öffentlich vorzuführen;	g) the right to perform, i.e. the right to present the Work Results in public;
h) das Bearbeitungsrecht, insbesondere das Recht die Arbeitsergebnisse in andere Produkte der Gesellschaft oder eines Dritten zu integrieren bzw. integrieren zu lassen, sie in beliebiger Weise zu ändern, zu erweitern, zu implementieren, zu übersetzen, zu überarbeiten, zu arrangieren oder sonst wie umzuarbeiten oder umzugestalten, an die Bedürfnisse der Gesellschaft oder von Dritten anzupassen, in andere Programmsprachen und/oder für andere Betriebssysteme zu konvertieren und/oder in andere Darstellungsformen zu übertragen sowie die dadurch jeweils gewonnenen Ergebnisse wie die Arbeitsergebnisse selbst zu nutzen;	h) the right to edit, in particular the right to integrate Work Results into other products of the Company or of a third party, to change, extend, implement, translate, revise, arrange or otherwise alter or transform them in any manner, to adapt them to the needs of the Company or third parties, to convert them into other program languages or for other operating systems or to transfer them into other forms of presentation, and the respective results obtained thereby;
i) das Recht der Digitalisierung, insbesondere das Recht, die Arbeitsergebnisse digitalisiert zu erfassen, nicht digitalisierte, im Zusammenhang mit den Arbeitsergebnissen stehende Inhalte, Multimediaapplikationen und Begleitmaterial der Arbeitsergebnisse, insbesondere Dokumentationen, zu digitalisieren und/oder die Arbeitsergebnisse mit anderen Werken in digitalisierter Form zu verbinden; und	i) the right of digitization, in particular the right to digitize the Work Results, to digitize non-digitalized content, multimedia applications and supporting material of the Work Results, in particular documentation, or to combine the Work Results with other works in digitized form; and
j) das Recht, die Arbeitsergebnisse zu nutzen, insbesondere Erzeugnisse unter Verwendung der Arbeitsergebnisse herzustellen,	j) the right to use the Work Results, in particular to create, offer, place on the market, use or possess for these purposes

anzubieten, in Verkehr zu bringen, zu gebrauchen oder zu diesen Zwecken zu besitzen oder Verfahren unter Verwendung der Arbeitsergebnisse anzuwenden. Die Parteien sind sich darüber einig, dass die vorgenannten Aufzählungen lediglich beispielhaft und nicht abschließend sind. Der Mitarbeiter überträgt der Gesellschaft auch die Rechte für sämtliche noch unbekannte Nutzungsarten.	products using the Work Results, or to apply procedures using the Work Results The Parties agree that the aforementioned enumerations shall be made as an example only and shall not be deemed final. The Employee hereby assigns and shall assign to the Company all rights also for unknown forms of use.
(4) Die vorstehende Rechteübertragung gilt auch für die Zeit nach Beendigung des Arbeitsverhältnisses, ohne dass hierfür ein zusätzlicher Vergütungsanspruch entsteht.	(4) The preceding assignment of rights shall apply also after termination of the Employment Contract, which will not result any additional claim to remuneration.
(5) Die Regelung in § 69 b des Urheberrechtsgesetzes zur Urheberschaft in Arbeits- und Dienstverhältnissen bleibt unberührt. Für designfähige Werke gilt die gesetzliche Vorschrift des § 7 Abs. 2 Designgesetzes.	(5) Sec. 69 b UrhG which regulates the creatorship in employment and service relationships shall remain unaffected by this Employment Contract. For a work of eligible for design protection, the statutory provisions of § 7 subparagraph 2 design patent law shall apply.
(6) Sämtliche vorstehenden Rechte sind der Gesellschaft spätestens zum Zeitpunkt ihrer Entstehung als ausschließliche Rechte übertragen und können von der Gesellschaft nach freiem Belieben ganz oder teilweise auch in Form einer ausschließlichen oder nicht ausschließlichen Berechtigung auf Dritte weiter übertragen werden.	(6) All aforementioned shall be deemed transferred to the Company as exclusive rights immediately upon their creation. The Company shall be entitled to further assign such rights, as a whole or in part, on an exclusive or non-exclusive basis, to third parties in its own sole discretion.
(7) Der Mitarbeiter verzichtet insoweit auf seine etwaigen Nutzungsrechte an den Arbeitsergebnissen, einschließlich des Zugangsrechts gem. § 25 UrhG. Die Gesellschaft nimmt diesen Verzicht an. Dem Mitarbeiter ist es insbesondere, aber nicht ausschließlich, strengstens untersagt, die Arbeitsergebnisse, oder Teile davon, für eigene Zwecke, sowohl privater als auch beruflicher, insbesondere gewerblicher Art, zu nutzen. Hierzu zählt unter anderem auch die Nutzung der Arbeitsergebnisse, oder Teilen davon, zum Zwecke der Eigenwerbung und/oder der Verwendung als Arbeitsproben.	(7) The Employee shall, in this respect, waive any rights it holds inclusive the right of access as per Sec. 25 of the German Copyright Act (UrhG) to use the Work Results himself. The Company accepts this waiver. The Employee is strictly forbidden in particular (but not exclusively) from using the Work Results or parts thereof for its own purposes, both of a private and professional, specifically commercial nature. This also includes, amongst other things, the use of Work Results or parts thereof for the purposes of self-promotion and/or as work samples.
(8) Eine Verpflichtung der Gesellschaft zur Anmeldung oder Verwertung der Nutzungsrechte besteht nicht. Das dem Mitarbeiter nach den Bestimmungen des	(8) The Company is not obliged to register or use the rights to exploitation. The possible right of the Employee to revoke pursuant to the provisions of the German

Urheberrechtsgesetzes eventuell zustehende Rückrufsrecht wegen Nichtausübung der jeweils übertragenen Nutzungsrechte ist für die Dauer von fünf Jahren ab deren Übertragung ausgeschlossen. Der Rückruf kann erst erklärt werden, nachdem der Mitarbeiter der Gesellschaft eine Nachfrist von zwei Jahren unter Aufforderung zu im Einzelnen bezeichneten Nutzungen gesetzt hat.	Copyright Act due to a failure of the Company to exercise the granted or transferred rights shall be excluded for a term of five years since the grant or transfer of rights. Revocation may be declared only if the Employee had set a deadline to the Company of two years, hereby requesting the exploitation method which must be specifically referred to.
(9) Der Mitarbeiter ist im Rahmen seines Bestimmungsrechts gemäß § 13 S. 2 UrhG damit einverstanden, dass eine Benennung und Bezeichnung des Mitarbeiters als Urheber im Rahmen der Verwertung der vertragsgegenständlichen Rechte nicht erfolgt. Die Parteien stimmen darin überein, dass Urheberpersönlichkeitsrechte und ähnliche Rechte des Mitarbeiters im weitest zulässigen Umfang ausgeschlossen sind.	(9) As part of his right to determination according to Sec. 13 clause 2 UrhG, the Employee hereby consents that he is not named as creator within the exploitation of the contractual rights hereunder. The Parties agree that moral rights and similar rights of the Employee shall be excluded to the largest possible extent.
(10) Der Mitarbeiter stellt eine angemessene Dokumentation seiner patentierbaren, urheberrechtsfähigen und sonst schützbaren Arbeitsergebnisse sicher, muss diese Dokumentation auf dem aktuellen Stand halten, sie der Gesellschaft jederzeit zu Verfügung stellen und ihr sämtliche Nutzungsrechte daran einräumen. Ferner soll der Mitarbeiter die Gesellschaft, ihre Rechtsnachfolger und Abtretungsempfänger auf deren Anforderung beim Erwerb von möglichen Schutzrechten an Arbeitsergebnissen unterstützen und ihnen ermöglichen, sich den vollen und ausschließlichen Nutzen und die Vorteile der Arbeitsergebnisse zu sichern und diese zu verwerten. Der Mitarbeiter soll dementsprechend sämtliche Anmeldungen, Abtretungserklärungen und andere rechtsverbindliche Erklärungen abgeben bzw. ausfüllen und einreichen. Er soll ferner Unterlagen unterzeichnen, die erforderlich oder von der Gesellschaft gewünscht sind, um die Urheberrechte oder anderen gewerblichen Schutzrechte an den Arbeitsergebnissen vollständig zu übertragen und um der Gesellschaft den gesamten und ausschließlichen Gebrauch und die Vorteile dieser Arbeitsergebnisse zu sichern und diese zu verwerten. Um jegliche Zweifel	(10) The Employee must ensure suitable documentation of his patentable, copyrightable and otherwise protectable Work Results, must keep the said documentation up to date and must make it accessible to the Company at any time and must assign title to the said documentation to the Company. Furthermore, at the Company's request, he shall support it upon the acquisition of copyrights and other legal protection possibilities (especially industrial property rights) for the Employee's Work Results at home and abroad. The Employee shall accordingly fill in and submit all applications, assignment declarations and other legal declarations and shall sign all documents which are necessary or desired by the Company in order to assign copyrights or other industrial property rights to the Work Results to the Company in full and to enable the Company, its legal successors and assignees to secure for themselves the full and exclusive use and the benefits of these Work Results and to exploit them. For the avoidance of doubt, this clause shall also apply after termination of the Employment contract.

auszuschließen gilt diese Vertragsklausel auch nach Beendigung des Arbeitsvertrages.	
(11) Sämtliche vertragsgegenständlichen Rechteübertragungen bzw. Rechteeinräumungen nach diesem § 10 und sämtliche sich hiernach ergebenden Pflichten sind Bestandteil der Arbeitsaufgabe des Mitarbeiters im Sinne von § 1 Abs. 1 dieses Vertrages und sind mit der Zahlung der Vergütung nach § 3 Abs. 1 dieses Vertrags vollständig abgegolten. Mit Ausnahme von Kosten, die durch die vorbezeichnete gesonderte Anforderung der Gesellschaft nach Abs. 10 entstehen, erfolgt keine zusätzliche Kostenerstattung. Für den Fall, dass der Mitarbeiter die Mitwirkungspflichten nach Beendigung des Arbeitsverhältnisses erfüllt, soll er eine angemessene Tagesentschädigung sowie angemessene Kostenerstattung für sämtliche Kosten erhalten, die ihm durch die Aufforderung der Gesellschaft entstanden sind.	(11) The performance of such contractual assignments of rights and the entire transfer of exploitation rights and rights to use after § 10 as well as all obligations arising herefrom are part of the Employee's contractual tasks pursuant to § 1 para 1 of this Employment Contract and shall all be deemed fully compensated by the payment of the remuneration pursuant to § 3 para 1. Except of costs which he has incurred through the Company's request pursuant to para 10, there shall be no additional reimbursement of expenses. If the Employee performs the cooperation obligations after the termination of the employment, he shall accordingly receive a reasonable daily allowance and also the reimbursement of all reasonable costs which he has incurred through the Company's request.
(12) Unberührt bleiben die Regelungen der §§ 32a, 32c UrhG.	(12) Sec. 32a, 32c UrhG shall remain unaffected.
§ 11 **Dauer und Beendigung des Anstellungsverhältnisses**	**§ 11** **Term and Ending of the Employment Contract**
(1) Das Arbeitsverhältnis kann von beiden Parteien mit einer Frist von 3 Monaten zum Monatsende gekündigt werden. Soweit für eine Partei gesetzlich eine längere Kündigungsfrist einzuhalten ist, gilt diese auch für die jeweils andere Partei. Eine Kündigung vor Arbeitsantritt ist ausgeschlossen. Hiervon unberührt ist das Recht beider Parteien auf außerordentliche Kündigung des Arbeitsverhältnisses aus wichtigem Grund mit sofortiger Wirkung.	(1) The Employment Contract can be terminated by both Parties with a notice period of 3 months to the end of each calendar month. As far as a longer notice period by law is to be observed this shall also apply to the other Party. A termination before commencement of employment is not possible. Both Parties' right to terminate the Employment Contract with important cause and immediate effect shall remain unaffected hereby.
(2) Der Mitarbeiter wird darauf hingewiesen, dass er sich zur Aufrechterhaltung ungekürzter Ansprüche auf Arbeitslosengeld spätestens drei Monate vor Beendigung des Arbeitsverhältnisses persönlich bei der für ihn zuständigen Agentur für Arbeit arbeitssuchend melden muss.	(2) It is pointed out to the Employee that, in order to maintain his full claims to unemployment benefits, he must personally register as seeking work with the employment agency responsible for him at the latest three months prior to the ending of the Employment Contract.

(3) Jede Kündigung bedarf zu ihrer Wirksamkeit der Schriftform.	(3) Every termination must be in writing in order to be legally valid.
(4) Die Gesellschaft darf den Mitarbeiter bei Vorliegen berechtigter betrieblicher Interessen, insbesondere nach Ausspruch einer ordentlichen Kündigung, unter Fortzahlung seiner Bezüge sowie unter Anrechnung etwaiger Urlaubs- und sonstiger Freizeitansprüche von seiner Dienstverpflichtung freistellen, soweit nicht das Interesse des Mitarbeiters an einer Weiterbeschäftigung überwiegt.	(4) In the event of the existence of justified Company interests, including but not limited to a termination in observance of a notice period, the Company can release the Employee from the continued performance of his employment obligations with continued payment of his remuneration as well as crediting of any holiday and other claims to time off, insofar as the interest of the Employee to a continuation of the employment do not outweigh such.
(5) Das Arbeitsverhältnis endet ohne Ausspruch einer Kündigung mit Ablauf des Monats, in dem der Mitarbeiter die gesetzlichen Voraussetzungen zum Bezug der gesetzlichen Regelaltersrente erfüllt, spätestens jedoch mit Ablauf des Monats, in der der Mitarbeiter die jeweils gültige Regelaltersgrenze der gesetzlichen Rentenversicherung erreicht (derzeit 67 Jahre).	(5) This Contract shall terminate without notice of termination being given, at the end of the month in which the Employee is entitled to statutory regular retirement pension, however, no later than upon expiry of the month in which the Employee reaches the applicable standard age limit as set by statutory pension insurance (currently 67).
(6) Wird durch den Bescheid eines Rentenversicherungsträgers festgestellt, dass der Mitarbeiter auf Dauer berufs- oder erwerbsunfähig ist, so endet das Arbeitsverhältnis mit Ablauf des Monats, in dem der Bescheid zugestellt wird. Beginnt die Rente wegen Berufs- oder Erwerbsunfähigkeit erst nach der Zustellung des Rentenbescheides, so endet das Arbeitsverhältnis mit Ablauf des dem Rentenbeginn vorangehenden Tages. Das Arbeitsverhältnis endet nicht, wenn nach dem Bescheid des Rentenversicherungsträgers eine Rente auf Zeit gewährt wird. In diesem Fall ruht das Arbeitsverhältnis mit allen Rechten und Pflichten von dem Tage an, der auf den nach Satz 1 oder 2 maßgeblichen Zeitraum folgt, bis zum Ablauf des Tages, bis zu dem die Zeitrente bewilligt ist, längstens jedoch bis zum Ablauf des Tages, an dem das Arbeitsverhältnis endet.	(6) If Employee's permanent occupational disability or invalidity is established by notification of a pension insurance institution, the employment shall end upon expiration of the month in which such notification is served. If the pension for occupational disability or invalidity starts only after service of the pension notification, the employment shall end upon expiration of the day preceding the start of pension. The employment will not end, however, if according to the pension insurance institution's notification the pension is granted for a limited period; in such case, the employment, including all rights and duties thereunder, shall rest as from the day following the relevant period as mentioned in sentence 1 and 2 above until expiration of the day up to which the terminable pension is granted, but no longer than until expiration of the day on which the employment ends.
§ 12 Kurzarbeit	**§ 12 Short-time Work**
(1) Der Mitarbeiter erklärt sich bereit, Kurzarbeit auf Anordnung der Gesellschaft zu leisten,	(1) The Employee agrees to perform short-time work at the Company's request,

	soweit die Voraussetzungen für die Gewährung von Kurzarbeitergeld nach §§ 95 ff. SGB III vorliegen. Die Gesellschaft weist in diesem Fall nach, dass sie den Arbeitsausfall bei der Agentur für Arbeit nach § 99 Abs. 1 SGB III angezeigt hat. Für die Dauer der Kurzarbeit vermindert sich die nach diesem Arbeitsvertrag geschuldete Vergütung im Verhältnis zu der ausgefallenen Arbeitszeit.		provided that the preconditions for the granting of short-time allowance (Kurzarbeitergeld) pursuant to Sec. 95 et seq. of the German Social Security Code III ("Drittes Sozialgesetzbuch") are met. In this case, the Company shall prove that it has notified the Employment Agency (Agentur für Arbeit) about the shortfall of work in accordance with Sec. 99 para. 1 of the German Social Security Code III. For the duration of the short-time work, the remuneration owed under this Employment Contract shall be reduced in proportion to the reduced working hours.
(2)	Hat der Mitarbeiter Anspruch auf eine Sonderzahlung, deren Höhe von der (ggf. durchschnittlichen) Vergütung abhängt, bemisst sich die Höhe der Sonderzahlung lediglich nach der wegen Kurzarbeit verrin-gerten Vergütung, soweit dem keine zwin-genden gesetzlichen oder tariflichen Vor-schriften entgegenstehen. Die wegen Kurzarbeit ausgefallene Vergütung bleibt insoweit ebenso außer Betracht wie das von der Agentur für Arbeit gezahlte Kurzar-beitergeld.	(2)	If the Employee is entitled to a special payment, the amount of which depends on the (if applicable average) remuneration, the amount of the special payment shall be determined solely on the basis of the reduced remuneration due to short-time work, provided that there are no mandatory statutory or collective agreement provisions to the contrary. The remuneration lost due to short-time work shall be disregarded in this respect, as shall the short-time work allowance paid by the Employment Agency.
(3)	Bei der Anordnung von Kurzarbeit hat die Gesellschaft gegenüber dem Mitarbeiter eine Ankündigungsfrist von drei Wochen einzuhalten.	(3)	When introducing short-time work, the Company is obliged to give the Employee three weeks' notice.
(4)	Für den Zeitraum von gewährtem Erholungsurlaub ist der Mitarbeiter von Kurzarbeit ausgenommen.	(4)	The Employee is exempt from short-time work for the period of granted vaca-tion.
(5)	Die Gesellschaft ist berechtigt, unter Einhaltung einer Ankündigungsfrist von drei Wochen den Zeitraum der ursprünglich angeordneten Kurzarbeit zu verlängern und/oder die regelmäßige wöchentliche Ar-beitszeit unter Aufrechterhaltung von Kurz-arbeit weiter zu verkürzen oder zu erhöhen.	(5)	Subject to a notice period of three weeks, the Company is entitled to extend the period of short-time work originally ordered and/or to further reduce or increase the regular weekly working hours while maintaining short-time work.
(6)	Für den Fall der vorübergehenden behördlichen Schließung des Betriebs der Gesellschaft, in dem der Mitarbeiter tätig ist, kann die Gesellschaft auch ohne Ein-haltung einer Ankündigungsfrist für die ge-samte Dauer der Schließung „Kurzarbeit Null" anordnen.	(6)	In the event of a temporary close-down of the Company's business where the Employee is employed by the authorities, the Company may order "short-time work zero" (Kurzarbeit Null) for the entire duration of the close-down without observing

	Sofern die behördliche Schließung des Betriebes verlängert wird, verlängert sich die Dauer der angeordneten „Kurzarbeit Null“ für diesen Zeitraum ent-sprechend.		a notice period. If the close-down of the Company´s business is extended by the authorities, the duration of the "short-time work zero" ordered for this period shall be extended accordingly.
(7)	Besitzt der Mitarbeiter ein positives Zeitguthaben (bspw. auf einem Arbeitszeit-konto oder wegen geleisteter Überstunden) oder Urlaubsansprüche, sind diese zu-nächst einzusetzen, soweit dies erforder-lich ist, um die Voraussetzungen der Ein-führung von Kurzarbeit zu erfüllen.	(7)	If the Employee has a positive time credit (e.g. in a working time account or due to rendered overtime) or vacation en-titlements, these must first be used to the extent necessary to meet the require-ments for the introduction of short-time work.
(8)	Sollte der vorübergehende Arbeitsaus-fall enden, ist die Gesellschaft dazu be-rechtigt und verpflichtet, die Kurzarbeit durch Erklärung gegenüber dem Mitarbeiter einseitig zu beenden. Der Mitarbeiter ist nach Zugang einer entsprechenden Erklä-rung dazu verpflichtet, umgehend wieder Arbeit im vollen bisherigen Umfang zu leis-ten.	(8)	Should the temporary shortfall of work end, the Company is entitled and obliged to unilaterally terminate the short-time work by notice to the Employee. Upon receipt of a respective notice, the Employee is obliged to immediately resume work to the full extent applicable prior to short-time work.
	§ 13 **Ausschlussfristen**		**§ 13** **Preclusion Periods**
(1)	Die beiderseitigen Ansprüche aus dem Arbeitsverhältnis und solche, die mit dem Arbeitsverhältnis in Verbindung stehen, verfallen, wenn sie nicht innerhalb von drei Monaten nach Fälligkeit gegenüber der anderen Vertragspartei geltend gemacht worden sind. Die Geltendmachung in Textform ist hierzu ausreichend.	(1)	The claims of both Parties arising from the employment and such claims in connection with the employment shall lapse if they have not been asserted against the other contracting Party within three months after falling due. Assertion of claims in text form shall be deemed sufficient in this regard.
(2)	Lehnt die Gegenseite den Anspruch ab oder erklärt sie sich nicht innerhalb von zwei Wochen nach der Geltendmachung des Anspruchs, so verfällt dieser, wenn er nicht innerhalb einer Frist von weiteren drei Monaten nach der Ablehnung oder dem Fristablauf gerichtlich geltend gemacht wird. Dies gilt nicht für Zahlungsansprüche des Mitarbeiters, die während eines Kündigungsprozesses fällig werden und von seinem Ausgang abhängen. Für diese Ansprüche beginnt die Verfallfrist von drei Monaten nach rechtskräftiger Beendigung des Kündigungsschutzverfahrens.	(2)	If the counter-Party rejects the claim or does not reply within two weeks after the assertion of the claim, then said claim shall lapse if it is not asserted in court within a period of three further months after the rejection or the expiry of the deadline. This shall not apply to claims for payment of the Employee which fall due during dismissal proceedings and which depend on the outcome of the proceedings. For these claims, the expiry deadline of three months shall commence after the final and absolute conclusion of the unlawful dismissal proceedings.
(3)	Diese Ausschlussfristen gelten nicht bei Ansprüchen wegen Verletzung des Lebens, des Körpers oder der Gesundheit sowie bei	(3)	These preclusion periods shall not be valid in case of claims because of physical injury of life, body or health as well as

vorsätzlichen Pflichtverletzungen. Außerdem gelten die Ausschlussfristen nicht für Ansprüche aus § 9 und § 10.	in case of intended breaches of duty. The preclusion periods shall not apply to claims according to Section 9 and 10.
(4) Ebenfalls nicht umfasst ist ein Betrag in Höhe des gesetzlichen Mindestlohns oder sonstiger gesetzlicher Mindestentgelte für jede vom Mitarbeiter geleistete Arbeitsstunde bzw. die entsprechenden Lohnersatzansprüche wegen Krankheit oder Urlaub etc.	(4) A sum in the amount of the statutory minimum wage (*Mindestlohn*) or other statutory minimum wages for every work hour rendered by the Employee or the corresponding salary claims due to illness or vacation etc. shall also be excluded herefrom.
(5) Auch andere gesetzliche oder tarifliche Ansprüche, auf die nicht verzichtet werden kann, sind nicht von dieser Ausschlussklausel umfasst.	(5) Other statutory or collective employment (*tariflicher*) claims which cannot be waived shall be excluded from this preclusion provisions as well.
§ 14 **Datenschutz, Mitteilungspflichten, Einwilligung**	**§ 14** **Data Secrecy, Duties of Notification, Consent**
(1) Der Mitarbeiter wurde über die gesetzlichen Sorgfalts- und Geheimhaltungspflichten im Zusammenhang mit der Bearbeitung von personenbezogenen Daten informiert und wird mit Unterzeichnung dieses Arbeitsvertrags auf das Datengeheimnis verpflichtet. Hiernach ist es dem Mitarbeiter untersagt, personenbezogene Daten zu einem anderen als im Rahmen dieses Arbeitsvertrags zur jeweiligen rechtmäßigen Aufgabenerfüllung gehörenden Zweck zu erheben, zu verarbeiten, zu nutzen, zu übermitteln, bekannt zu geben oder auf sonstige Weise Unbefugten zugänglich zu machen. Diese Verpflichtung besteht auch nach Beendigung der Tätigkeit fort. Verstöße können nach den Vorschriften des BDSG und anderen Rechtsvorschriften geahndet werden (z.B. nach §§ 42, 43 BDSG, §§ 202a, 263a, 303b StGB).	(1) The Employee has been informed about the legal obligations to diligence and confidentiality in the context of processing personal data and is, upon signing of this employment contract, obliged to comply with the data secrecy provisions. By means of such provision, the Employee is prohibited from collecting, processing, using, transmitting, publishing or making accessible personal data in any other manner without authorization to unauthorized persons for other purposes than those required for the lawful fulfilment of his duties set out in this employment contract. This obligation shall remain to be in effect after termination of employment. Acts in violation of these requirements can be punished according to the stipulations of the BDSG and other statutory provisions [e.g. according to Sections 42, 43 BDSG, Sections 202a, 263a, 303b of the German Criminal Code; "StGB"].
(2) Der Mitarbeiter wird der Gesellschaft seine persönlichen Verhältnisse und etwaige Änderungen - insbesondere Personen- oder Familienstand, Unterhaltsverpflichtungen, Anschrift, Telefonnummer, Kontoverbindung, Krankenkassenzugehörigkeit, Grad einer etwaigen Schwerbehinderung, Anerkennung	(2) The Employee shall inform the Company immediately and in writing about his personal situation and possible changes - especially regarding civil or marital status, maintenance obligations, ad-dress, telephone number, bank account, health insurance, degree of a possible severe

von Rentenleistungen - unverzüglich schriftlich mitteilen.	disability (Schwerbehinderung), acknowledgement of pension benefits.
(3) Die Verpflichtung auf das Datengeheimnis und die Wahrung von Geschäftsgeheimnissen in der **Anlage 1** ist Bestandteil dieses Arbeitsvertrags.	(3) The obligation to data secrecy and protection of trade secrets in **Exhibit 1** is a component of this contract.
§ 15 **Compliance**	**§ 15** **Compliance**
(1) Der Mitarbeiter verpflichtet sich, die Compliance-Richtlinien (einschließlich der in der IT-Verpflichtungserklärung gemäß **Anlage 2** enthaltenen Vorgaben, der Insider Trading Richtlinie nach **Anlage 3,** des Verhaltens- und Ehtikkodex und Whistleblower Richtlinie der Gesellschaft gemäß **Anlage 4** sowie der External Communications Policy nach **Anlage 5,** die Datenschutzerklärung gemäß **Anlage 6** und die Richtlinie zur Chancengleichheit, Diskriminierung und Belästigung gemäß **Anlage 7**) zu beachten und erkennt diese Regelwerke als Teil dieses Arbeitsvertrages als verbindlich an.	(1) The Employee undertakes to observe the guidelines on compliance (including the requirements set out in the IT-Declaration pursuant to **Exhibit 2**, the insider trading policy according to **Exhibit 3**, the corporate code of conduct and ethics and whistleblower policy pursuant to **Exhibit 4,** the External Communications Policy according to **Exhibit 5**, the Privacy Policy pursuant to **Exhibit 6**, and the Equal Opportunity, Discrimination and Harassment Policy pursuant to **Exhibit 7**) and accepts these guidelines as a binding part of this employment contract.
(2) Dem Mitarbeiter ist bewusst, dass etwaige Verstöße gegen die vorgenannten Regelwerke und Verhaltenspflichten arbeitsrechtliche Konsequenzen nach sich ziehen können, die bis zu einer außerordentlichen Kündigung reichen können.	(2) The Employee is aware that possible violations to the above-mentioned guidelines and behavioral obligations may lead to consequences under labor law that may even result in an extraordinary cancellation of contract.
§ 16 **Aufhebung bisheriger Vereinbarungen**	**§ 16** **Abolition of Previous Agreements**
Dieser Vertrag tritt abschließend und vollumfänglich an die Stelle sämtlicher bislang zwischen den Parteien geltenden vertraglichen Bestimmungen, die hiermit einvernehmlich aufgehoben werden; die vorbezeichnete Aufhebung schließt ausdrücklich etwaige bestehende Ansprüche aus betrieblicher Übung, Gesamtzusagen und Praktiken ein.	This employment contract shall finally replace all hitherto applicable contractual conditions between the Parties in their entirety which are abrogated hereby; such abrogation shall explicitly include, but not be limited to, possibly existing claims resulting from company practice (*betriebliche Übung*), total consents and practices.
§ 17 **Schlussbestimmungen**	**§ 17** **Miscellaneous**
(1) Dieser Vertrag unterliegt dem Recht der Bundesrepublik Deutschland.	(1) This Contract is governed by the law of the Federal Republic of Germany.
(2) Dieser Anstellungsvertrag ist in deutscher und englischer Sprache verfasst. Bei	(2) This Employment Contract has been drafted in a German and in an English

Auslegungsfragen und Streitigkeiten gilt ausschließlich der deutsche Vertragstext.	version. In the event of questions regarding interpretation or disputes, the German version of the contract shall apply exclusively.
(3) Der Mitarbeiter wird der Gesellschaft alle Änderungen über die Angaben zu seiner Person, soweit sie für das Anstellungsverhältnis von Bedeutung sind, unverzüglich mitteilen.	(3) The Employee shall notify the Company without undue delay of all changes to his personal details insofar as such is of significance for the Employment Contract.
(4) Dieser Vertrag gibt die Vereinbarung zwischen den Vertragsparteien vollständig und inhaltlich zutreffend wieder. Schriftliche oder mündliche Nebenabreden bestehen nicht. Änderungen oder Ergänzungen dieses Vertrages bedürfen zu ihrer Rechtswirksamkeit der Schriftform und der ausdrücklichen Bezugnahme auf diesen Vertrag. Dies gilt auch für eine Aufhebung oder Änderung des Schriftformerfordernisses. Hiervon ausgenommen sind lediglich Individualbareden im Sinne von § 305 b BGB.	(4) This Contract completely and correctly contains the agreement made between the Contract Parties. No written or oral ancillary agreements exist. Amendments or supplements to this Contract must be in writing to be legally valid and the express reference to this Employment Contract. This shall apply also for a cancelation or amendment of the requirement to written form. Only individual agreements in the sense of Sec. 305 b BGB shall be excluded herefrom.
(5) Sollten einzelne Bestimmungen dieses Vertrages ganz oder teilweise unwirksam oder undurchführbar sein oder werden, so wird die Wirksamkeit der übrigen Bestimmungen dieses Vertrages hiervon nicht berührt. Anstelle der unwirksamen oder undurchführbaren Bestimmung tritt eine solche Regelung, die in rechtlich zulässiger Weise dem von den Vertragsparteien mit der unwirksamen oder undurchführbaren Bestimmung verfolgten wirtschaftlichen Zweck möglichst nahe kommt. Entsprechendes gilt für den Fall, dass dieser Vertrag Lücken enthalten sollte.	(5) Should individual provisions of this Contract be or become invalid, in whole or in part, the validity of the remaining provisions of this Contract shall not be affected thereby. Such a regulation shall apply instead of the invalid or unenforceable provision, which comes closest in a legally permissible manner to the commercial purpose pursued by the Contract Parties with the invalid or unenforceable provision. The same shall apply for the case that this Contract should contain gaps.
Ort/Place: Hallbergmoos	Mainz
Datum/Date: 5/31/2021	5/31/2021
DocuSigned by: A868C61F2D5249A...	DocuSigned by: 71E174CAB4F9418...
Company/Gesellschaft	Employee/Mitarbeiter
Frank Vollmering	Dr. med Tim Demuth

Anlage 1:	Verpflichtung auf das Datengeheimnis und die Wahrung von Geschäftsgeheimnissen	**Exhibit 1**:	obligation to data secrecy and protection of trade secrets
Anlage 2:	IT-Verpflichtungserklärung	**Exhibit 2:**	IT-Declaration
Anlage 3:	Insider Trading Richtlinie	**Exhibit 3:**	Insider Trading Policy

Anlage 4:	Verhaltens- und Ethikkodex und Whistleblower Richtlinie	**Exhibit 4:**	Corporate Code of Conduct and Ethics and Whistleblower Policy
Anlage 5:	External Communications Policy	**Exhibit 5:**	External Communications Policy
Anlage 6:	Datenschutzerklärung	**Exhibit 6:**	Privacy Policy
Anlage 7:	Richtlinie der Chancengleichheit, Diskriminierung und Belästigung	**Exhibit 7:**	Equal Opportunity, Discrimination and Harassment Policy

Exhibit 31.1

CERTIFICATIONS UNDER
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Stephen S. Yoder, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pieris Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 11, 2022

/s/ Stephen S. Yoder
Stephen S. Yoder
Title: Chief Executive Officer and President (principal executive officer)

Exhibit 31.2

CERTIFICATIONS UNDER
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Thomas Bures, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pieris Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 11, 2022

/s/ Thomas Bures

Thomas Bures
Title: Chief Financial Officer (principal financial officer and principal accounting officer)

Exhibit 32.1

CERTIFICATIONS UNDER SECTION 906

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Pieris Pharmaceuticals, Inc. (the "Company") hereby certifies, to his knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended March 31, 2022 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 11, 2022

/s/ Stephen S. Yoder

Stephen S. Yoder

Title: Chief Executive Officer and President
(principal executive officer)

Exhibit 32.2

CERTIFICATIONS UNDER SECTION 906

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Pieris Pharmaceuticals, Inc. (the "Company") hereby certifies, to his knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended March 31, 2022 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 11, 2022

/s/ Thomas Bures

Thomas Bures

Title: Chief Financial Officer
(principal financial officer and principal accounting officer)