UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **December 13, 2024**

PALVELLA THERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

Nevada	**001-37471**	**30-0784346**
(State or other jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

125 Strafford Ave, Suite 360 **Wayne, Pennsylvania** (Address of principal executive offices)	**19087** (Zip Code)

Registrant's telephone number, including area code: **(484) 253-1461**

Pieris Pharmaceuticals, Inc.
225 Franklin Street, 26th Floor
Boston, Massachusetts 02110
(857) 246-8998
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common stock, $0.001 par value per share	**PIRS**	**The Nasdaq Stock Market LLC**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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. ☐

Introductory Note

The Merger

On December 11, 2024, Palvella Therapeutics, Inc., a Nevada corporation (formerly known as "Pieris Pharmaceuticals, Inc." (the "Company")), held a special meeting of its stockholders (the "Special Meeting") at which the Company's stockholders considered and adopted the proposals outlined in the definitive proxy statement/prospectus statement, dated November 8, 2024 (the "Proxy Statement"), and filed by the Company with the Securities and Exchange Commission (the "SEC") on November 7, 2024.

On December 13, 2024 (the "Closing Date"), the Company consummated the previously announced merger transaction contemplated by that certain Agreement and Plan of Merger, dated as of July 23, 2024 (the "Merger Agreement"), by and among the Company, Polo Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of the Company ("Merger Sub"), and Palvella Therapeutics, Inc., a Delaware corporation ("Former Palvella"). Pursuant to the Merger Agreement, (i) Merger Sub merged with and into Former Palvella, with Former Palvella as the surviving company in the merger and, after giving effect to such merger, continuing as a wholly-owned subsidiary of the Company (the "Merger") and (ii) the Company's name was changed from Pieris Pharmaceuticals, Inc. to Palvella Therapeutics, Inc.

Item 1.01. Entry into a Material Definitive Agreement.

PIPE Financing (Private Placement)

Concurrently with the execution of the Merger Agreement, the Company entered into a securities purchase agreement (the "Purchase Agreement") with certain investors, including BVF Partners, L.P., an existing stockholder of the Company (the "PIPE Investors"), pursuant to which, among other things, on the Closing Date and immediately following the consummation of the Merger, the PIPE Investors purchased (either for cash or in exchange for the termination and cancellation of outstanding convertible promissory notes issued by Former Palvella), and the Company issued and sold to the PIPE Investors, an aggregate of 3,168,048 shares of the Company's common stock at a price per share equal to $13.9965 (the "Purchase Price"), and/or in lieu of the Company's common stock to certain purchasers who so choose due to beneficial ownership concerns, pre-funded warrants (the "Pre-Funded Warrants") to purchase 2,466,456 shares of the Company's common stock at a purchase price per Pre-Funded Warrant equal to the Purchase Price minus $0.001 (the "PIPE Financing"). The gross proceeds from the PIPE Financing were approximately $78.9 million, consisting of approximately $60.0 million in cash and the conversion of approximately $18.9 million of principal and interest payable under the outstanding convertible notes issued by Former Palvella, before paying estimated expenses. The Purchase Agreement contained customary representations and warranties of the Company, on the one hand, and the PIPE Investor, on the other hand, and customary conditions to closing. The closing of the PIPE Financing occurred on December 13, 2024, immediately following the consummation of the Merger.

The Pre-Funded Warrants do not expire, and each Pre-Funded Warrant will be exercisable at any time after the date of issuance of such Pre-Funded Warrant, subject to a beneficial ownership limitation. A holder of a Pre-Funded Warrant may not exercise such Pre-Funded Warrant if the holder, together with its affiliates, would beneficially own more than 4.99% or 9.99%, as applicable, of the number of shares of the Company's common stock outstanding immediately after giving effect to such exercise, provided, however, that a holder may increase or decrease the beneficial ownership limitation by giving 61 days' notice to the Company, but not to any percentage in excess of 19.99%.

Registration Rights Agreement

On the Closing Date and in connection with the Merger, the Company and the PIPE Investors entered into a registration rights agreement (the "Registration Rights Agreement") pursuant to which the PIPE Investors are entitled to certain resale registration rights with respect to shares of the Company's common stock issued to the PIPE Investors and any shares of the Company's common stock issuable upon exercise of the Pre-Funded Warrants. Pursuant to the Registration Rights Agreement, the Company is required to prepare and file a resale registration statement with the SEC within 30 days following the closing of the PIPE Financing. The Company is obligated to use commercially reasonable efforts to cause this registration statement to be declared effective by the SEC within 90 days following the closing of the PIPE Financing (or within 120 days following the closing of the PIPE Financing if the SEC reviews the registration statement).

The Company will, among other things, indemnify the PIPE Investors, their directors, officers, employees, advisors and agents and each person who controls the PIPE Investors (a) under the registration statement, including from certain liabilities and fees and expenses (excluding underwriting discounts and selling commissions and all legal fees and expenses of legal counsel for any selling holder) and (b) under the Purchase Agreement, including with respect to breaches of the Company's representations, warranties, and covenants under the Purchase Agreement.

Contingent Value Rights Agreement

On December 12, 2024, the Company entered into a Contingent Value Rights Agreement (the "CVR Agreement") with a rights agent ("Rights Agent"), pursuant to which the Company's pre-Merger capital stockholders received one contingent value right (each, a "CVR") for each outstanding share of the Company's common stock held by such stockholder, or share of common stock underlying preferred stock held by such stockholder, on such date. Each CVR represents the contractual right to receive payments upon the receipt of payments by the Company or any of its affiliates under certain strategic partner agreements, including existing collaboration agreements pursuant to which the Company may be entitled to milestones and royalties in the future and other outlicensing agreements for certain of the Company's legacy assets, and upon the receipt of certain research and development tax credits in favor of the Company or any of its affiliates, in each case as set forth in, and subject to and in accordance with the terms and conditions of, the CVR Agreement.

The contingent payments under the CVR Agreement, if they become payable, will become payable to the Rights Agent for subsequent distribution to the holders of the CVRs. In the event that no such proceeds are received, holders of the CVRs will not receive any payment pursuant to the CVR Agreement. There can be no assurance that holders of CVRs will receive any amounts with respect thereto. The right to the contingent payments contemplated by the CVR Agreement is a contractual right only and will not be transferable, except in the limited circumstances specified in the CVR Agreement. The CVRs will not be evidenced by a certificate or any other instrument and will not be registered with the SEC. The CVRs will not have any voting or dividend rights and will not represent any equity or ownership interest in the Company or any of its affiliates. No interest will accrue on any amounts payable in respect of the CVRs.

The preceding summaries of the Purchase Agreement, the Registration Rights Agreement, the Pre-Funded Warrants and the CVR Agreement do not purport to be complete and are qualified in their entirety by reference to the Purchase Agreement, Registration Rights Agreement, the form of Pre-Funded Warrant and the CVR Agreement which are filed as Exhibits 10.25, 10.26, 4.2 and 10.27, respectively, to this Current Report on Form 8-K and which are incorporated herein by reference.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On December 13, 2024, the Company completed the Merger in accordance with the terms of the Merger Agreement, pursuant to which, among other matters, subject to the terms and conditions thereof, Merger Sub merged with and into Former Palvella, with Former Palvella surviving as the surviving corporation and a wholly owned subsidiary of the Company. On December 12, 2024, the Company implemented an increase in the number of authorized shares of the Company's common stock from 3,750,000 to 200,000,000 (the "Share Increase") by filing a Certificate of Amendment to the Company's Amended and Restated Articles of Incorporation with the Nevada Secretary of State (the "Share Increase Amendment"), effective at 11:00 a.m. Eastern Time. On December 13, 2024, the Company completed the Merger, and effective at 11:00 a.m. Eastern Time, the Company changed its name to "Palvella Therapeutics, Inc." (the "Name Change") pursuant to a Certificate of Amendment to the Company's Amended and Restated Articles of Incorporation with the Nevada Secretary of State (the "Name Change Amendment"). Following the completion of the Merger, the business conducted by the Company became primarily the business conducted by Former Palvella, which is a is a clinical-stage biopharmaceutical company whose vision is to become the leading rare disease biopharmaceutical company focused on developing and, if approved, commercializing novel therapies to treat patients suffering from serious, rare genetic skin diseases, for which there are no U.S. Food and Drug Administration approved therapies.

At the effective time of the Merger (the "Effective Time"), the Company issued an aggregate of approximately 6,787,415 shares of its common stock to Former Palvella stockholders, based on an exchange ratio (the "Exchange Ratio") of approximately 0.309469242 shares of Company's common stock for each share of Former Palvella capital stock (but excluding shares to be canceled pursuant to the Merger Agreement and excluding dissenting shares), resulting in approximately 8,316,929 million shares of the Company's common stock being issued and outstanding immediately following the Effective Time. Immediately following the Merger, the Company's securityholders as of immediately prior to the Merger owned approximately 18.39% of the outstanding shares of the Company and Former Palvella securityholders owned approximately 81.61% of the outstanding shares of the Company, in each case on a fully diluted basis, calculated using the treasury stock method.

In connection with the Merger, each stock option to purchase common stock of Former Palvella that was outstanding immediately prior to the Effective Time was assumed by the Company and became an option to acquire, on the same terms and conditions as were applicable to such Former Palvella stock option immediately prior to the Effective Time, a number of shares of Company's common stock equal to the number of shares of Former Palvella common stock subject to the unexercised portion of the Former Palvella's stock option immediately prior to the Effective Time, multiplied by the Exchange Ratio (rounded down to the nearest whole share number), with an exercise price per share for the options equal to the exercise price per share of such Former Palvella option immediately prior to the Effective Time divided by the Exchange Ratio (rounded up to the nearest whole cent). Such assumed options will be governed by the terms and conditions of the Palvella Therapeutics, Inc. 2024 Equity Incentive Plan (the "2024 Plan").

At the Special Meeting, the Company's stockholders approved the 2024 Plan. The 2024 Plan is intended to be an integral part of the Company's approach to long-term incentive compensation, focused on stockholder return, and the Company's continuing efforts to align stockholder and management interests. The Company believes that growth in stockholder value depends on, among other things, the Company's continued ability to attract and retain non-employee directors, employees, consultants and service providers, in a competitive workplace market, with the experience and capacity to perform at the highest levels. The 2024 Plan (i) reserves 3,340,639 shares of the Company's common stock, plus up to 115,294 additional shares underlying awards outstanding under the Company's prior equity plans that expire, terminate, are canceled or forfeited without issuance to the holder thereof of the full number of shares to which the award related, (ii) provides up to 10,367,799 shares of Company's common stock may be granted as "incentive stock options" and (iii) provides for a termination date of September 12, 2034. A description of the 2024 Plan is included in the Proxy Statement in the section titled "*Proposal No. 3—Approval of the 2024 Equity Incentive Plan*" beginning on page 2.11 which is incorporated herein by reference. The foregoing description of the 2024 Plan does not purport to be complete and is qualified in its entirety by reference to the full text of the 2024 Plan, the related form of stock option grant notice and stock option agreement under the 2024 Plan and the related form of notice of grant of restricted stock units award under the 2024 Plan, which are included hereto as Exhibits 10.29 and 10.30, respectively, and are incorporated herein by reference.

The issuance of the shares of the Company's common stock to the stockholders of Former Palvella was registered with the SEC on the Company's Registration Statement on Form S-4, as amended, initially filed with the SEC on August 9, 2024 (File No. 333- 281459) and declared effective by the SEC on November 8, 2024.

The shares of the Company's common stock listed on the Nasdaq Capital Market, previously trading through the close of business on December 13, 2024 under the ticker symbol "PIRS," will commence trading on the Nasdaq Capital Market under the ticker symbol "PVLA," on December 16, 2024. The Company's common stock is represented by a new CUSIP number, 697947109.

The foregoing description of the Merger Agreement contained herein does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, which is filed as Exhibit 2.1 to this Current Report on Form 8-K, and is incorporated herein by reference.

FORM 10 INFORMATION

Item 2.01(f) of Form 8-K provides that if the predecessor registrant was a "shell company" (as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as the Company was immediately before the Merger, then the registrant must disclose the information that would be required if the registrant were filing a general form for registration of securities on Form 10. As a result of the consummation of the Merger, and as discussed below in Item 5.06 of this Current Report on Form 8-K, the Company ceased to be a shell company upon completion of the Merger. Accordingly, the Company is providing the information below that would be included in a Form 10 if it were to file a Form 10 with the SEC. Please note that the information provided below relates to the combined company after the consummation of the Merger, unless otherwise specifically indicated or the context otherwise requires.

Cautionary Note Regarding Forward-Looking Statements

This Current Report on Form 8-K and the exhibits attached hereto contain forward-looking statements (including within the meaning of Section 21E of the Exchange Act and Section 27A of the Securities Act of 1933, as amended (the "Securities Act")) concerning the Company. These statements may discuss goals, intentions, and expectations as to future plans, trends, events, results of operations or financial condition, or otherwise, based on current beliefs of the management of the Company, as well as assumptions made by, and information currently available to, management of the Company. Forward-looking statements generally include statements that are predictive in nature and depend upon or refer to future events or conditions, and include words such as "may," "will," "should," "would," "expect," "anticipate," "plan," "likely," "believe," "estimate," "project," "intend," and other similar expressions or the negative or plural of these words, or other similar expressions that are predictions or indicate future events or prospects, although not all forward-looking statements contain these words. Statements that are not historical facts are forward-looking statements. Forward-looking statements include, but are not limited to,

- expectations regarding the Merger and PIPE Financing;
- the potential benefits and results of such transactions, including any potential benefits of the CVRs;
- the sufficiency of the Company's capital resources;
- the Company's cash runway;

- statements regarding the potential of, and expectations regarding, the Company's programs, including QTORIN™ rapamycin, and its research-stage opportunities, including its expected therapeutic potential and market opportunity; and
- the expected timing of initiating, as well as the design of, the Company's Phase 2 clinical trial of QTORIN™ rapamycin in cutaneous vascular malformations.

Actual results could differ materially from those contained in any forward-looking statement as a result of various factors, including, without limitation:

- the limited operating history of the Company;
- the significant net losses incurred since inception;
- the ability to raise additional capital to finance operations;
- the ability to advance product candidates through preclinical and clinical development; the ability to obtain regulatory approval for, and ultimately commercialize, the Company's product candidates, including QTORIN™ rapamycin;
- the outcome of early clinical trials for the Company's product candidates, including the ability of those trials to satisfy relevant governmental or regulatory requirements;
- the fact that data and results from clinical studies may not necessarily be indicative of future results;
- the Company's limited experience in designing clinical trials and lack of experience in conducting clinical trials; the ability to identify and pivot to other programs, product candidates, or indications that may be more profitable or successful than the Company's current product candidates;
- the substantial competition the Company faces in discovering, developing, or commercializing products.
- the negative impacts of the global events on operations, including ongoing and planned clinical trials and ongoing and planned preclinical studies;
- the ability to attract, hire, and retain skilled executive officers and employees; the ability of the Company to protect its respective intellectual property and proprietary technologies; and
- reliance on third parties, contract manufacturers, and contract research organizations.

The forward-looking statements contained in this Current Report on Form 8-K are based on the Company's current expectations and beliefs concerning future developments. There can be no assurance that future developments affecting the Company will be those that the Company has anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond the Company's control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described in the Proxy Statement under the heading "*Risk Factors*" beginning on page 25, and other filings that have been made or will be made with the SEC by the Company. The Company will not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Business Description

The Company's business is described in the Proxy Statement in the section titled "*Palvella's Business*" beginning on page 226, which is incorporated herein by reference.

Intellectual Property

The Company's intellectual property is described in the Proxy Statement in the section titled "*Palvella's Business – Intellectual Property*" beginning on page 245, which is incorporated herein by reference.

Risk Factors

The risk factors related to the Company's business and operations, the ownership of the Company's securities and the Merger are described in the Proxy Statement in the section titled "*Risk Factors*" beginning on page 25, which is incorporated herein by reference.

Financial Information

The audited financial statements of the Company, prior to the Merger, as of and for the years ended December 31, 2023 and 2022 are included in the Proxy Statement beginning on page F-21 and are incorporated herein by reference. The unaudited condensed financial statements as of and for the three and nine months ended September 30, 2024 and 2023 for the Company are included in the Quarterly Report on Form 10-Q filed with the SEC on November 13, 2024, and are incorporated herein by reference.

The audited financial statements of Former Palvella as of and for the years ended December 31, 2023 and 2022 are included in the Proxy Statement beginning on page F-70 and are incorporated herein by reference. The unaudited condensed financial statements of Former Palvella as of September 30, 2024 and 2023 and for the three and nine months ended September 30, 2024 and 2023 are included in Exhibit 99.3 to this Current Report on Form 8-K, and are incorporated herein by reference.

The unaudited pro forma condensed combined financial information of the Company, as of and for the nine months ended September 30, 2024 and as of and for the year ended December 31, 2023 are set forth in Exhibit 99.4 to this Current Report on Form 8-K are incorporated herein by reference.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Reference is made to the disclosure contained in the Proxy Statement in the sections titled "*Palvella Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on page 271 and "*Pieris Management's Discussion and Analysis of Results of Financial Condition and Results of Operations*" beginning on page 260, each of which are incorporated herein by reference, as well as "*Palvella Management's Discussion and Analysis of Financial Condition and Results of Operations*" with respect to the three and nine months ended September 30, 2024 and 2024, which is attached hereto as Exhibit 99.2 to this Current Report on Form 8-K, and incorporated herein by reference and *Pieris Management's Discussion and Analysis of Results of Financial Condition and Results of Operations* as of and for the three and nine months ended September 30, 2024 and 2023 for the Company are included in the Quarterly Report on Form 10-Q filed with the SEC on November 13, 2024, and are incorporated herein by reference.

Quantitative and Qualitative Disclosures about Market Risk

The Company is a smaller reporting company as defined by Item 10 of Regulation S-K and is not required to provide the information otherwise required under this item.

Properties

The Company's properties are described in the Proxy Statement in the section titled "*Palvella's Business — Facilities*" beginning on page 259, which is incorporated herein by reference.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding beneficial ownership of the Company on the Closing Date immediately after consummation of the Merger and the PIPE Financing for:

- each person known by us to be the beneficial owner of more than 5% of the Company's outstanding common stock immediately following the consummation of the Merger and the PIPE Financing;
- each of the Company's executive officer and directors; and
- all of the Company's executive officers and directors as a group after the consummation of the Merger and the PIPE Financing.

Beneficial ownership is determined in accordance with the rules of the SEC, and thus it represents sole or shared voting or investment power with respect to the Company's securities. Unless otherwise indicated below, to the Company's knowledge, the persons and entities named in the table below have sole voting and sole investment power with respect to all shares that they beneficially owned, subject to community property laws where applicable. The information does not necessarily indicate beneficial ownership for any other purpose, including for purposes of Sections 13(d) and 13(g) of the Exchange Act.

The percentage of beneficial ownership is calculated based on 11,221,307 shares of common stock outstanding upon consummation of the Merger and the closing of the PIPE Financing. The number of shares beneficially owned includes shares of common stock that each person has the right to acquire within 60 days of the Closing Date, including upon the exercise of stock options. These stock options shall be deemed to be outstanding for the purpose of computing the percentage of outstanding shares of the Company owned by such person but shall not be deemed to be outstanding for the purpose of computing the percentage of outstanding shares of the combined organization's common stock expected to be owned by any other person.

The table below assumes that, based on the Company's and Former Palvella's capitalization as of the Closing Date, the Exchange Ratio is equal to approximately 0.309469242 shares of the Company's common stock for each share of Former Palvella capital stock.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Palvella Therapeutics, Inc., 125 Strafford Avenue, Suite 360, Wayne, Pennsylvania 19087.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned (%)
5% stockholders:		
Samsara BioCapital(1)	679,486	6.06%
Averill Master Fund, Ltd (2)	714,463	6.37%
Biotechnology Value Fund, L.P. and affiliates (3)	1,168,131	9.99%
Directors and Named Executive Officers:		
Wesley H. Kaupinen(4)	1,644,867	14.61%
Kathleen Goin(5)	105,131	*
Jeffrey Martini, Ph.D. (6)	53,241	*
Matthew Korenberg	-	*
George M. Jenkins(7)	197,971	1.76%
Todd C. Davis(8)	120,499	1.07%
Tadd S. Wessel(9)	686	*
Christopher Kiritsy(10)	4,248	*
Elaine J. Heron, Ph.D.(11)	56,617	*
All current executive officers and directors as a group (9 individuals)	2,183,259	19.08%

* Less than 1%.

(1) Consists of 679,486 shares common stock held of record by Samsara BioCapital, L.P., or Samsara LP. Samsara BioCapital GP, LLC, or Samsara GP, is the sole general partner of Samsara LP and may be deemed to beneficially own the shares held of record by Samsara LP. Srinivas Kamaraj is a managing member of Samsara GP and may be deemed to beneficially own the shares held of record by Samsara LP. The mailing address of Samsara LP is 628 Middlefield Road, Palo Alto, California 94301.

(2) Consists of 714,463 shares common stock held of record by Averill Master Fund, Ltd., or Averill. Aaron Cowen is the manager of Averill and may be deemed to beneficially own the shares of record held by Averill. The mailing address of Averill is 540 Madison Avenue, 7th Floor, New York, NY 10022.

(3) Biotechnology Value Fund, L.P., or BVF, and its related entities beneficially own 1,168,131 shares of common stock consisting of (i) 371,915 shares of common stock held of record by BVF, (ii) 282,222 shares of common stock held of record by Biotechnology Value Fund II, L.P., or BVF II, (iii) 38,960 shares of common held of record by Biotechnology Value Trading Fund OS, L.P., or Trading Fund OS (iv) 888 shares of common held of record by Investment 10 LLC, or Investment 10, (v) 2,566 shares of common held of record by MSI BVF SPV, LLV, or MSI, (vi) 247,076 pre-funded warrants which are exercisable for shares of common stock to be held of record by BVF, (vii) 196,158 pre-funded warrants which are exercisable for shares of common stock to be held of record by BVF II, (viii) 19,700 pre-funded warrants which are exercisable for shares of common stock to be held of record by Trading Fund OS, and (ix) 8,646 pre-funded warrants which are exercisable for shares of common stock to be held of record by MSI, and excluding (i) 314,418 pre-funded warrants which are exercisable for shares of common stock to be held of record by BVF, (ii) 249,624 pre-funded warrants which are exercisable for shares of common stock to be held of record by BVF II, (iii) 25,070 pre-funded warrants which are exercisable for shares of common stock to be held of record by Trading Fund OS, (iv) 11,003 pre-funded warrants which are exercisable for shares of common stock to be held of record by MSI (v) warrants exercisable for 3,522,000 shares of common stock, (vi) 85 shares of Series A Convertible Preferred Stock held of record by BVF and its related entities, which is convertible into 1,133 shares of common stock, (vii) 4,026 shares of Series B Convertible Preferred Stock held of record by BVF and its related entities, which is convertible into 53,706 shares of common stock, (viii) 3,506 shares of Series C Convertible Preferred Stock held of record by BVF and its related entities, which is convertible into 46,770 shares of common stock, (ix) 3,000 shares of Series D Convertible Preferred Stock held of record by BVF and its related entities, which is convertible into 40,020 shares of common stock, and (x) 5,000 shares of Series E Convertible Preferred Stock held of record by BVF and its related entities, which is convertible into 66,700 shares of common stock. The pre-funded warrants and warrants may not be exercised if, after such exercise, BVF and its affiliates would beneficially own more than 9.99% of the number of shares of common stock then issued and outstanding. As a result of the limitation in the previous sentence, for purposes of the table above, a portion of the shares of common stock issuable upon the exercise of the pre-funded warrants are included and no shares of common stock are included from the warrants. BVF I GP LLC, or BVF GP, as the general partner of BVF, may be deemed to beneficially own the 618,991 shares held of record by BVF. BVF II GP LLC, or BVF II GP, as the general partner of BVF II, may be deemed to beneficially own the 478,380 shares held of record by BVF II. BVF Partners OS Ltd., Partner OS, as the general partner of Trading Fund OS, may be deemed to beneficially own the 58,660 shares held of record by Trading Fund OS. BVF GP Holdings LLC, or BVF GPH, as the sole member of each of BVF GP and BVF II GP, may be deemed to beneficially own the 1,097,371 shares held of record in the aggregate by BVF and BVF II. BVF Partners L.P., or Partners, as the investment manager of BVF and its related entities, and the sole member of Partners OS, may be deemed to beneficially own the 1,168,131 shares held of record in the aggregate by the BVF and its related entities. BVF Inc., as the general partner of Partners, may be deemed to beneficially own the 1,168,131 shares beneficially owned by Partners. Mark Lampert, as a director and officer of BVF Inc., may be deemed to beneficially own the 1,168,131 shares beneficially owned by BVF Inc. The mailing address of each of the BVF is 44 Montgomery Street, 40th Floor, San Francisco, California 94104.

(4) Consists of (i) 781,409 shares of common stock held of record by Wesley H. Kaupinen 2019 Irrevocable Trust dated February 28, 2019 for the benefit of Wesley H. Kaupinen, (ii) 781,409 shares of common stock held of record by Christine L. Kaupinen 2019 Irrevocable Trust dated February 28, 2019 for the benefit of Wesley H. Kaupinen's spouse, (iii) 44,408 held of record by Wesley H. Kaupinen, and (iv) 37,641 shares of common stock subject to options and restricted stock units that are exercisable within 60 days of the Closing Date.

(5) Consists of 105,131 shares of common stock subject to options that are exercisable within 60 days of the Closing Date.

(6) Consists of 53,241 shares of common stock subject to options that are exercisable within 60 days of the Closing Date.

(7) Consists of (i) 187,695 shares of common stock held of record by George M. Jenkins, and (ii) 10,276 shares of common stock subject to options that are exercisable within 60 days of the Closing Date.

(8) Consists of (i) 112,544 shares of common stock held of record by Todd C. Davis, and (ii) 7,955 shares of common stock held by Todd C. Davis subject to options exercisable within 60 days of the Closing Date.

(9) Consists of 686 shares of common stock subject to options exercisable within 60 days of the Closing Date.

(10) Consists of (i) 250 shares of common stock held of record by Christopher Kiritsy, and (ii) 3,998 shares of common stock subject to options exercisable within 60 days of the Closing Date.

(11) Consists of (i) 5,879 shares of common stock held of record by Elaine Jones Heron Trust for the benefit of Elaine J. Heron, Ph.D., (ii) 45,410 held of record by Elaine J. Heron, Ph.D. and (iii) 5,328 shares of common stock subject to options exercisable within 60 days of the Closing Date.

Directors and Executive Officers

In connection with the Merger and pursuant to the Merger Agreement, at the Effective Time, the following individuals were appointed to serve as executive officers and directors of the Company:

Name	Age	Position
Executive Officers		
Wesley H. Kaupinen	47	Chief Executive Officer, Founder, President and Director
Matthew Korenberg	49	Chief Financial Officer
Kathleen Goin	54	Chief Operating Officer
Jeffrey Martini, Ph.D.	47	Chief Scientific Officer
Non-employee Directors		
George M. Jenkins (1)	72	Chairman of the Board
Todd C. Davis (2)(3)	63	Director
Christopher Kiritsy (1)(3)	59	Director
Tadd S. Wessel (2)(3)	48	Director
Elaine J. Heron, Ph.D(1)(3)	77	Director

(1) Member of the Audit Committee.
(2) Member of the Compensation Committee.
(3) Member of the Nominating and Corporate Governance Committee.

Executive Compensation

Compensation of Directors and Named Executive Officers

A description of the compensation of the directors and named executive officers of the Company prior to the Merger is set forth in the Proxy Statement in the section titled "*Pieris Executive and Director Compensation*" beginning on page 187, which is incorporated herein by reference. Except as modified below, a description of the compensation of the directors and named executive officers of Former Palvella prior to the Merger and the compensation of the directors and named executive officers of the Company after the consummation of the Merger (as modified below) is set forth in the Proxy Statement in the section titled "*Palvella Executive and Director Compensation*" beginning on page 201, which is incorporated herein by reference.

Wesley Kaupinen

Following the Effective Time, (i) the base salary of Mr. Kaupinen was increased to from $438,000 to $575,000 per year (ii) Mr. Kaupinen's annual bonus target increased from 40% of his base salary to 50% of his base salary.

On December 13, 2024, the board of directors of the Company granted to Mr. Kaupinen stock options under the 2024 Plan with respect to a total of 417,806 shares of the Company's common stock, which will vest in equal monthly tranches over 48 months, subject to Mr. Kaupinen's continued service with the Company through the applicable vesting date. The options have an exercise price equal to the closing price of the Company's common stock on the grant date ($13.60 per share) and will expire on the 10th anniversary of the grant date (or earlier in case of termination of service).

Kathleen Goin

Following the Effective Time, (i) the base salary of Ms. Goin was increased from $408,800 to $481,300 per year and (ii) Ms. Goin's annual bonus increased from 30% of her base salary to 40% of her base salary.

On December 13, 2024, the board of directors of the Company granted to Ms. Goin stock options under the 2024 Plan with respect to a total of 27,843 shares of the Company's common stock, which will vest in equal monthly tranches over 48 months, subject to Ms. Goin's continued service with the Company through the applicable vesting date. The options have an exercise price equal to the closing price of the Company's common stock on the grant date ($13.60 per share) and will expire on the 10th anniversary of the grant date (or earlier in case of termination of service).

Jeffrey Martini, Ph.D.

Following the Effective Time, in connection with the Merger, (i) the base salary of Dr. Martini remained at $391,700 per year and (ii) Dr. Martini's annual bonus target remained at 40% of his base salary.

On December 13, 2024, the board of directors of the Company granted to Dr. Martini stock options under the 2024 Plan with respect to a total of 126,416 shares of the Company's Common Stock, which will vest in equal monthly tranches over 48 months, subject to Dr. Martini's continued service with the Company through the applicable vesting date. The options have an exercise price equal to the closing price of the Company's Common Stock on the grant date ($13.60 per share), and will expire on the 10th anniversary of the grant date (or earlier in case of termination of service).

Executive Officers

Wesley H. Kaupinen. The biographical information of Wesley H. Kaupinen, the Company's President, Chief Executive Officer and Director is described in the Proxy Statement in the section titled "*Management Following the Merger -Executive Officers and Directors of the Combined Company following the Merger*" beginning on page 289, which is incorporated herein by reference.

Matthew Korenberg. The biographical information of Matthew Korenberg, the Company's Chief Financial Officer is described in the Proxy Statement in the section titled "*Management Following the Merger -Executive Officers and Directors of the Combined Company following the Merger*" beginning on page 289, which is incorporated herein by reference.

Kathleen Goin. The biographical information of Kathleen Goin, the Company's Chief Operating Officer is described in the Proxy Statement in the section titled "*Management Following the Merger -Executive Officers and Directors of the Combined Company following the Merger*" beginning on page 289, which is incorporated herein by reference.

Jeffrey Martini, Ph.D. The biographical information of Jeffrey Martini, Ph.D., the Company's Chief Scientific Officer is described in the Proxy Statement in the section titled "*Management Following the Merger -Executive Officers and Directors of the Combined Company following the Merger*" beginning on page 289, which is incorporated herein by reference.

Non-Employee Directors

George M. Jenkins. The biographical information of George M. Jenkins, a member of the Company's board of directors (the "Board") is described in the Proxy Statement in the section titled "*Management Following the Merger -Executive Officers and Directors of the Combined Company following the Merger*" beginning on page 289, which is incorporated herein by reference.

Todd C. Davis. The biographical information of Todd C. Davis, a member of the Board is described in the Proxy Statement in the section titled "*Management Following the Merger -Executive Officers and Directors of the Combined Company following the Merger*" beginning on page 289, which is incorporated herein by reference.

Christopher Kiritsy. The biographical information of Christopher Kiritsy, a member of the Board is described in the Proxy Statement in the section titled "*Management Following the Merger -Executive Officers and Directors of the Combined Company following the Merger*" beginning on page 289, which is incorporated herein by reference.

Tadd S. Wessel. The biographical information of Tadd S. Wessel, a member of the Board is described in the Proxy Statement in the section titled "*Management Following the Merger - Executive Officers and Directors of the Combined Company following the Merger*" beginning on page 289, which is incorporated herein by reference.

Elaine J. Heron, Ph.D., has served as a member of the Board since December 2024. From February 2009 to October 2015, Dr. Heron served as Chair and CEO of Amplyx Pharmaceuticals, Inc., a private drug development company acquired by Pfizer, Inc. in April 2021. Dr. Heron currently serves on the boards of Vaxart, Inc., a public clinical-stage biotechnology company, BioMarin Pharmaceutical Inc**.**, a public global biotechnology company, Visgenx, Inc., a private early-stage therapeutics company, Watershed Medical, Inc., a private early-stage therapeutics company, and BlueWhale Bio, Inc., a private preclinical biotechnology company. Dr. Heron is also an advisor to Kyto Technology and Life Science, Inc. and Cairn Biosciences, Inc. From July 2001 to October 2008, Dr. Heron was Chair and CEO of Labcyte Inc., a private biotechnology company. Before joining Labcyte Inc., Dr. Heron spent six years in positions of increasing responsibility at the Applied Biosystems Group of Applera Corporation, a biotechnology company, including the position of General Manager and Vice President of Sales and Marketing. Dr. Heron earned a B.S. in chemistry with highest distinction and a Ph.D. in analytical biochemistry from Purdue University and an M.B.A. from Pepperdine University. The Company believes that Dr. Heron is well qualified to serve on the Board because extensive experience in life science sales and marketing, finance and accounting, corporate governance matters and research and development.

No family relationships exist between Dr. Heron and any of the Company's directors or other executive officers. There are no arrangements or understandings between Dr. Heron and any other person pursuant to which Dr. Heron was selected as a director, nor are there any transactions to which the Company is or was a participant and in which Dr. Heron had or will have a direct or indirect material interest subject to disclosure under Item 404(a) of Regulation S-K.

Classified Board of Directors

Wesley H. Kaupinen and Christopher Kiritsy will serve as Class I directors, and their terms will expire at the 2027 annual meeting of stockholders. Tadd S. Wessel and Elaine J. Heron will serve as Class II directors, and their terms will expire at the 2025 annual meeting of stockholders. George M. Jenkins and Todd C. Davis will serve as Class III directors, and their terms will expire at the 2026 annual meeting of stockholders.

Additional information with respect to the classification of the Company's directors is described in the Proxy Statement in the section titled "*Management Following the Merger - Executive Officers and Directors of the Combined Company following the Merger – Board of Directors of the Combined Company Following the Merger*" beginning on page 291, which is incorporated herein by reference.

Independence of the Board of Directors

The Board has determined that George M. Jenkins, Todd C. Davis, Christopher Kiritsy, Tadd S. Wessel and Elaine J. Heron representing five of Company's six directors, do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is an "independent director" as defined under the Listing Rules of Nasdaq. In making these determinations, the Board considers the current and prior relationships that each non-employee director has with the Company and all other facts and circumstances that the Board deems relevant in determining their independence, including the beneficial ownership of the Company's securities by each non-employee director and the related party transactions between each director and the Company.

Committees of the Board of Directors

Audit Committee. The members of the Company's audit committee are George M. Jenkins, Elaine J. Heron and Christopher Kiritsy, each of whom qualifies as an independent director for audit committee purposes, as defined under the rules of the SEC and the applicable Nasdaq listing rules and has sufficient knowledge in financial and auditing matters to serve on the Company's audit committee. Mr. Jenkins is the chair the audit committee. Mr. Kiritsy is an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K promulgated under the Securities Act.

Compensation Committee. The members of the Company's compensation committee are Todd C. Davis and Tadd S. Wessel, each of whom qualifies as an independent director, as defined under applicable Nasdaq listing rules and also meets the additional, heightened independence criteria applicable to members of the compensation committee. Mr. Davis is the chair of the compensation committee.

Nominating and Corporate Governance Committee. The members of the Company's nominating and corporate governance committee are Elaine J. Heron, Christopher Kiritsy, Todd C. Davis and Tadd S. Wessel, each of whom qualifies as an independent director, as defined under applicable Nasdaq listing rules. Dr. Heron is the chair the nominating and corporate governance committee.

Additional information with respect to the committees of the Board is described in the Proxy Statement in the section titled "*Management Following the Merger - Executive Officers and Directors of the Combined Company following the Merger – Board of Directors of the Combined Company Following the Merger – Committees of the Board of Directors*" beginning on page 291, which is incorporated herein by reference.

Director Compensation

Following the Effective Time, on December 13, 2024, the Board considered and adopted a new non-employee director compensation policy, pursuant to which each non-employee director will receive cash consideration for Board service of $40,000 per year with an additional $25,000 in cash consideration for the non-executive chair of the Board. Such directors will receive an additional annual cash consideration for service as the chair of the audit committee, compensation committee and nominating and corporate governance committee of the Board in the amount of $15,000, $10,000 and $8,000, respectively, and an annual cash consideration for service as a member of the audit committee, compensation committee and nominating and corporate governance committee of the Board in the amount of $7,500, $5,000 and $4,000, respectively. Each new non-employee director, upon the commencement of their director service, will receive an initial grant of 24,700 options to purchase the Company's common stock for his or her service on the Board.

Following the Effective Time, and pursuant to the Company's non-employee director compensation policy, each non-employee director, consisting of George M. Jenkins, Todd C. Davis, Christopher Kiritsy, Tadd S. Wessel and Elaine J. Heron, received options to purchase 24,700 shares of the Company's common stock with an exercise price of $13.60, which will vest and become exercisable in 36 equal monthly installments through the third anniversary of the grant date. The options will expire on the 10th anniversary of the grant date (or earlier in case of termination of service).

Related Party Transactions

The Company's related party transactions are described in the Proxy Statement in the section titled "*Certain Relationships and Related Party Transactions of the Combined Company*" beginning on page 295, which is incorporated herein by reference.

Legal Proceedings

The Company's legal proceedings are described in the Proxy Statement in the section titled "*Palvella's Business – Legal Proceedings*" beginning on page 259, which is incorporated herein by reference.

Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters

The market price of and dividends on the registrant's common equity and related stockholder matters of the Company are described in the Proxy Statement in the section titled "*Market Price and Dividend Information*" beginning on page 24, which is incorporated herein by reference.

Recent Sales of Unregistered Securities

On the Closing Date and in connection with the Merger, the Company consummated the PIPE Financing. The disclosure under Item 1.01 of this Current Report on Form 8-K relating to the PIPE Financing is incorporated into this Item 2.01 by reference.

The Company issued the securities in the PIPE Financing under Section 4(a)(2) of the Securities Act, as a transaction not requiring registration under Section 5 of the Securities Act. The parties receiving the securities represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution, and appropriate restrictive legends were affixed to the certificates representing the securities (or reflected in restricted book entry with the Company's transfer agent). The parties also had adequate access, through business or other relationships, to information about the Company.

Description of Company's Securities

The Company's securities are described in the Proxy Statement in the section titled "*Description of Pieris Capital Stock*" beginning on page 309, which is incorporated herein by reference.

Indemnification of Directors and Officers

The Company's arrangements to indemnify its directors and officers is described in the Proxy Statement in the section titled "*Comparison of Stockholder Rights under Delaware law and Nevada Law – Indemnification*" beginning on page 323, which is incorporated herein by reference. A description of the Company's indemnification agreements with its directors and officers is included herein in Item 2.01, and such form indemnification agreement has been filed herewith as Exhibit 10.1 and is incorporated herein by reference.

Item 3.02 Unregistered Sales of Equity Securities

The disclosure set forth under the heading "*Recent Sales of Unregistered Securities*" in Item 2.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 3.03 Material Modifications to Rights of Security Holders

In connection with the consummation of the Merger, the Company changed its name from "Pieris Pharmaceuticals, Inc." to "Palvella Therapeutics, Inc." pursuant to an amendment to the Amended and Restated Articles of Incorporation to the Company. Reference is made to the disclosure described in the Proxy Statement in the sections titled "*Proposal No. 4 - Ratification of The Pieris Board of Directors' Approval of an Amendment to the Amended and Restated Articles of Incorporation of Pieris to Change the Name of the Corporation from Pieris Pharmaceuticals, Inc. to Palvella Therapeutics, Inc.*" beginning on page 217, which is incorporated herein by reference.

In connection with the consummation of the Merger, the Company increased the number of authorized shares of the Company's common stock from 3,750,000 to 200,000,000 pursuant to an amendment to the Amended and Restated Articles of Incorporation of the Company. Reference is made to the disclosure described in the Proxy Statement in the sections titled "*Proposal No. 2 – Approval of an Amendment to the Amended and Restated Articles of Incorporation of Pieris to Increase the Number of Authorized Shares of Pieris Common Stock*" beginning on page 208 which is incorporated herein by reference.

In accordance with Rule 12g-3(a) under the Exchange Act, the Company is the successor issuer to Pieris Pharmaceuticals, Inc. and has succeeded to the attributes of Pieris Pharmaceuticals, Inc. as the registrant. In addition, the shares of the Company's common stock, as the successor to Pieris Pharmaceuticals, Inc. are deemed to be registered under Section 12(b) of the Exchange Act. Holders of uncertificated shares of common stock of Pieris Pharmaceuticals, Inc. prior to the Closing have continued as holders of shares of uncertificated shares of the Company's common stock. After consummation of the Merger the Common Stock were listed on the Nasdaq Capital Market under the symbols "PVLA," and the CUSIP number relating to the Common Stock was changed to 697947109. Holders of shares of Pieris Pharmaceuticals, Inc. who have filed reports under the Exchange Act with respect to those shares should indicate in their next filing, or any amendment to a prior filing, filed on or after the Closing Date that the Company is the successor to Pieris Pharmaceuticals, Inc.

The foregoing descriptions of the Share Increase Amendment and Name Change Amendment are not complete and is subject to and qualified in its entirety by reference to the Share Increase Amendment and Name Change Amendment, a copy of which is included hereto as Exhibit 3.9 and 3.11, respectively, each of which is incorporated herein by reference.

Item 5.01 Changes in Control of the Registrant

The information set forth above under the heading "*Form 10 Information*" in Item 2.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

The information set forth in the sections titled "*Directors and Executive Officers,*" "*Executive Compensation,*" "*Director Compensation*" and "*Related Party Transactions*" under the heading "*Form 10 Information*" in Item 2.01 of this Current Report on Form 8-K is incorporated herein by reference.

Departure and Election of Directors

In connection with the Merger and pursuant to the terms of the Merger Agreement, at the Effective Time, James Geraghty, Michael Richman, Ann Barbier, MD., Ph.D., Peter Kiener, D. Phil., Matthew Sherman, M.D. and Maya R. Said, Sc.D., each resigned from the Board. In addition, the size of the Board was reduced from eight to six directors, and five new individuals were appointed to the Board by Former Palvella, pursuant to the Merger Agreement. At the Effective Time, Wesley H. Kaupinen, George M. Jenkins, Todd C. Davis and Tadd S. Wessel were each appointed to serve as a director of the Company. Christopher Kiritsy continued to serve on the Board. Following the Effective Time, the Board appointed Elaine J. Heron to the Board.

Wesley H. Kaupinen and Christopher Kiritsy will serve as Class I directors, and their terms will expire at the third annual meeting of stockholders to be held after the Closing Date. Tadd S. Wessel and Elaine J. Heron will serve as Class II directors, and their terms will expire at the first annual meeting of stockholders to be held after the Closing Date. George M. Jenkins and Todd C. David will serve as Class III directors, and their terms will expire at the second annual meeting of stockholders to be held after the Closing Date.

Departure and Appointment of Certain Officers

In connection with the Merger, on the Closing Date, Stephen Yoder's employment as President and Chief Executive Officer of the Company terminated. Pursuant to the terms of the separation agreement entered into with Mr. Yoder (the "Yoder Separation Agreement"), Mr. Yoder will be entitled to receive cash severance in a single lump sum in an amount equal to 12 months of his base salary (equivalent to $876,900), as well as 100% acceleration of vesting of all of his outstanding Company equity awards. Subject to Mr. Yoder's election of COBRA, Mr. Yoder will be eligible for payment or reimbursement for the employer portion of premiums for Mr. Yoder and his eligible dependents for 12 months. The Yoder Separation Agreement contains a release of claims against the Company, as well as certain ongoing confidentiality and restrictive covenant obligations. The foregoing is a summary description of the terms and conditions of the Yoder Separation Agreement and is qualified in its entirety by reference to the Yoder Separation Agreement, a copy of which is included as Exhibit 10.22 to this Current Report on Form 8-K, and is incorporated herein by reference.

In connection with the Merger, on the Closing Date, Thomas Bures' employment as Senior Vice President and Chief Financial Officer of the Company terminated. Pursuant to the terms of the separation agreement entered into with Mr. Bures (the "Bures Separation Agreement"), Mr. Bures will be entitled to receive cash severance in a single lump sum in an amount equal to the sum of 12 months of his base salary plus his full target bonus (equivalent to $560,217), as well as 100% acceleration of vesting of all of his outstanding Company equity awards. Subject to Mr. Bures' election of COBRA, Mr. Bures will be eligible for payment or reimbursement for the employer portion of premiums for Mr. Bures and his eligible dependents for 12 months. The Bures Separation Agreement contains a release of claims against the Company, as well as certain ongoing confidentiality and restrictive covenant obligations. The foregoing is a summary description of the terms and conditions of the Bures Separation Agreement and is qualified in its entirety by reference to the Bures Separation Agreement, a copy of which is included as Exhibit 10.23 to this Current Report on Form 8-K, and is incorporated herein by reference.

On December 13, 2024, the Company and Mr. Bures entered into a consulting agreement (the "Consulting Agreement") pursuant to which Mr. Bures will provide consulting services related to accounting and reporting matters though the Merger transition on an as needed basis. Mr. Bures will be paid an hourly rate of $500 per hour and will be reimbursed for miscellaneous business and travel-related expenses, if preapproved and incurred while providing services to the Company during the term of the Consulting Agreement. The Consulting Agreement will terminate upon the earlier of (i) the completion of agreed upon services to the satisfaction of Company, or at any time upon 10 days' written notification to Mr. Bures.

The foregoing is a summary description of the terms and conditions of the Consulting Agreement and is qualified in its entirety by reference to the Consulting Agreement, a copy of which is included as Exhibit 10.24 to this Current Report on Form 8-K, and incorporated herein by reference.

In connection with the Merger and pursuant to the Merger Agreement, at the Effective Time, the following individuals were appointed to serve as executive officers of the Company:

Name	Age	Position
Executive Officers		
Wesley H. Kaupinen	47	Chief Executive Officer, Founder, President and Director
Matthew Korenberg	49	Chief Financial Officer
Kathleen Goin	54	Chief Operating Officer
Jeffrey Martini, Ph.D.	47	Chief Scientific Officer

Compensation of Directors and Chief Financial Officer

Matthew Korenberg

Mr. Korenberg is party to an offer letter dated October 9, 2024 (the "Korenberg Offer Letter") that provides for at-will employment and provides for an initial base salary of $475,300. Under the Korenberg Offer Letter, Mr. Korenberg is eligible to receive an annual cash incentive award opportunity under the Company's bonus plan targeted at 40% of his base salary. Mr. Korenberg is eligible to participate in the Company's employee benefits plans that are generally made available by the Company to its employees, subject to the eligibility requirements of those plans. On December 13, 2024, the board of directors of the Company granted to Mr. Korenberg stock options under the 2024 Plan with respect to a total of 167,100 shares of the Company's common stock, of which 25% will vest on October 16, 2025, and the remaining 75% will vest in equal monthly tranches over the following 36 months, in each case subject to Mr. Korenberg's continued service with the Company through the applicable vesting date. The options have an exercise price equal to the closing price of the Company's common stock on the grant date ($13.60 per share), and will expire on the 10th anniversary of the grant date (or earlier in case of termination of service).

Mr. Korenberg is also a party to a Severance Agreement, dated as of October 9, 2024 (the "Korenberg Severance Agreement"). The Korenberg Severance Agreement provides that upon termination of employment by the Company without "cause," the Company will provide Mr. Korenberg with three months of salary continuation. Payment of Mr. Korenberg's severance is conditioned on (i) Mr. Kornberg's execution of a general release of claims in favor of the Company and its affiliates; (ii) Ms. Korenberg's continued compliance with the provisions of his Confidentiality, Assignment of Inventions, and Restrictive Covenant Agreement; and (iii) the Company being financially solvent at the time any such severance payment becomes due, and that the payment of any such severance amounts would not cause the Company to become insolvent.

Under the Korenberg Severance Agreement, "cause" generally means any of the following: (i) indictment, commission of; or the entry of a plea of guilty or no contest to, (A) a felony or (B) any crime (other than a felony) that causes the Company or its affiliates public disgrace or disrepute, or adversely affects the Company's or its affiliates' operations or financial performance or the relationship the Company has with its affiliates, customers and suppliers; (ii) commission of an act of gross negligence, willful misconduct, fraud, embezzlement, theft or material dishonesty with respect to the Company or any of its affiliates; (iii) a breach of Mr. Korenberg's fiduciary duties to the Company or any of its affiliates; (iv) alcohol abuse or use of controlled substances (other than prescription drugs taken in accordance with a physician's prescription); (v) material breach of any agreement with the Company or any of its affiliates, including this Agreement and the Confidentiality, Assignment of Inventions, and Restrictive Covenant Agreement; (vi) a material breach of any Company policy regarding employment practices; or (vii) refusal to perform or repeated failure to perform, the lawful directives of the Company, if not cured within 15 days following receipt by Mr. Korenberg from the Company of written notice thereof.

2024 Equity Incentive Plan

In connection with the Merger, the Company's stockholders considered and approved the 2024 Plan. The 2024 Plan was previously approved, subject to stockholder approval, by the Company's board of directors on September 12, 2024. The 2024 Plan became effective on December 11, 2024, the date the stockholders of the Company approved the 2024 Plan.

A summary of the terms of the 2024 Plan is set forth in the Proxy Statement in the section titled "*Proposal No. 3—Approval of the 2024 Equity Incentive Plan*" beginning on page 211, which is incorporated herein by reference. Such summary and the foregoing description are qualified in their entirety by reference to the text of the 2024 Plan, a copy of which is included as Exhibit 10.28 hereto, and incorporated herein by reference.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

To the extent required by Item 5.03 of Form 8-K, the information contained in Item 2.01 and Item 3.03 of this Current Report on Form 8-K is incorporated by reference herein.

Item 5.05. Amendments to the Registrant's Code of Ethics, or Waiver of a Provision of the Code of Ethics.

In connection with the Merger, the Board adopted a new Code of Business Conduct and Ethics (the "Code of Conduct") on December 13, 2024. The Code of Conduct superseded the Company's existing code of business conduct and ethics previously adopted by the Board (the "Pre-MergerCode"). The Code of Conduct applies to all directors, officers, employees, contractors, consultants and agents of the Company.

The Code of Conduct is designed to deter wrongdoing and to promote fair and accurate financial reporting; compliance with applicable laws, rules and regulations including, without limitation, full, fair, accurate, timely and understandable disclosure in reports and documents the Company files with, or submits to, the SEC and in the Company's other public communications; the prompt internal reporting of violations of the Code of Conduct as set forth in the Code of Conduct; honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest; and a culture of honesty and accountability.

The newly adopted Code of Conduct did not result in any explicit or implicit waiver of any provision of the Pre-Merger Code. The foregoing description of the Code of Conduct does not purport to be complete and is qualified in its entirety by reference to the full text of the Code of Conduct, a copy of which is included hereto as Exhibit 14.1 and incorporated herein by reference.

Item 5.06 Change in Shell Company Status.

As a result of the Merger, the Company ceased being a shell company. Reference is made to the disclosure in the Proxy Statement in the section titled "*Proposal No. 1—Approval the Issuance of Shares of Common Stock of Pieris Pursuant to the Terms of the Merger Agreement and the Purchase Agreement for Purposes of Nasdaq Listing Rules 5635(a), (b) and (d)*" beginning on page 207. Further, the information set forth under the heading "*Introductory Note*" above and under Item 2.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 8.01. Other Events.

On December 13, 2024, the Company issued a press release announcing, among other things, the closing of the Merger and PIPE Financing. The press release contains statements intended as "forward-looking statements" which are subject to the cautionary statements about forward-looking statements set forth therein. The press release is filed as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference, except that the information contained on the websites referenced in the press release is not incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired

The audited financial statements of Former Palvella as of December 31, 2023 and 2022 and for the years ended December 31, 2023 and 2022 and the related notes are included in the Proxy Statement beginning on page F-70 and are incorporated herein by reference.

The unaudited condensed financial statements of Former Palvella as of September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023 and the related notes are included in Exhibit 99.3 to this Current Report on Form 8-K, and are incorporated herein by reference.

(b) Pro Forma Financial Information.

The unaudited pro forma financial information of the Company as of and for the nine months ended September 30, 2024 and for the year ended December 31, 2023 is set forth on Exhibit 99.4 to this Current Report on Form 8-K, and is incorporated herein by reference.

EXHIBIT INDEX

		Incorporated by Reference (if applicable)			
Exhibit Number	**Exhibit Description**	**Form**	**File No.**	**Exhibit**	**Filing Date**
2.1∞	Agreement and Plan of Merger dated as of July 23, 2024, by and among Pieris Pharmaceuticals, Inc., Polo Merger Sub, Inc., and Palvella Therapeutics, Inc.	8-K	001-37471	2.1	July 24, 2024
2.2	Form of Lock-Up Agreement	8-K	001-37471	10.4	July 24, 2024
3.1	Amended and Restated Articles of Incorporation	8-K	333-190728	3.1	December 18, 2014
3.2	Certificate of Designation of Series A Convertible Preferred Stock	10-Q	001-37471	3.1	August 11, 2016
3.3	Certificate of Designation of Series B Convertible Preferred Stock	8-K	001-37471	3.1	February 4, 2019
3.4	Certificate of Designation of Series C Convertible Preferred Stock	8-K	001-37471	3.1	November 4, 2019
3.5	Certificate of Designation of Series D Convertible Preferred Stock	8-K	001-37471	3.1	April 6, 2020
3.6	Certificate of Designation of Series E Convertible Preferred Stock	8-K	001-37471	3.1	May 21, 2021
3.7	Certificate of Designation of Series F Preferred Stock	8-K	001-37471	3.1	August 8, 2024
3.8	Certificate of Change to Articles of Incorporation	8-K	001-37471	3.1	April 18, 2024
3.9	Certificate of Amendment to Articles of Incorporation				
3.10	Certificate of Withdrawal of the Series F Certificate of Designation				
3.11	Certificate of Amendment to Articles of Incorporation				
3.12	Amended and Restated Bylaws	8-K	333-190728	3.2	December 18, 2014
3.13	Amendment to the Amended and Restated Bylaws	8-K	001-37471	3.1	September 3, 2019
4.1	Form of Common Stock Certificate				
4.2	Form of Pre-Funded Warrant	8-K	001-37471	4.1	July 24, 2024

10.1*	Form of Indemnification Agreement	8-K	333-190728	10.10	December 18, 2014
10.2*	2018 Employee Stock Purchase Plan	8-K	001-37471	10.2	July 26, 2018
10.3*	2023 Employee Stock Purchase Plan	10-Q	001-37471	10.2	August 10, 2023
10.4*	2014 Employee, Director and Consultant Equity Incentive Plan	8-K	333-190728	10.1	December 18, 2014
10.5*	2016 Employee, Director and Consultant Equity Incentive Plan	8-K	011-37471	10.1	July 1, 2016
10.6*	2019 Employee, Director and Consultant Equity Incentive Plan	8-K	001-37471	10.1	July 31, 2019
10.7*	2020 Employee, Director and Consultant Equity Incentive Plan	8-K	001-37471	10.1	June 29, 2020
10.8*	2020 Employee, Director and Consultant Equity Incentive Plan, as amended	8-K	001-37471	10.1	June 29, 2021
10.9*	2020 Employee, Director and Consultant Equity Incentive Plan, as amended	8-K	001-37471	10.1	June 27, 2022
10.10*	2020 Employee, Director and Consultant Equity Incentive Plan, as amended	8-K	0001-37471	10.1	June 26, 2023
10.11	Office Building Lease, dated May 18, 2018, by and between The Strafford Office Buildings and Palvella Therapeutics, Inc.	S-4	333-281459	10.16	August 9, 2024
10.12	First Amendment to Office Building Lease, dated September 30, 2020, by and between The Strafford Office Buildings and Palvella Therapeutics, Inc.	S-4	333-281459	10.17	August 9, 2024
10.13#	Development Funding and Royalties Agreement, dated December 13, 2018, by and between Ligand Pharmaceuticals, Inc. and Palvella Therapeutics, Inc.	S-4/A	333-281459	10.18	November 5, 2024

10.14	First Amendment to Development Funding and Royalties Agreement, dated May 22, 2020, by and between Ligand Pharmaceuticals, Inc. and Palvella Therapeutics, Inc.	S-4	333-281459	10.19	August 9, 2024
10.15#	Second Amendment to Development Funding and Royalties Agreement, dated November 28, 2023, by and between Ligand Pharmaceuticals, Inc. and Palvella Therapeutics, Inc.	S-4/A	333-281459	10.20	November 5, 2024
10.16*	Employment Agreement, dated May 20, 2020, by and between Wesley Kaupinen and Palvella Therapeutics, Inc.	S-4	333-281459	10.21	August 9, 2024
10.17*	Severance Agreement, dated May 22, 2020, by and between Kathleen Goin and Palvella Therapeutics, Inc.	S-4	333-281459	10.24	August 9, 2024
10.18*	Offer Letter, dated July 27, 2020, by and between Jeffrey Martini and Palvella Therapeutics, Inc.	S-4	333-281459	10.25	August 9, 2024
10.19*	Offer Letter, dated August 19, 2019, by and between Kathleen Goin and Palvella Therapeutics, Inc.	S-4	333-281459	10.26	August 9, 2019
10.20*+	Offer Letter, dated October 9, 2024, by and between Matthew Korenberg and Palvella Therapeutics, Inc.	S-4/A	333-281459	10.27	November 5, 2024
10.21*	Severance Agreement, dated October 10, 2024, by and between Matthew Korenberg and Palvella Therapeutics, Inc.	S-4/A	333-281459	10.28	November 5, 2024
10.22*+	Separation Agreement, dated December 13, 2024, between Pieris Pharmaceuticals, Inc. and Stephen A. Yoder				
10.23*+	Separation Agreement, dated December 13, 2024, between Pieris Pharmaceuticals, Inc. and Thomas Bures				
10.24+	Consulting Agreement, dated December 13, 2024, by and between Palvella Therapeutics, Inc. and Thomas Bures				
10.25	Securities Purchase Agreement, dated as of July 23, 2024, by and among Palvella Therapeutics, Inc. (formerly Pieris Pharmaceuticals, Inc.) and certain purchasers	8-K	001-37471	10.5	July 24, 2024
10.26	Registration Rights Agreement, dated as of December 13, 2024, by and among Palvella Therapeutics, Inc. (formerly Pieris Pharmaceuticals, Inc.) and certain purchasers				
10.27	Contingent Value Rights Agreement, dated as of December 13, 2024, by and among, Palvella Therapeutics, Inc. (formerly Pieris Pharmaceuticals, Inc.), Shareholder Representative Services LLC and Computershare Inc. and Computershare Trust Company, N.A.				
10.28	Palvella Therapeutics, Inc. 2024 Equity Incentive Plan	8-K	001-37471	10.1	December 12, 2024
10.29	Form of Stock Option Grant Notice and Stock Option Agreement				
10.30	Form of Notice of Grant of Restricted Stock Units Award				

14.1	Code of Business Conduct and Ethics
21.1	List of Subsidiaries of Palvella Therapeutics, Inc.
99.1	Press release issued on December 13, 2024
99.2	Management's Discussion and Analysis of Financial Condition and Results of Operations for the nine months ended September 30, 2024
99.3	Unaudited Condensed Financial Statements of Former Palvella as of September 30, 2024 and 2023 and for the Nine Months ended September 30, 2024 and 2023
99.4	Unaudited Pro Forma Financial Information for the Year Ended December 31, 2023 and the Nine Months Ended September 30, 2024
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

∞ Exhibits and/or schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The registrant hereby undertakes to furnish supplementally copies of any of the omitted exhibits and schedules upon request by the SEC; provided, however, that the registrant may request confidential treatment pursuant to Rule 24b-2 under the Exchange Act, for any exhibits or schedules so furnished.

+ Portions of this exhibit have been redacted in compliance with Regulation S-K Item 601(a)(6).

Certain confidential information contained in this exhibit, marked by brackets, has been omitted pursuant to Item 601(b)(10)(iv) because the information (i) is not material and (ii) is the type of information that the Registrant both customarily and actually treats as private and confidential.

* Indicates management contract or compensatory plan

SIGNATURE

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

PALVELLA THERAPEUTICS, INC.

Dated: December 13, 2024

/s/ Matthew Korenberg
Matthew Korenberg
Chief Financial Officer

FRANCISCO V. AGUILAR
Secretary of State
401 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Filed in the Office of	Business Number
FVAguilar	E0259632013-5
	Filing Number
Secretary of State	20244527559
State Of Nevada	Filed On
	12/12/2024 8:00:00 AM
	Number of Pages
	3

Profit Corporation:

Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

1. Entity information:

Name of entity as on file with the Nevada Secretary of State:
Pieris Pharmaceuticals, Inc.

Entity or Nevada Business Identification Number (NVID): E0259632013-5

2. Restated or Amended and Restated Articles:
(Select one)

(If amending and restating only, complete section 1,2 3, 5 and 6)

☐ Certificate to Accompany Restated Articles or Amended and Restated Articles

☐ Restated Articles - No amendments; articles are restated only and are signed by an officer of the corporation who has been authorized to execute the certificate by resolution of the board of directors adopted on: ____
The certificate correctly sets forth the text of the articles or certificate as amended to the date of the certificate.

☐ Amended and Restated Articles

* Restated or Amended and Restated Articles must be included with this filing type.

3. Type of Amendment Filing Being Completed:
(Select only one box)

(If amending, complete section 1, 3, 5 and 6.)

☐ Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.380 - Before Issuance of Stock)

The undersigned declare that they constitute at least two-thirds of the following: (Check only one box) ☐ incorporators ☐ board of directors

The undersigned affirmatively declare that to the date of this certificate, no stock of the corporation has been issued

☒ Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is: More than 96%

Or ☐ No action by stockholders is required, name change only.

☐ Officer's Statement (foreign qualified entities only) -

Name in home state, if using a modified name in Nevada: ____

Jurisdiction of formation: ____

Changes to takes the following effect:

☐ The entity name has been amended.
☐ The purpose of the entity has been amended.
☐ The authorized shares have been amended.
☐ Other: (specify changes)

☐ Dissolution
☐ Merger
☐ Conversion

* Officer's Statement must be submitted with either a certified copy of or a certificate evidencing the filing of any document, amendatory or otherwise, relating to the original articles in the place of the corporations creation.

This form must be accompanied by appropriate fees.

FRANCISCO V. AGUILAR
Secretary of State
401 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Profit Corporation:
Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

4. Effective Date and Time: (Optional)

Date: _____ Time: _____

(must not be later than 90 days after the certificate is filed)

5. Information Being Changed: (Domestic corporations only)

Changes to takes the following effect:

- ☐ The entity name has been amended.
- ☐ The registered agent has been changed. (attach Certificate of Acceptance from new registered agent)
- ☐ The purpose of the entity has been amended.
- ☒ The authorized shares have been amended.
- ☐ The directors, managers or general partners have been amended.
- ☐ IRS tax language has been added.
- ☐ Articles have been added.
- ☐ Articles have been deleted.
- ☐ Other.

The articles have been amended as follows: (provide article numbers, if available)

Section 1(a) of Article IV has been amended as set forth below.

(attach additional page(s) if necessary)

6. Signature: (Required)

DocuSigned by:

X _____ President and CEO
Signature of Officer or Authorized Signer — Title

X _____
Signature of Officer or Authorized Signer — Title

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.

Please include any required or optional information in space below:
(attach additional page(s) if necessary)

Section 1(a) of Article IV of the corporation's Amended and Restated Articles of Incorporation, as heretofore amended, is hereby amended to read in its entirety as follows:

"The total number of shares of all classes of stock which the Corporation shall have the authority to issue is 210,000,000 shares, consisting of 200,000,000 shares of common stock, par value $0.001 per share (the "Common Stock"), and 10,000,000 shares of preferred stock, par value $0.001 per share (the "Preferred Stock")."

This form must be accompanied by appropriate fees.

FRANCISCO V. AGUILAR
Secretary of State
401 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Profit Corporation:
Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

4. Effective Date and Time: (Optional)

Date: _____ Time: _____

(must not be later than 90 days after the certificate is filed)

5. Information Being Changed: (Domestic corporations only)

Changes to takes the following effect:

- ☐ The entity name has been amended.
- ☐ The registered agent has been changed. (attach Certificate of Acceptance from new registered agent)
- ☐ The purpose of the entity has been amended.
- ☒ The authorized shares have been amended.
- ☐ The directors, managers or general partners have been amended.
- ☐ IRS tax language has been added.
- ☐ Articles have been added.
- ☐ Articles have been deleted.
- ☐ Other.

The articles have been amended as follows: (provide article numbers, if available)

Section 1(a) of Article IV has been amended as set forth below.

(attach additional page(s) if necessary)

6. Signature: (Required)

X _____ Signature of Officer or Authorized Signer — Title

X Thomas Burns (DocuSigned by: A91C41342E83484...) Signature of Officer or Authorized Signer — CFO — Title

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.

Please include any required or optional information in space below:
(attach additional page(s) if necessary)

Section 1(a) of Article IV of the corporation's Amended and Restated Articles of Incorporation, as heretofore amended, is hereby amended to read in its entirety as follows:

"The total number of shares of all classes of stock which the Corporation shall have the authority to issue is 210,000,000 shares, consisting of 200,000,000 shares of common stock, par value $0.001 per share (the "Common Stock"), and 10,000,000 shares of preferred stock, par value $0.001 per share (the "Preferred Stock")."

This form must be accompanied by appropriate fees.

Docusign Envelope ID: 093A70C8-47D8-4ACC-89D4-06BB2A4F77E6

Filed in the Office of	Business Number
FVAguilar	E0259632013-5
Secretary of State	Filing Number
State Of Nevada	20244527735
	Filed On
	12/12/2024 8:55:00 AM
	Number of Pages
	1

FRANCISCO V. AGUILAR
Secretary of State
401 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Certificate, Amendment or Withdrawal of Designation

NRS 78.1955, 78.1955(6)

☐ Certificate of Designation

☐ Certificate of Amendment to Designation - Before Issuance of Class or Series

☐ Certificate of Amendment to Designation - After Issuance of Class or Series

☒ Certificate of Withdrawal of Certificate of Designation

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

1. Entity information:	Name of entity: Pieris Pharmaceuticals, Inc. Entity or Nevada Business Identification Number (NVID): E0259632013-5
2. Effective date and time:	For Certificate of Designation or Amendment to Designation Only (Optional): Date: Time: (must not be later than 90 days after the certificate is filed)
3. Class or series of stock: (Certificate of Designation only)	The class or series of stock being designated within this filing:
4. Information for amendment of class or series of stock:	The original class or series of stock being amended within this filing:
5. Amendment of class or series of stock:	☐ Certificate of Amendment to Designation- Before Issuance of Class or Series As of the date of this certificate no shares of the class or series of stock have been issued.
	☐ Certificate of Amendment to Designation- After Issuance of Class or Series The amendment has been approved by the vote of stockholders holding shares in the corporation entitling them to exercise a majority of the voting power, or such greater proportion of the voting power as may be required by the articles of incorporation or the certificate of designation.
6. Resolution: Certificate of Designation and Amendment to Designation only)	By resolution of the board of directors pursuant to a provision in the articles of incorporation this certificate establishes OR amends the following regarding the voting powers, designations, preferences, limitations, restrictions and relative rights of the following class or series of stock.*
7. Withdrawal:	Designation being Withdrawn: Series F Preferred Stock Date of Designation: 08/07/2024 No shares of the class or series of stock being withdrawn are outstanding. The resolution of the board of directors authorizing the withdrawal of the certificate of designation establishing the class or series of stock: * The certificate of designation designating the corporation's Series F Preferred Stock is hereby withdrawn.
8. Signature: (Required)	X DocuSigned by: Thomas Burns A91C41542E83464... Signature of Officer Date: 12/12/2024

* Attach additional page(s) if necessary

This form must be accompanied by appropriate fees.

FRANCISCO V. AGUILAR
Secretary of State
401 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Filed in the Office of	Business Number
F V Aguilar	E0259632013-5
	Filing Number
	20244528225
Secretary of State	Filed On
State Of Nevada	12/12/2024 10:29:00 AM
	Number of Pages
	4

Profit Corporation:

Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

1. Entity information:

Name of entity as on file with the Nevada Secretary of State:
Pieris Pharmaceuticals, Inc.

Entity or Nevada Business Identification Number (NVID): E0259632013-5

2. Restated or Amended and Restated Articles:
(Select one)

(If amending and restating only, complete section 1,2 3, 5 and 6)

☐ Certificate to Accompany Restated Articles or Amended and Restated Articles

☐ Restated Articles - No amendments; articles are restated only and are signed by an officer of the corporation who has been authorized to execute the certificate by resolution of the board of directors adopted on: ____
The certificate correctly sets forth the text of the articles or certificate as amended to the date of the certificate.

☐ Amended and Restated Articles

* Restated or Amended and Restated Articles must be included with this filing type.

3. Type of Amendment Filing Being Completed:
(Select only one box)

(If amending, complete section 1, 3, 5 and 6.)

☐ Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.380 - Before Issuance of Stock)

The undersigned declare that they constitute at least two-thirds of the following: (Check only one box) ☐ incorporators ☐ board of directors

The undersigned affirmatively declare that to the date of this certificate, no stock of the corporation has been issued

☒ Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is: ____

Or ☒ No action by stockholders is required, name change only.

☐ Officer's Statement (foreign qualified entities only) -

Name in home state, if using a modified name in Nevada: ____

Jurisdiction of formation: ____

Changes to takes the following effect:

☐ The entity name has been amended.
☐ The purpose of the entity has been amended.
☐ The authorized shares have been amended.
☐ Other: (specify changes)

☐ Dissolution
☐ Merger
☐ Conversion

* Officer's Statement must be submitted with either a certified copy of or a certificate evidencing the filing of any document, amendatory or otherwise, relating to the original articles in the place of the corporations creation.

This form must be accompanied by appropriate fees.

FRANCISCO V. AGUILAR
Secretary of State
401 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Profit Corporation:
Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

4. Effective Date and Time: (Optional)

Date: December 13, 2024 Time: 11:00am Eastern Time

(must not be later than 90 days after the certificate is filed)

5. Information Being Changed: (Domestic corporations only)

Changes to takes the following effect:

- [x] The entity name has been amended.
- [ ] The registered agent has been changed. (attach Certificate of Acceptance from new registered agent)
- [ ] The purpose of the entity has been amended.
- [ ] The authorized shares have been amended.
- [ ] The directors, managers or general partners have been amended.
- [ ] IRS tax language has been added.
- [ ] Articles have been added.
- [ ] Articles have been deleted.
- [ ] Other.

The articles have been amended as follows: (provide article numbers, if available)

Article I has been amended as set forth below.

(attach additional page(s) if necessary)

6. Signature: (Required)

X DocuSigned by: 75486A6C0DAF4FE... Signature of Officer or Authorized Signer — President and CEO — Title

X _____ Signature of Officer or Authorized Signer — _____ Title

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.

Please include any required or optional information in space below:
(attach additional page(s) if necessary)

Article I of the corporation's Amended and Restated Articles of Incorporation, as heretofore amended, is hereby amended to read in its entirety as follows:

"The name of the corporation is Palvella Therapeutics, Inc. (the "Corporation")."

This form must be accompanied by appropriate fees.

FRANCISCO V. AGUILAR
Secretary of State
401 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Profit Corporation:
Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

4. Effective Date and Time: (Optional)

Date: December 13, 2024 Time: 11:00am Eastern Time

(must not be later than 90 days after the certificate is filed)

5. Information Being Changed: (Domestic corporations only)

Changes to takes the following effect:

- [x] The entity name has been amended.
- [ ] The registered agent has been changed. (attach Certificate of Acceptance from new registered agent)
- [ ] The purpose of the entity has been amended.
- [ ] The authorized shares have been amended.
- [ ] The directors, managers or general partners have been amended.
- [ ] IRS tax language has been added.
- [ ] Articles have been added.
- [ ] Articles have been deleted.
- [ ] Other.

The articles have been amended as follows: (provide article numbers, if available)

Article I has been amended as set forth below.

(attach additional page(s) if necessary)

6. Signature: (Required)

X _____ Title

Signature of Officer or Authorized Signer

X DocuSigned by: Thomas Burns A91C41542E83464... CFO

Signature of Officer or Authorized Signer Title

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.

Please include any required or optional information in space below:
(attach additional page(s) if necessary)

Article I of the corporation's Amended and Restated Articles of Incorporation, as heretofore amended, is hereby amended to read in its entirety as follows:

"The name of the corporation is Palvella Therapeutics, Inc. (the "Corporation")."

This form must be accompanied by appropriate fees.

FRANCISCO V. AGUILAR
Secretary of State
401 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov
www.nvsilverflume.gov

Filed in the Office of	Business Number
FVAguilar	E45112512024-0
	Filing Number
Secretary of State	20244511249
State Of Nevada	Filed On
	12/04/2024 13:00:06 PM
	Number of Pages
	1

Name - Reservation, Consent or Release

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT - SUBMIT THE FILING WITH A CUSTOMER ORDER INSTRUCTION FORM AND PAYMENT

☑ Name Reservation

This filing is used to Reserve an entity name to be used at a later date when filing formation or amendment documents, the name will be reserved for 90 days.

I, **Chad Hinton**, hereby request the following name to be reserved for the period of 90 days: **Palvella Therapeutics, Inc.**
(Do not include a corporate ending)

Holder of the Reservation:

Name	Country
Chad Hinton	**USA**

Business Address	City	State	Zip/Postal code
Brownstein Hyatt Farber Schreck LLP, 675 15th Street, Suite 2900	**Denver**	**CO**	**80202**

The above reservation must be accompanied by a $25.00 filing fee. An additional $25.00 required if requesting 24 hour expedited service.

☐ Name Consent or ☐ Name Reservation Release

Consent to allow another party to use an entity name already on file with the Secretary of State. Release the name Reservation to another party for use in filing formation or amendment documents. *Note: If submitting a Name Release or Name Consent the form will need to be notarized.*

I, _____, hereby give consent/release for the
The person who is the current holder of the entity name

entity name of _____ to
Entity name having consent or being released

_____ for use.
The person the name is being released to

Signed: X _____ (document must be signed before a notary public)
Signature of current holder of name

State of _____

County of _____

This document was acknowledged before me on _____ by _____
date name of person being notarized

_____
Signature of notary public

palvella THERAPEUTICS

PO Box 43024, Providence RI 02940-3024

MR A SAMPLE
DESIGNATION (IF ANY)
ADD 1
ADD 2
ADD 3
ADD 4

CUSIP/IDENTIFIER XXXXXX XX X
Holder ID XXXXXXXXXX
Insurance Value 1,000,000.00
Number of Shares 123456
DTC 12345678 1234567890123456

Certificate Numbers	NumNo.	Denom.	Total
1234567890/1234567890	1	1	1
1234567890/1234567890	2	2	2
1234567890/1234567890	3	3	3
1234567890/1234567890	4	4	4
1234567890/1234567890	5	5	5
1234567890/1234567890	6	6	6
Total Transaction			7

ZQ|CERT#|COY|CLS|RGSTRY|ACCT#|TRANSTYPE|RUN#|TRANS#

NEW COMMON STOCK
PAR VALUE $0.001

NEW COMMON STOCK

palvella THERAPEUTICS

Certificate Number
ZQ00000000

Shares
*****000000*****

PALVELLA THERAPEUTICS, INC.
INCORPORATED UNDER THE LAWS OF THE STATE OF NEVADA

THIS CERTIFIES THAT

MR. SAMPLE & MRS. SAMPLE &
MR. SAMPLE & MRS. SAMPLE

SEE REVERSE FOR CERTAIN DEFINITIONS

CUSIP 697947 10 9

is the owner of

***ZERO HUNDRED THOUSAND
ZERO HUNDRED AND ZERO***

THIS CERTIFICATE IS TRANSFERABLE IN CITIES DESIGNATED BY THE TRANSFER AGENT, AVAILABLE ONLINE AT www.computershare.com

FULLY-PAID AND NON-ASSESSABLE SHARES OF NEW COMMON STOCK OF

Palvella Therapeutics, Inc. (hereinafter called the "Corporation"), transferable on the books of the Corporation in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby, are issued and shall be held subject to all of the provisions of the Articles of Incorporation, as amended, and the By-Laws, as amended, of the Corporation (copies of which are on file with the Corporation and with the Transfer Agent), to all of which each holder, by acceptance hereof, assents. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

President

Treasurer

PALVELLA THERAPEUTICS, INC. CORPORATE SEAL NEVADA

DATED DD-MMM-YYYY

COUNTERSIGNED AND REGISTERED:
COMPUTERSHARE TRUST COMPANY, N.A.
TRANSFER AGENT AND REGISTRAR,

By _____
AUTHORIZED SIGNATURE

SECURITY INSTRUCTIONS ON REVERSE

Printed by DATA BUSINESS FORMS

1234567

PALVELLA THERAPEUTICS, INC.

THE COMPANY WILL FURNISH WITHOUT CHARGE TO EACH SHAREHOLDER WHO SO REQUESTS, A SUMMARY OF THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OF THE COMPANY AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND RIGHTS, AND THE VARIATIONS IN RIGHTS, PREFERENCES AND LIMITATIONS DETERMINED FOR EACH SERIES, WHICH ARE FIXED BY THE ARTICLES OF INCORPORATION OF THE COMPANY, AS AMENDED, AND THE RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE COMPANY, AND THE AUTHORITY OF THE BOARD OF DIRECTORS TO DETERMINE VARIATIONS FOR FUTURE SERIES. SUCH REQUEST MAY BE MADE TO THE OFFICE OF THE SECRETARY OF THE COMPANY OR TO THE TRANSFER AGENT. THE BOARD OF DIRECTORS MAY REQUIRE THE OWNER OF A LOST OR DESTROYED STOCK CERTIFICATE, OR HIS LEGAL REPRESENTATIVES, TO GIVE THE COMPANY A BOND TO INDEMNIFY IT AND ITS TRANSFER AGENTS AND REGISTRARS AGAINST ANY CLAIM THAT MAY BE MADE AGAINST THEM ON ACCOUNT OF THE ALLEGED LOSS OR DESTRUCTION OF ANY SUCH CERTIFICATE.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIF GIFT MIN ACT -	..... Custodian ..... (Cust) (Minor)
TEN ENT - as tenants by the entireties		under Uniform Gifts to Minors Act ..... (State)
JT TEN - as joint tenants with right of survivorship and not as tenants in common	UNIF TRF MIN ACT -	..... Custodian (until age .....) (Cust)
		..... under Uniform Transfers to Minors Act ..... (Minor) (State)

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

_____

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE, OF ASSIGNEE)

_____

_____

_____ Shares

of the new common stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney

to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated: _____ 20____

Signature: _____

Signature: _____

Notice: The signature to this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever.

Signature(s) Guaranteed: Medallion Guarantee Stamp

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions) WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM, PURSUANT TO S.E.C. RULE 17Ad-15.

SECURITY INSTRUCTIONS

THIS IS WATERMARKED PAPER. DO NOT ACCEPT WITHOUT NOTING WATERMARK. HOLD TO LIGHT TO VERIFY WATERMARK.

The IRS requires that the named transfer agent ("we") report the cost basis of certain shares or units acquired after January 1, 2011. If your shares or units are covered by the legislation, and you requested to sell or transfer the shares or units using a specific cost basis calculation method, then we have processed as you requested. If you did not specify a cost basis calculation method, then we have defaulted to the first in, first out (FIFO) method. Please consult your tax advisor if you need additional information about cost basis.

If you do not keep in contact with the issuer or do not have any activity in your account for the time period specified by state law, your property may become subject to state unclaimed property laws and transferred to the appropriate state.

154267

Exhibit 10.22

225 Franklin Street, 26th Floor

Boston, MA 02110

December 13, 2024

Stephen Yoder
***
***

Re: Separation Agreement

Dear Steve:

The purpose of this letter agreement (the "Agreement") is to set forth the terms of your separation from Pieris Pharmaceuticals, Inc. (the "Company"). Provision of the Separation Benefits described below is contingent on your agreement to and compliance with the terms of this Agreement. As more fully explained in Section 9 below, you may take up to forty-five (45) calendar days following the Separation Date (as defined below) to review and sign this Agreement. Capitalized terms not defined herein shall have the meaning set forth in the Employment Agreement by and between you and the Company effective December 17, 2014 (the "Employment Agreement"). This Agreement shall become effective on the eighth (8th) day following the date that you sign it (the "Effective Date").

1. **Separation of Employment.**

a. Your employment with the Company will end effective December 13, 2024 (the "Separation Date").

b. From and after the Separation Date, you shall have no authority to and shall not represent yourself or perform services as an employee or agent of the Company. Effective as of the Separation Date, you shall be deemed to have resigned from all positions with Company and its affiliates. You shall promptly execute any additional documentation as Company may request to reflect such terminations and/or resignations. As of the Separation Date, all salary payments from the Company shall cease and any benefits you currently have under Company-provided benefit plans, programs, or practices shall terminate, except as required by federal or state law or as otherwise set forth herein. The Company shall provide you with all wages owed through the Separation Date in accordance with applicable law and shall pay all normal and reasonable business expenses that you have incurred or shall incur in the ordinary course through the Separation Date. Receipts for any outstanding business expenses shall be submitted within ten (10) calendar days of the Separation Date.

2. Separation Benefits. In exchange for the mutual promises and covenants set forth in this Agreement, including but not limited to your release of claims in Section 8, the Company agrees to provide you with the following (collectively, the "Separation Benefits"):

a. Cash Severance. Payment in an amount equal to (i) twelve (12) months of your Base Salary in effect as of the Separation Date plus (ii) your full Target Bonus Amount ("Separation Pay"). Such amount will be subject to applicable withholdings and payable in a single lump sum cash payment on the first regular payroll date following the Effective Date of this Agreement or if you are subject to Section 409A the date set forth in Section 10(a) of the Employment Agreement (provided, that if the Review Period, as defined below, crosses a calendar year, then the Separation Benefits shall be paid on the next practicable payroll date in the second calendar year).

b. Equity Awards. Each outstanding equity award, including, without limitation, each stock option held by you shall automatically become vested and, if applicable, exercisable and any forfeiture restrictions shall immediately lapse. Any stock option agreements executed by you are expressly incorporated by reference herein and shall survive the signing of this Agreement. Your options must be exercised within three (3) months of the Separation Date.

c. Continued Healthcare. If you timely and properly elect to receive continued healthcare coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall directly pay, or reimburse you for, the premium for you and your covered dependents, less the amount of your monthly premium contributions for such coverage prior to termination, for the period commencing on the first day of the first full calendar month following the Effective Date of this Agreement through the earlier of (i) the last day of the twelve (12) full calendar months following the Effective Date of this Agreement and (ii) the date you and your covered dependents, if any, become eligible for healthcare coverage under another employer's plan(s). You shall notify the Company immediately if you become covered by a group health plan of a subsequent employer. After the Company ceases to pay premiums pursuant to this subsection, you may, if eligible, elect to continue healthcare coverage at your expense in accordance the provisions of COBRA or other applicable law.

3. Acknowledgment. You acknowledge that except for the benefits provided in this Agreement, your final wages, and any properly incurred but not yet reimbursed business expenses (each of which shall be paid or reimbursed, as the case may be, in accordance with the Company's regular payroll practices and applicable law), you are not now and shall not in the future be entitled to any other compensation from the Company including, without limitation, other wages, commissions, bonuses, vacation pay, holiday pay, equity, stock, stock options, paid time off, or any other form of compensation or benefit.

4. Healthcare. By law, and regardless of whether you sign this Agreement, you shall have the right to continue your medical and dental insurance pursuant to the provisions of COBRA. The COBRA qualifying event shall be deemed to have occurred on the Separation Date. You will be issued a separate notice more specifically describing your COBRA rights (as well as COBRA election forms) under separate cover.

5. Unemployment Benefits. By virtue of your separation of employment, you shall be entitled to apply for unemployment benefits. The determination of your eligibility for such benefits shall be made by the appropriate state agency pursuant to applicable state law. The Company agrees that it shall not contest any claim for unemployment benefits by you. The Company, of course, shall not be required to falsify any information.

6. Cooperation. You agree that you shall provide objectively reasonable assistance to the Company in connection with any matter or event relating to your employment or events that occurred during your employment including in the defense or prosecution of any claims or actions now in existence or which may be brought or threatened in the future against or on behalf of the Company, including any claims or actions against its affiliates and their officers and employees. You further agree that should you be contacted (directly or indirectly) by any person or entity (for example, by any party representing an individual or entity) adverse to the Company, you shall notify the Company's legal department at legal@pieris.com within three (3) business days. You shall be reimbursed for any reasonable costs and expenses approved in advance by the Company and incurred in connection with providing such cooperation under this Section. This Section 6 does not apply to inquiries or requests that you may receive from the Equal Employment Opportunity Commission or a state or local equivalent, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission (the "SEC"), or any other U.S. federal, state or local governmental agency or commission (each a "Government Agency"). A breach of this Section 6 shall constitute a material breach of this Agreement and, in addition to any other legal or equitable remedy available to the Company, shall entitle the Company to recover the Separation Benefits provided to you under Section 2 of this Agreement.

7. Your Additional Covenants. You expressly acknowledge and agree to the following:

a. Covenants Agreement. You reaffirm and will adhere to the terms and conditions of the restrictive covenant provisions of your Employment Agreement, including, but not limited to, Section 4 of the Employment Agreement, the terms of which are incorporated herein and shall survive the signing of this Agreement. Without limiting the applicability of such agreement following the Separation Date, you shall not disclose any Company trade secrets or confidential and proprietary information, and shall abide by all common law and statutory obligations relating to protection and non-disclosure of the Company's trade secrets and confidential and proprietary information.

b. Return of Property. You shall promptly return to the Company all Company documents (and any copies thereof), equipment, and property, and you shall abide by any and all common law and statutory obligations relating to protection of the Company's trade secrets and confidential and proprietary information.

c. Confidentiality. All information relating in any way to the negotiation of this Agreement, including the terms and amount of financial consideration provided for in this Agreement, shall be held confidential by you and shall not be publicized or disclosed to any person; provided that disclosure may be made to an immediate family member, legal counsel or financial advisor who agrees to be bound by these confidentiality obligations; and further provided that nothing shall restrict you from making any disclosures mandated by state or federal law or from participating in an investigation with a state or federal agency if requested by the agency to do so. You further understand and agree that your obligations under this Section 7(c) shall include disclosures on or through all Media. "Media" means, without limitation, social media (e.g. Twitter, Facebook, Instagram, LinkedIn) or written or digital publications of any kind, including on job review sites (e.g. Glassdoor) as well as any broadcast, podcast, audio, video, electronic or Internet format or any other digital, verbal, or written medium, whether directly or indirectly by you, including anonymously or through a third party.

d. Non-Disparagement. You agree that you will not make any maliciously untrue statements (including on or through any Media) that (i) are made with knowledge of their falsity or with reckless disregard for their truth or falsity; and (ii) are professionally or personally disparaging about, or adverse to, the Company or the interests of the Company, including any statements that disparage the Company's management, finances, financial condition, operations, capability or any other aspect of the Company's business, and further, that you will not engage in any conduct that could reasonably be expected to harm professionally or personally the reputation of the Company; provided that nothing herein shall restrict you from making any disclosures mandated by state or federal law or from participating in an investigation with a state or federal agency if requested by the agency to do so.

e. Material Breach. A breach of any provision of this Section 7 shall constitute a material breach of this Agreement and, in addition to any other legal or equitable remedy available to the Company, shall entitle the Company to recover the Separation Benefits provided to you under Section 2 of this Agreement.

f. Limitation. Notwithstanding the foregoing, nothing in this Section 7 prohibits or otherwise restricts you from (i) initiating, testifying, assisting, complying with a subpoena from, or participating in any manner with an investigation conducted by a Government Agency, including without limitation, with respect to any unfair labor practice charge; (ii) making any disclosures mandated by state or federal law, or participating in an investigation with a Government Agency, or providing documents or information to a Government Agency, if requested by the agency to do so; (iii) filing or disclosing any facts necessary to receive unemployment insurance, Medicaid, or other public benefits to which you may be entitled; (iv) discussing or disclosing information about unlawful acts in or related to the workplace including, but not limited to, discrimination, harassment, sexual assault, and retaliation, wage and hour violations, conduct that is against a clear mandate of public policy, or any other conduct that the you have reason to believe is unlawful; (v) disclosing the existence of a settlement agreement relating to any conduct outlined in Section 7(f)(iv); (vi) engaging in protected activities under Section 7 of the National Labor Relations Act ("NLRA"), including filing unfair labor practice charges, assisting Company employees in filing unfair labor practice charges, discussing the improvement of terms and conditions of employment (including regarding the terms of this Agreement) with former and current Company employees or union representatives or other third parties for the purpose of engaging in concerted activity under Section 7 of the NLRA; or (vii) making any necessary disclosures as otherwise permitted or required by law.

8. Your Release of Claims.

a. Release. You hereby agree that by signing this Agreement and accepting the Separation Benefits and other good and valuable consideration provided for in this Agreement, you are waiving and releasing your right to assert any form of legal claim against the Company[1/] whatsoever for any alleged action, inaction or circumstance existing or arising from the beginning of time through the Effective Date. Your waiver and release herein is intended to bar any form of legal claim, charge, complaint or any other form of action (jointly referred to as "Claims") against the Company seeking any form of relief including, without limitation, equitable relief (whether declaratory, injunctive or otherwise), the recovery of any damages or any other form of monetary recovery whatsoever (including, without limitation, back pay, front pay, compensatory damages, emotional distress damages, punitive damages, attorneys' fees and any other costs) against the Company, for any alleged action, inaction or circumstance existing or arising through the Effective Date. Without limiting the foregoing general waiver and release, you specifically waive and release the Company from any Claim arising from or related to your employment relationship with the Company or the termination thereof, including, without limitation:

i. Claims under any state or federal statute, regulation or executive order (as amended through the Effective Date) relating to employment, discrimination, fair employment practices, or other terms and conditions of employment, including but not limited to the Age Discrimination in Employment Act and Older Workers Benefit Protection Act, the Civil Rights Acts of 1866 and 1871 and Title VII of the Civil Rights Act of 1964 and the Civil Rights Act of 1991, the Rehabilitation Act, the Equal Pay Act, the Americans With Disabilities Act, the Genetic Information Non-Discrimination Act, the Lilly Ledbetter Fair Pay Act, the Massachusetts Fair Employment Practices Statute, the Massachusetts Equal Rights Act, the Massachusetts Civil Rights Act, the Massachusetts Privacy Statute, the Massachusetts Sexual Harassment Statute, the Pennsylvania Human Relations Act, the Pennsylvania Equal Pay Law, and any similar Massachusetts, Pennsylvania or other state or federal statute.

---

1 For the purposes of this Section 8, the parties agree that the term "Company" shall include Pieris Pharmaceuticals, Inc., its divisions, affiliates, parents and subsidiaries, and any of its and their respective officers, directors, shareholders, employees, consultants, contractors, attorneys, agents, successors and assigns.

ii. Claims under any state or federal statute, regulation or executive order (as amended through the Effective Date) relating to leaves of absence, layoffs or reductions-in-force, wages, hours, or other terms and conditions of employment, including but not limited to the National Labor Relations Act, the Family and Medical Leave Act, the Employee Retirement Income Security Act of 1974, COBRA, the Worker Adjustment and Retraining Notification Act, the Uniformed Services Employment and Reemployment Rights Act of 1994, the Massachusetts Wage Act, the Massachusetts Minimum Fair Wages Act, the Massachusetts Equal Pay Act, Massachusetts Parental Leave Act, Massachusetts Earned Sick Time Law, the Massachusetts Paid Family and Medical Leave Act, the Pennsylvania Minimum Wage Act, Pennsylvania wage Payment and Collection Law, any Pennsylvania administrative law or regulation dealing with fair employment practices and/or wage and hour laws, Pennsylvania's overtime, and related wage and hour penalty statutes and any similar Massachusetts, Pennsylvania or other state or federal statute. *Please note that this Section specifically includes a waiver and release of Claims that you have or may have regarding payments or amounts covered by the Massachusetts Wage Act or the Massachusetts Minimum Fair Wages Act (including, for instance, hourly wages, salary, overtime, minimum wages, commissions, vacation pay, holiday pay, sick leave pay, dismissal pay, bonus pay or severance pay), as well as Claims for retaliation under the Massachusetts Wage Act and the Massachusetts Minimum Fair Wages Act.*

iii. Claims under any state or federal common law theory, including, without limitation, wrongful discharge, breach of express or implied contract, promissory estoppel, unjust enrichment, breach of a covenant of good faith and fair dealing, violation of public policy, defamation, interference with contractual relations, intentional or negligent infliction of emotional distress, invasion of privacy, misrepresentation, deceit, fraud or negligence or any claim to attorneys' fees under any applicable statute or common law theory of recovery.

iv. Claims under any state or federal statute, regulation or executive order (as amended through the Effective Date) relating to violation of public policy or any other form of retaliation or wrongful termination, under any federal or any similar Massachusetts, Pennsylvania or other state or federal statute.

v. Claims under any Company employment, compensation, benefit, stock option, incentive compensation, bonus, restricted stock, and/or equity plan, program, policy, practice or agreement, including, without limitation the Employment Agreement (including, any claim for Good Reason thereunder).

vi. Any other Claim arising under any other state or federal law.

b. No Actions. You represent that, as of the date that you execute this Agreement, you have not: (i) filed any action, complaint, charge, grievance or arbitration against the Company; (ii) encouraged any individual to file any action, complaint, charge, grievance or arbitration against the Company; (iii) received information from any individual that such individual intends to file or to threaten to file an action, complaint, charge, grievance or arbitration against the Company; or (iv) provided any information to any individual to aid such individual in filing or in threatening to file an action, complaint, charge, grievance or arbitration against the Company.

c. Release Exclusions. Notwithstanding the foregoing, this Section 8 does not: (i) waive or release the Company from any obligation expressly set forth in this Agreement; (ii) waive or release the Company from any obligation which as a matter of law cannot be released (including without limitation, any other workers' compensation Claims based on any alleged willfulness, malice or intentional conduct by the Company which are released by this Agreement); (iii) prohibit or restrict you from filing, or limit your ability to file, a charge or complaint with a Government Agency; (iv) prohibit or restrict you from participating in an investigation or proceeding by a Government Agency, communicating with a Government Agency, or providing information or documents to a Government Agency; or (v) prohibit you from challenging or seeking a determination in good faith of the validity of this release or waiver under applicable state or federal law, or impose any condition precedent, penalty, or costs for doing so unless specifically authorized by state or federal law. Your waiver and release, however, are intended to be a complete bar to any recovery or personal benefit by or to you with respect to any claim whatsoever, including those raised through a charge with a Government Agency, except those which, as a matter of law, cannot be released.

d. Acknowledgment. You acknowledge and agree that, but for providing this waiver and release, you would not be receiving the Separation Benefits being provided to you under the terms of this Agreement. You further agree that should you breach this Section 8, the Company, in addition to any other legal or equitable remedy available to the Company, shall be entitled to recover the Separation Benefits previously provided to you pursuant to Section 2 hereof.

9. Review and Revocation Period. You and the Company acknowledge that you are over the age of 40 and that you, therefore, have specific rights under the Age Discrimination in Employment Act ("ADEA") and the Older Workers Benefit Protection Act (the "OWBPA"), which prohibit discrimination on the basis of age. It is the Company's desire and intent to make certain that you fully understand the provisions and effects of this Agreement, which includes a release of claims under the ADEA and OWBPA. To that end, you are encouraged and have the opportunity to consult with legal counsel for the purpose of reviewing the terms of this Agreement. Consistent with the provisions of the ADEA and the OWBPA, the Company also is providing you with forty-five (45) calendar days (the "Review Period") following the Separation Date in which to consider and accept the terms of this Agreement by signing below and returning it to Tom Bures at bures@pieris.com with a copy sent to the Company's legal department at legal@pieris.com. You agree that any modifications, material or otherwise, made to this Agreement do not and shall not restart or affect in any manner whatsoever, the original Review Period. Additionally, in the Appendix, you are being provided with certain additional information required by the ADEA and the OWBPA, including the job titles and ages of other employees in your decisional unit who were, or were not, separated from employment and offered a separation agreement. You may rescind your assent to this Agreement if, within seven (7) days after you sign this Agreement, you deliver by hand or send by mail (certified, return receipt and postmarked within such 7 day period) a notice of rescission to Tom Bures, 225 Franklin St, 26th Fl, Boston, MA 02110.

10. **Taxes and Withholdings.** The Separation Pay provided under this Agreement shall be reduced by all applicable federal, state, local and other deductions, taxes, and withholdings. The Company does not guarantee the tax treatment or tax consequences associated with any payment or benefit under this Agreement, including but not limited to consequences related to Section 409A of the Code.

11. **Opportunity to Disclose**. You acknowledge that you have been provided the opportunity to advise the Company as to any concerns regarding its financial statements, SEC filings and other public disclosures or any other matters, and have confirmed to the Company that you have no such concerns.

12. **Modification; Waiver; Severability.** No variations or modifications hereof shall be deemed valid unless reduced to writing and signed by the parties hereto. The failure of the Company to seek enforcement of any provision of this Agreement in any instance or for any period of time shall not be construed as a waiver of such provision or of the Company's right to seek enforcement of such provision in the future. The provisions of this Agreement are severable, and if for any reason any part hereof shall be found to be unenforceable, the remaining provisions shall be enforced in full.

13. **Choice of Law and Venue; Jury Waiver.** This Agreement shall be deemed to have been made in Massachusetts, shall take effect as an instrument under seal within Massachusetts, and shall be governed by and construed in accordance with the laws of Massachusetts, without giving effect to conflict of law principles. You agree that any action, demand, claim or counterclaim relating to the terms and provisions of this Agreement, or to its breach, shall be commenced in Massachusetts in a court of competent jurisdiction, and you further acknowledge that venue for such actions shall lie exclusively in Massachusetts and that material witnesses and documents would be located in Massachusetts.

14. **Entire Agreement.** You acknowledge and agree that this Agreement, together with Sections 4 though 11 of the Employment Agreement, the Equity Plan, and Stock Option Agreements, expressly incorporated herein by reference and stated as surviving the signing of this Agreement, supersede any and all prior or contemporaneous oral and written agreements between you and the Company, and set forth the entire agreement between you and the Company.

15. **Knowing and Voluntary Agreement.** By executing this Agreement, you are acknowledging that you have been afforded sufficient time to understand the terms and effects of this Agreement, that your agreements and obligations hereunder are made voluntarily, knowingly and without duress, and that neither the Company nor its agents or representatives have made any representations inconsistent with the provisions of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

This Agreement may be signed on one or more copies, each of which when signed shall be deemed to be an original, and all of which together shall constitute one and the same Agreement. If the foregoing correctly sets forth our understanding, please sign, date and return the enclosed copy of this Agreement to me. If the Company does not receive your acceptance within **forty-five (45) calendar days** of the Separation Date, the Agreement shall terminate and be of no further force or effect. Please do not sign before the Separation Date.

Sincerely,

PIERIS PHARMACEUTICALS, INC.

By:
Name:

Dated: December 13, 2024

Agreed and Acknowledged:

/s/ Stephen Yoder
Stephen Yoder

Dated: December 13, 2024

APPENDIX

Personnel Affected by Reduction and Eligible for Separation Pay

As stated in your Separation Agreement, this appendix is designed to provide you with additional information regarding the ages and job titles of employees whose jobs were, or were not, impacted by the present reduction in personnel at the Company.

In order to provide you with a full overview of this reduction, below please find a list showing the age and job title for each employee whose job was reviewed pursuant to the reduction. When reviewing the list below, please note the following additional information, which is designed to help you best understand the data being provided:

- The decisional unit was all U.S. employees.
- Employees whose jobs are impacted by the reduction (i.e., employees who are subject to layoff) have a "Yes" after their information.
- Employees whose jobs are impacted by the reduction have been offered severance pay in exchange for the execution of a waiver of claims as described in their separation agreement.
- The employment decisions were based on factors such as resource allocation and strategic realignment.

Title	**Age**	**Impacted**
Acting General Counsel	[#]	Yes
President and Chief Executive Officer	[#]	Yes
Senior Vice President and Chief Financial Officer	[#]	Yes

We appreciate the sensitive nature of this information. We are obligated by federal law, however, to provide you with such information so that you can better evaluate our offer of separation terms. Accordingly, we ask you that you, in turn, also respect the sensitive and confidential nature of the information provided.

225 Franklin Street, 26th Floor

Boston, MA 02110

December 13, 2024

Thomas Bures
***
***

Re: Separation Agreement

Dear Tom:

The purpose of this letter agreement (the "Agreement") is to set forth the terms of your separation from Pieris Pharmaceuticals, Inc. (the "Company"). Provision of the Separation Benefits described below is contingent on your agreement to and compliance with the terms of this Agreement. As more fully explained in Section 9 below, you may take up to forty-five (45) calendar days following the Separation Date (as defined below) to review and sign this Agreement. Capitalized terms not defined herein shall have the meaning set forth in the Employment Agreement by and between you and the Company effective October 7, 2021 (the "Employment Agreement"). This Agreement shall become effective on the eighth (8th) day following the date that you sign it (the "Effective Date").

1. Separation of Employment.

a. Your employment with the Company will end effective December 13, 2024 (the "Separation Date").

b. From and after the Separation Date, you shall have no authority to and shall not represent yourself or perform services as an employee or agent of the Company. Effective as of the Separation Date, you shall be deemed to have resigned from all positions with Company and its affiliates. You shall promptly execute any additional documentation as Company may request to reflect such terminations and/or resignations. As of the Separation Date, all salary payments from the Company shall cease and any benefits you currently have under Company-provided benefit plans, programs, or practices shall terminate, except as required by federal or state law or as otherwise set forth herein. The Company shall provide you with all wages owed through the Separation Date in accordance with applicable law and shall pay all normal and reasonable business expenses that you have incurred or shall incur in the ordinary course through the Separation Date. Receipts for any outstanding business expenses shall be submitted within ten (10) calendar days of the Separation Date.

2. Separation Benefits. In exchange for the mutual promises and covenants set forth in this Agreement, including but not limited to your release of claims in Section 8, the Company agrees to provide you with the following (collectively, the "Separation Benefits"):

a. Cash Severance. Payment in an amount equal to (i) twelve (12) months of your Base Salary in effect as of the Separation Date plus (ii) your full Target Bonus Amount ("Separation Pay"). Such amount will be subject to applicable withholdings and payable in a single lump sum cash payment on the first regular payroll date following the Effective Date of this Agreement or if you are subject to Section 409A the date set forth in Section 4(b)(iii) of the Employment Agreement (provided, that if the Review Period, as defined below, crosses a calendar year, then the Separation Benefits shall be paid on the next practicable payroll date in the second calendar year).

b. Equity Awards. Each outstanding equity award, including, without limitation, each stock option held by you shall automatically become vested and, if applicable, exercisable and any forfeiture restrictions shall immediately lapse. Any stock option agreements executed by you are expressly incorporated by reference herein and shall survive the signing of this Agreement. Your options must be exercised within three (3) months of the Separation Date.

c. Continued Healthcare. If you timely and properly elect to receive continued healthcare coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall directly pay, or reimburse you for, the premium for you and your covered dependents, less the amount of your monthly premium contributions for such coverage prior to termination, for the period commencing on the first day of the first full calendar month following the Effective Date of this Agreement through the earlier of (i) the last day of the twelve (12) full calendar months following the Effective Date of this Agreement and (ii) the date you and your covered dependents, if any, become eligible for healthcare coverage under another employer's plan(s). You shall notify the Company immediately if you become covered by a group health plan of a subsequent employer. After the Company ceases to pay premiums pursuant to this subsection, you may, if eligible, elect to continue healthcare coverage at your expense in accordance the provisions of COBRA or other applicable law.

3. Acknowledgment. You acknowledge that except for the benefits provided in this Agreement, your final wages, and any properly incurred but not yet reimbursed business expenses (each of which shall be paid or reimbursed, as the case may be, in accordance with the Company's regular payroll practices and applicable law), you are not now and shall not in the future be entitled to any other compensation from the Company including, without limitation, other wages, commissions, bonuses, vacation pay, holiday pay, equity, stock, stock options, paid time off, or any other form of compensation or benefit.

4. Healthcare. By law, and regardless of whether you sign this Agreement, you shall have the right to continue your medical and dental insurance pursuant to the provisions of COBRA. The COBRA qualifying event shall be deemed to have occurred on the Separation Date. You will be issued a separate notice more specifically describing your COBRA rights (as well as COBRA election forms) under separate cover.

5. Unemployment Benefits. By virtue of your separation of employment, you shall be entitled to apply for unemployment benefits. The determination of your eligibility for such benefits shall be made by the appropriate state agency pursuant to applicable state law. The Company agrees that it shall not contest any claim for unemployment benefits by you. The Company, of course, shall not be required to falsify any information.

6. Cooperation. You agree that you shall provide objectively reasonable assistance to the Company in connection with any matter or event relating to your employment or events that occurred during your employment including in the defense or prosecution of any claims or actions now in existence or which may be brought or threatened in the future against or on behalf of the Company, including any claims or actions against its affiliates and their officers and employees. You further agree that should you be contacted (directly or indirectly) by any person or entity (for example, by any party representing an individual or entity) adverse to the Company, you shall notify the Company's legal department at legal@pieris.com within three (3) business days. You shall be reimbursed for any reasonable costs and expenses approved in advance by the Company and incurred in connection with providing such cooperation under this Section. This Section 6 does not apply to inquiries or requests that you may receive from the Equal Employment Opportunity Commission or a state or local equivalent, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission (the "SEC"), or any other U.S. federal, state or local governmental agency or commission (each a "Government Agency"). A breach of this Section 6 shall constitute a material breach of this Agreement and, in addition to any other legal or equitable remedy available to the Company, shall entitle the Company to recover the Separation Benefits provided to you under Section 2 of this Agreement.

7. Your Additional Covenants. You expressly acknowledge and agree to the following:

a. Covenants Agreement. You reaffirm and will adhere to the terms and conditions of the restrictive covenant provisions of your Employment Agreement, including, but not limited to, Section 4(a) of the Employment Agreement, the terms of which are incorporated herein and shall survive the signing of this Agreement. Without limiting the applicability of such agreement following the Separation Date, you shall not disclose any Company trade secrets or confidential and proprietary information, and shall abide by all common law and statutory obligations relating to protection and non-disclosure of the Company's trade secrets and confidential and proprietary information.

b. Return of Property. You shall promptly return to the Company all Company documents (and any copies thereof), equipment, and property, and you shall abide by any and all common law and statutory obligations relating to protection of the Company's trade secrets and confidential and proprietary information.

c. Confidentiality. All information relating in any way to the negotiation of this Agreement, including the terms and amount of financial consideration provided for in this Agreement, shall be held confidential by you and shall not be publicized or disclosed to any person; provided that disclosure may be made to an immediate family member, legal counsel or financial advisor who agrees to be bound by these confidentiality obligations; and further provided that nothing shall restrict you from making any disclosures mandated by state or federal law or from participating in an investigation with a state or federal agency if requested by the agency to do so. You further understand and agree that your obligations under this Section 7(c) shall include disclosures on or through all Media. "Media" means, without limitation, social media (e.g. Twitter, Facebook, Instagram, LinkedIn) or written or digital publications of any kind, including on job review sites (e.g. Glassdoor) as well as any broadcast, podcast, audio, video, electronic or Internet format or any other digital, verbal, or written medium, whether directly or indirectly by you, including anonymously or through a third party.

d. Non-Disparagement. You agree that you will not make any maliciously untrue statements (including on or through any Media) that (i) are made with knowledge of their falsity or with reckless disregard for their truth or falsity; and (ii) are professionally or personally disparaging about, or adverse to, the Company or the interests of the Company, including any statements that disparage the Company's management, finances, financial condition, operations, capability or any other aspect of the Company's business, and further, that you will not engage in any conduct that could reasonably be expected to harm professionally or personally the reputation of the Company; provided that nothing herein shall restrict you from making any disclosures mandated by state or federal law or from participating in an investigation with a state or federal agency if requested by the agency to do so.

e. Material Breach. A breach of any provision of this Section 7 shall constitute a material breach of this Agreement and, in addition to any other legal or equitable remedy available to the Company, shall entitle the Company to recover the Separation Benefits provided to you under Section 2 of this Agreement.

f. Limitation. Notwithstanding the foregoing, nothing in this Section 7 prohibits or otherwise restricts you from (i) initiating, testifying, assisting, complying with a subpoena from, or participating in any manner with an investigation conducted by a Government Agency, including without limitation, with respect to any unfair labor practice charge; (ii) making any disclosures mandated by state or federal law, or participating in an investigation with a Government Agency, or providing documents or information to a Government Agency, if requested by the agency to do so; (iii) filing or disclosing any facts necessary to receive unemployment insurance, Medicaid, or other public benefits to which you may be entitled; (iv) discussing or disclosing information about unlawful acts in or related to the workplace including, but not limited to, discrimination, harassment, sexual assault, and retaliation, wage and hour violations, conduct that is against a clear mandate of public policy, or any other conduct that the you have reason to believe is unlawful; (v) disclosing the existence of a settlement agreement relating to any conduct outlined in Section 7(f)(iv); (vi) engaging in protected activities under Section 7 of the National Labor Relations Act ("NLRA"), including filing unfair labor practice charges, assisting Company employees in filing unfair labor practice charges, discussing the improvement of terms and conditions of employment (including regarding the terms of this Agreement) with former and current Company employees or union representatives or other third parties for the purpose of engaging in concerted activity under Section 7 of the NLRA; or (vii) making any necessary disclosures as otherwise permitted or required by law.

8. Your Release of Claims.

a. Release. You hereby agree that by signing this Agreement and accepting the Separation Benefits and other good and valuable consideration provided for in this Agreement, you are waiving and releasing your right to assert any form of legal claim against the Company[1/] whatsoever for any alleged action, inaction or circumstance existing or arising from the beginning of time through the Effective Date. Your waiver and release herein is intended to bar any form of legal claim, charge, complaint or any other form of action (jointly referred to as "Claims") against the Company seeking any form of relief including, without limitation, equitable relief (whether declaratory, injunctive or otherwise), the recovery of any damages or any other form of monetary recovery whatsoever (including, without limitation, back pay, front pay, compensatory damages, emotional distress damages, punitive damages, attorneys' fees and any other costs) against the Company, for any alleged action, inaction or circumstance existing or arising through the Effective Date. Without limiting the foregoing general waiver and release, you specifically waive and release the Company from any Claim arising from or related to your employment relationship with the Company or the termination thereof, including, without limitation:

i. Claims under any state or federal statute, regulation or executive order (as amended through the Effective Date) relating to employment, discrimination, fair employment practices, or other terms and conditions of employment, including but not limited to the Age Discrimination in Employment Act and Older Workers Benefit Protection Act, the Civil Rights Acts of 1866 and 1871 and Title VII of the Civil Rights Act of 1964 and the Civil Rights Act of 1991, the Rehabilitation Act, the Equal Pay Act, the Americans With Disabilities Act, the Genetic Information Non-Discrimination Act, the Lilly Ledbetter Fair Pay Act, the Massachusetts Fair Employment Practices Statute, the Massachusetts Equal Rights Act, the Massachusetts Civil Rights Act, the Massachusetts Privacy Statute, the Massachusetts Sexual Harassment Statute, and any similar Massachusetts, Puerto Rico or other state or federal statute.

---

1 For the purposes of this Section 8, the parties agree that the term "Company" shall include Pieris Pharmaceuticals, Inc., its divisions, affiliates, parents and subsidiaries, and any of its and their respective officers, directors, shareholders, employees, consultants, contractors, attorneys, agents, successors and assigns.

ii. Claims under any state or federal statute, regulation or executive order (as amended through the Effective Date) relating to leaves of absence, layoffs or reductions-in-force, wages, hours, or other terms and conditions of employment, including but not limited to the National Labor Relations Act, the Family and Medical Leave Act, the Employee Retirement Income Security Act of 1974, COBRA, the Worker Adjustment and Retraining Notification Act, the Uniformed Services Employment and Reemployment Rights Act of 1994, the Massachusetts Wage Act, the Massachusetts Minimum Fair Wages Act, the Massachusetts Equal Pay Act, Massachusetts Parental Leave Act, Massachusetts Earned Sick Time Law, the Massachusetts Paid Family and Medical Leave Act, the Disability Discrimination Act (Law No. 44 of July 2, 1985, as amended) the Unjust Dismissal Act (Law No. 80 of May 30, 1976, as amended) the Anti-Discrimination Act (Law 100 of June 30, 1959, as amended) the Working Hours and Days Act (Law No. 379 of May 15, 1948, as amended) the Minimum Wage Act (Law No. 96 of June 26, 1956, as amended), the Discrimination in Employment on Account of Sex Act (Law No. 69 of July 6, 1985) the Sexual Harassment Act (Law No. 17 of April 22, 1988) the Christmas Bonus Act (Law No. 148 of June 30, 1969) Article 1802 of the Puerto Rico Civil Code, any Puerto Rico administrative law or regulation dealing with fair employment practices and/or wage and hour laws, Puerto Rico's overtime, and related wage and hour penalty statutes and any similar Massachusetts, Puerto Rico or other state or federal statute. *Please note that this Section specifically includes a waiver and release of Claims that you have or may have regarding payments or amounts covered by the Massachusetts Wage Act or the Massachusetts Minimum Fair Wages Act (including, for instance, hourly wages, salary, overtime, minimum wages, commissions, vacation pay, holiday pay, sick leave pay, dismissal pay, bonus pay or severance pay), as well as Claims for retaliation under the Massachusetts Wage Act and the Massachusetts Minimum Fair Wages Act.*

iii. Claims under any state or federal common law theory, including, without limitation, wrongful discharge, breach of express or implied contract, promissory estoppel, unjust enrichment, breach of a covenant of good faith and fair dealing, violation of public policy, defamation, interference with contractual relations, intentional or negligent infliction of emotional distress, invasion of privacy, misrepresentation, deceit, fraud or negligence or any claim to attorneys' fees under any applicable statute or common law theory of recovery.

iv. Claims under any state or federal statute, regulation or executive order (as amended through the Effective Date) relating to violation of public policy or any other form of retaliation or wrongful termination, under any federal or any similar Massachusetts, Puerto Rico or other state or federal statute.

v. Claims under any Company employment, compensation, benefit, stock option, incentive compensation, bonus, restricted stock, and/or equity plan, program, policy, practice or agreement, including, without limitation the Employment Agreement (including, any claim for Good Reason thereunder).

vi. Any other Claim arising under any other state or federal law.

b. No Actions. You represent that, as of the date that you execute this Agreement, you have not: (i) filed any action, complaint, charge, grievance or arbitration against the Company; (ii) encouraged any individual to file any action, complaint, charge, grievance or arbitration against the Company; (iii) received information from any individual that such individual intends to file or to threaten to file an action, complaint, charge, grievance or arbitration against the Company; or (iv) provided any information to any individual to aid such individual in filing or in threatening to file an action, complaint, charge, grievance or arbitration against the Company.

c. Release Exclusions. Notwithstanding the foregoing, this Section 8 does not: (i) waive or release the Company from any obligation expressly set forth in this Agreement; (ii) waive or release the Company from any obligation which as a matter of law cannot be released (including without limitation, any other workers' compensation Claims based on any alleged willfulness, malice or intentional conduct by the Company which are released by this Agreement); (iii) prohibit or restrict you from filing, or limit your ability to file, a charge or complaint with a Government Agency; (iv) prohibit or restrict you from participating in an investigation or proceeding by a Government Agency, communicating with a Government Agency, or providing information or documents to a Government Agency; or (v) prohibit you from challenging or seeking a determination in good faith of the validity of this release or waiver under applicable state or federal law, or impose any condition precedent, penalty, or costs for doing so unless specifically authorized by state or federal law. Your waiver and release, however, are intended to be a complete bar to any recovery or personal benefit by or to you with respect to any claim whatsoever, including those raised through a charge with a Government Agency, except those which, as a matter of law, cannot be released.

d. Acknowledgment. You acknowledge and agree that, but for providing this waiver and release, you would not be receiving the Separation Benefits being provided to you under the terms of this Agreement. You further agree that should you breach this Section 8, the Company, in addition to any other legal or equitable remedy available to the Company, shall be entitled to recover the Separation Benefits previously provided to you pursuant to Section 2 hereof.

9. Review and Revocation Period. You and the Company acknowledge that you are over the age of 40 and that you, therefore, have specific rights under the Age Discrimination in Employment Act ("ADEA") and the Older Workers Benefit Protection Act (the "OWBPA"), which prohibit discrimination on the basis of age. It is the Company's desire and intent to make certain that you fully understand the provisions and effects of this Agreement, which includes a release of claims under the ADEA and OWBPA. To that end, you are encouraged and have the opportunity to consult with legal counsel for the purpose of reviewing the terms of this Agreement. Consistent with the provisions of the ADEA and the OWBPA, the Company also is providing you with forty-five (45) calendar days (the "Review Period") following the Separation Date in which to consider and accept the terms of this Agreement by signing below and returning it to Tom Bures at bures@pieris.com with a copy sent to the Company's legal department at legal@pieris.com. You agree that any modifications, material or otherwise, made to this Agreement do not and shall not restart or affect in any manner whatsoever, the original Review Period. Additionally, in the Appendix, you are being provided with certain additional information required by the ADEA and the OWBPA, including the job titles and ages of other employees in your decisional unit who were, or were not, separated from employment and offered a separation agreement. You may rescind your assent to this Agreement if, within seven (7) days after you sign this Agreement, you deliver by hand or send by mail (certified, return receipt and postmarked within such 7 day period) a notice of rescission to Tom Bures, 225 Franklin St, 26th Fl, Boston, MA 02110.

10. **Taxes and Withholdings.** The Separation Pay provided under this Agreement shall be reduced by all applicable federal, state, local and other deductions, taxes, and withholdings. The Company does not guarantee the tax treatment or tax consequences associated with any payment or benefit under this Agreement, including but not limited to consequences related to Section 409A of the Code.

11. **Opportunity to Disclose**. You acknowledge that you have been provided the opportunity to advise the Company as to any concerns regarding its financial statements, SEC filings and other public disclosures or any other matters, and have confirmed to the Company that you have no such concerns.

12. **Modification; Waiver; Severability.** No variations or modifications hereof shall be deemed valid unless reduced to writing and signed by the parties hereto. The failure of the Company to seek enforcement of any provision of this Agreement in any instance or for any period of time shall not be construed as a waiver of such provision or of the Company's right to seek enforcement of such provision in the future. The provisions of this Agreement are severable, and if for any reason any part hereof shall be found to be unenforceable, the remaining provisions shall be enforced in full.

13. **Choice of Law and Venue; Jury Waiver.** This Agreement shall be deemed to have been made in Massachusetts, shall take effect as an instrument under seal within Massachusetts, and shall be governed by and construed in accordance with the laws of Massachusetts, without giving effect to conflict of law principles. You agree that any action, demand, claim or counterclaim relating to the terms and provisions of this Agreement, or to its breach, shall be commenced in Massachusetts in a court of competent jurisdiction, and you further acknowledge that venue for such actions shall lie exclusively in Massachusetts and that material witnesses and documents would be located in Massachusetts.

14. **Entire Agreement.** You acknowledge and agree that this Agreement, together with Sections 4 though 11 of the Employment Agreement, the Equity Plan, and Stock Option Agreements, expressly incorporated herein by reference and stated as surviving the signing of this Agreement, supersede any and all prior or contemporaneous oral and written agreements between you and the Company, and set forth the entire agreement between you and the Company.

15. Knowing and Voluntary Agreement. By executing this Agreement, you are acknowledging that you have been afforded sufficient time to understand the terms and effects of this Agreement, that your agreements and obligations hereunder are made voluntarily, knowingly and without duress, and that neither the Company nor its agents or representatives have made any representations inconsistent with the provisions of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

This Agreement may be signed on one or more copies, each of which when signed shall be deemed to be an original, and all of which together shall constitute one and the same Agreement. If the foregoing correctly sets forth our understanding, please sign, date and return the enclosed copy of this Agreement to me. If the Company does not receive your acceptance within **forty-five (45) calendar days** of the Separation Date, the Agreement shall terminate and be of no further force or effect. Please do not sign before the Separation Date.

Sincerely,

PIERIS PHARMACEUTICALS, INC.

By: _____
Name:

Dated: December 13, 2024

Agreed and Acknowledged:

/s/ Thomas Bures
Thomas Bures

Dated: December 13, 2024

APPENDIX

Personnel Affected by Reduction and Eligible for Separation Pay

As stated in your Separation Agreement, this appendix is designed to provide you with additional information regarding the ages and job titles of employees in whose jobs were, or were not, impacted by the present reduction in personnel at the Company.

In order to provide you with a full overview of this reduction, below please find a list showing the age and job title for each employee whose job was reviewed pursuant to the reduction. When reviewing the list below, please note the following additional information, which is designed to help you best understand the data being provided:

- The decisional unit was all U.S. employees.
- Employees whose jobs are impacted by the reduction (i.e., employees who are subject to layoff) have a "Yes" after their information.
- Employees whose jobs are impacted by the reduction have been offered severance pay in exchange for the execution of a waiver of claims as described in their separation agreement.
- The employment decisions were based on factors such as resource allocation and strategic realignment.

Title	**Age**	**Impacted**
Acting General Counsel	[#]	Yes
President and Chief Executive Officer	[#]	Yes
Senior Vice President and Chief Financial Officer	[#]	Yes

We appreciate the sensitive nature of this information. We are obligated by federal law, however, to provide you with such information so that you can better evaluate our offer of separation terms. Accordingly, we ask you that you, in turn, also respect the sensitive and confidential nature of the information provided.

PALVELLA THERAPEUTICS, INC.
CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (the "**Agreement**") is entered into this 13th day of December 2024 (the "**Effective Date**") by and between **Palvella Therapeutics, Inc.** a Delaware Corporation ("**Company**") located at 125 Strafford Avenue, Suite 360, Wayne, PA 19087 and **Tom Bures** an individual ("**Consultant**") located at ***.

The parties, intending to be legally bound, hereby agree as follows:

1. Engagement. Company hereby engages the Consultant, and the Consultant hereby accepts such engagement beginning on the Effective Date, to provide the services set forth on Exhibit A, as and when requested by Company, and upon the terms and conditions set forth herein (the "**Services**"). The Consultant shall devote such time, attention, effort and resources as is necessary for it to perform the Services required of it hereunder. Consultant represents that Consultant shall perform the Services in a competent manner consistent with industry standards.

2. Consideration. As full and complete consideration for Consultant's performance of the Services, Company shall pay Consultant an hourly rate of $500 per hour to be invoiced at the end of each month. Consultant shall submit monthly invoices, with detailed timesheets, by date and activities performed/deliverables, as support for the services rendered. All invoices must specify the invoice date, total and period covered. Payment of any fees will be made within 30 days after receipt of such invoice by the Company.

Invoices shall be emailed to:
Palvella Therapeutics, Inc.
Attn: Kathleen McGowan, VP Finance and Operations
125 Strafford Avenue, Suite 360
Wayne, PA 19087
Email: Kathleen.McGowan@palvellatx.com AND accountspayable@palvellatx.com
Office: (484) 253-1464

3. Expenses. Additionally, the Company will pay Consultant for miscellaneous business and travel-related expenses, if preapproved and incurred while providing services to the Company during the term of this Agreement. The expenses must be reasonable and necessary in accordance with the Company's travel and expense policies. The Consultant shall submit written documentation and receipts itemizing the dates on which expenses were incurred. The Company shall pay Consultant the amounts due pursuant to submitted reports within 30 days after a report is received by the Company.

4. Confidentiality; Non-Disclosure Agreement. Consultant hereby agrees to the Non-disclosure Agreement executed on December 13, 2024 (Exhibit B).

5. Independent Contractor. It is understood that Consultant is an independent contractor and that Consultant will not in any event be construed as or hold itself out to be an employee or agent of Company. At no time will Consultant or the work efforts of Consultant be under the supervision or control of Company, although Consultant shall at all times comply with all requests and regulations applicable to any other business invitee of Company. The Company will not deduct any taxes from any payments made to Consultant, and Consultant shall be solely responsible for any taxes that may be due and payable as a result of such payments.

6. Termination. This Agreement is effective on the Effective Date, and the Engagement will terminate upon the earlier of: the completion of agreed upon services to the satisfaction of Company, or at any time upon ten (10) days' written notification to Consultant pursuant to Section 12 below or by Consultant to the Company by email to matt.korenberg@palvellatx.com. Company may terminate the Engagement immediately upon Consultant's refusal to, or inability to perform under the Agreement or Consultant's breach of this agreement.

7. Not Assignable. Consultant may not assign, sell or transfer any part of this Agreement or subcontract any of the Services to any other party, individual, firm or entity without first obtaining the written permission of Company.

8. Intellectual Property. Consultant will promptly disclose to the Company any invention, trademark, copyrightable material, or commercial idea or plan, arising from Consultant's Services. The Company will be the exclusive owner of any invention and/or patent rights, trademark, copyrightable material and any copyright or commercial idea or plan that is derived from the Services. Consultant will execute such documents and take such other action at the Company's expense as may be necessary or appropriate to establish, register, record or otherwise document the Company's ownership therein in the United States and/or foreign countries.

9. Debarment. Consultant represents that it has never been, (i) debarred or convicted of a crime for which a person can be debarred under 21 U.S.C. § 335a and (ii) threatened to be debarred or indicted for a crime or indicted for a crime or otherwise engaged in conduct for which a person can be debarred under § 335a. Consultant agrees that it will promptly notify the Company in the event of any such debarment, conviction, threat or indictment occurring during the term of this Agreement. Consultant agrees not to employ or otherwise engage any individual who will be rendering services to the Company who has been debarred or convicted of a crime for which a person can be debarred.

10. Indemnification. Company shall indemnify, defend and hold harmless Consultant from and against all Damages which it may incur and which relate to or arise from the Services performed by Consultant pursuant to this engagement; provided, however, that Company will not be liable to the extent that any Damages are determined to have primarily resulted from Consultant's breach of contract, negligence or willful misconduct in performing such services.

11. Absence of Conflicting Agreements. Consultant understands that Company does not desire to acquire from Consultant any trade secrets, know-how or confidential business information that Consultant may have acquired from others. Consultant represents that Consultant is not bound by any agreement, commitment, arrangement or court order, or any other existing or previous business relationship which violates, conflicts with or prevents the full performance of Consultant's duties and obligations to Company during the term of this Agreement.

12. Notices. All notices, requests, consents and other communications hereunder shall be in writing, shall be addressed to the receiving party's address set forth below or to such other address as a party may designate by notice hereunder, and shall be either (a) delivered by hand or (b) made by email transmission. All notices shall be deemed delivered upon receipt.

If to Company:

Palvella Therapeutics, Inc.
Attention: Matt Korenberg, CFO
125 Strafford Avenue, Suite 360
Wayne, PA 19087
Email: matt.korenberg@palvellatx.com
Phone: (646) 337-6976

If to Consultant:

Tom Bures
Address: ***
Phone: ***
Email: ****

13. Miscellaneous. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to the conflict of law principles of any jurisdiction. Consultant hereby submits to the exclusive jurisdiction and venue of the federal and state courts in the State of Delaware for any action or proceeding arising out of or related to this Agreement. This Agreement and referenced attachments constitute the entire contract of the parties hereto and supersedes any prior agreement between the parties. The provisions of this Agreement and the obligations and rights of the parties may be amended or waived if, but only if, such amendment or waiver is in writing and is approved in writing by the parties. This Agreement may be executed in two or more counterparts (including by electronic transmission), all of which, when taken together, shall constitute one and the same Agreement.

[Remainder of Page Intentionally Left Blank; Signatures Follow]

IN WITNESS WHEREOF, the parties have executed this Independent Consultant Agreement as of the date first written above.

Palvella Therapeutics, Inc.

By: /s/ Wesley Kaupinen
Name: Wesley H. Kaupinen
Title: President and CEO

Tom Bures

By: /s/ Tom Bures
Name: Tom Bures

EXHIBIT A

STATEMENT OF WORK TO BE PERFORMED

Support the Company in accounting and reporting matters through the reverse merger transition on an as needed basis, including the following list of activities:

- **Closing for December 2024 and 2024 Audit**
- **SEC reporting for inclusion in 10K**
- **Tax Compliance – filing 2023 and 2024 tax returns, 1099s**
- **German Tax Credits**
- **Coordinate payroll with HR consultant and TriNet for severance for departing Pieris employees**
- **CVR activity**
- **General questions on legacy Pieris**

EXHIBIT B

CONFIDENTIALITY:

NON-DISCLOSURE AGREEMENT DATED DECEMBER 13, 2024

(*SEE ATTACHED*)

EXHIBIT 10.26

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "*Agreement*") is dated as of December 13, 2024, by and among Palvella Therapeutics, Inc., a Nevada corporation (the "*Company*"), and the several purchasers signatory hereto (each, including its successors and assigns, a "Purchaser" and collectively, the "*Purchasers*").

This Agreement is made pursuant to the Securities Purchase Agreement, dated as of July 23, 2024, between the Company and each Purchaser (the "*Purchase Agreement*").

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and each of the Purchasers agree as follows:

1. Definitions. Capitalized terms used and not otherwise defined herein that are defined in the Purchase Agreement shall have the meanings given such terms in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

"*Advice*" has the meaning set forth in Section 6(d).

"*Affiliate*" when used with respect to any party shall mean any Person who is an "affiliate" of that party within the meaning of Rule 405 promulgated under the Securities Act.

"*Agreement*" has the meaning set forth in the Preamble.

"*Allowed Suspension*" has the meaning set forth in Section 6(d).

"*Business Day*" means any day other than a Saturday, Sunday or other day on which commercial banking institutions in New York, New York, Boston, Massachusetts, Philadelphia, Pennsylvania or Wilmington, Delaware are required or permitted by Law to be closed or other day on which the Delaware Secretary of State is closed.

"*Common Stock*" means the Company's common stock, par value $0.001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

"*Company*" has the meaning set forth in the Preamble.

"*Effective Date*" means the date that the Registration Statement filed pursuant to Section 2(a) is first declared effective by the Commission.

"*Effectiveness Deadline*" means, with respect to the Initial Registration Statement or the New Registration Statement, the ninetieth (90th) calendar day following the Closing Date (or, in the event the Commission reviews and has written comments to the Initial Registration Statement or the New Registration Statement, the one hundred twentieth (120th) calendar day following the Closing Date); provided, however, that (i) if the Company is notified by the Commission that the Initial Registration Statement or the New Registration Statement will not be reviewed or is no longer subject to further review and comments, the Effectiveness Deadline as to such Registration Statement shall be the fifth (5th) Trading Day following the date on which the Company is so notified if such date precedes the dates otherwise required above; and (ii) if the Effectiveness Deadline falls on a Saturday, Sunday or other day that the Commission is closed for business, the Effectiveness Deadline shall be extended to the next Business Day on which the Commission is open for business.

"*Effectiveness Period*" has the meaning set forth in Section 2(b).

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"*Filing Deadline*" means, with respect to the Initial Registration Statement required to be filed pursuant to Section 2(a), the thirtieth (30th) calendar day following the Closing Date, *provided, however*, that if the Filing Deadline falls on a Saturday, Sunday or other day that the Commission is closed for business, the Filing Deadline shall be extended to the next Business Day on which the Commission is open for business.

"*FINRA*" has the meaning set forth in Section 3(i).

"*Holder*" or "*Holders*" means the holder or holders, as the case may be, from time to time of Registrable Securities.

"*Indemnified Party*" has the meaning set forth in Section 5(c).

"*Indemnifying Party*" has the meaning set forth in Section 5(c).

"*Initial Registration Statement*" has the meaning set forth in Section 2(a).

"*Losses*" has the meaning set forth in Section 5(a).

"*New Registration Statement*" has the meaning set forth in Section 2(a).

"*Person*" means an individual or a corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"*Principal Market*" means the Trading Market on which the Common Stock are primarily listed on and quoted for trading.

"*Proceeding*" means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"*Prospectus*" means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430B promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"*Purchase Agreement*" has the meaning set forth in the Recitals.

"*Purchaser*" or "*Purchasers*" has the meaning set forth in the Preamble.

"Registrable *Securities*" means all of (i) the Shares, (ii) all Warrant Shares then issued or issuable upon exercise of the Pre-Funded Warrants (assuming on such date the Pre-Funded Warrants are exercised in full without regard to any exercise limitations therein), and (ii) any securities issued or issuable upon any stock split, dividend or other distribution, recapitalization or similar event with respect to the foregoing, provided that the Holder has completed and delivered to the Company a Selling Stockholder Questionnaire; and provided, further, that, with respect to a particular Holder, such Holder's Registrable Securities shall cease to be Registrable Securities upon the earlier to occur of the following: (A) a sale pursuant to a Registration Statement or Rule 144 under the Securities Act (in which case, only such security sold by the Holder shall cease to be a Registrable Security); and (B) such Registrable Securities become eligible for resale by the Holder under Rule 144 without the requirement for the Company to be in compliance with the current public information required thereunder and without volume or manner-of-sale restrictions (and in the case of the Pre-Funded Warrant Shares, assuming the cashless exercise of the Pre-Funded Warrants), pursuant to a written opinion letter of counsel for the Company to such effect, addressed, delivered and reasonably acceptable to the Transfer Agent.

"*Registration Statements*" means any one or more registration statements of the Company filed under the Securities Act that cover the resale of any of the Registrable Securities pursuant to the provisions of this Agreement (including without limitation the Initial Registration Statement, any New Registration Statement and any Remainder Registration Statements), amendments and supplements to such Registration Statements, including post-effective amendments, all exhibits and all material incorporated by reference or deemed to be incorporated by reference in such Registration Statements.

"*Remainder Registration Statement*" has the meaning set forth in Section 2(a).

"*Rule 144*" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"*Rule 172*" means Rule 172 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"*Rule 415*" means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"*Rule 424*" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"*Rule 461*" means Rule 461 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"*SEC Guidance*" means (i) any publicly-available written or oral guidance, comments, requirements or requests of the Commission staff; provided, that any such oral guidance, comments, requirements or requests are reduced to writing by the Commission and (ii) the Securities Act.

"*Securities Act*" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"*Selling Stockholder Questionnaire*" means a questionnaire in the form attached as Annex B hereto, or such other form of questionnaire or information provided to the Company in connection with the preparation of a Registration Statement hereunder.

"*Shares*" means the shares of Common Stock issued to the Purchasers pursuant to the Purchase Agreement.

"*Trading Day*" means a day on which the Principal Market is open for business.

"*Trading Market*" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, or the New York Stock Exchange (or any successors to any of the foregoing).

2. Registration.

(a) On or prior to the Filing Deadline, the Company shall prepare and file with the Commission a Registration Statement covering the resale of all of the Registrable Securities not then registered on an existing and effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415 or, if Rule 415 is not available for offers and sales of the Registrable Securities, by such other means of distribution of Registrable Securities as the Holders may reasonably specify (the "*Initial Registration Statement*"). The Initial Registration Statement shall be on Form S-1 subject to the provisions of Section 2(a) and shall contain (except if otherwise required pursuant to written comments received from the Commission upon a review of such Registration Statement) the "Plan of Distribution" section substantially in the form attached hereto as Annex A (which may be modified to respond to comments, if any, provided by the Commission). Notwithstanding the registration obligations set forth in this Section 2, in the event the Commission informs the Company that all of the Registrable Securities cannot, as a result of the application of Rule 415, be registered for resale as a secondary offering on a single registration statement, the Company agrees to promptly (i) inform each of the Holders thereof and use its commercially reasonable efforts to file amendments to the Initial Registration Statement as required by the Commission and/or (ii) withdraw the Initial Registration Statement and file a new registration statement (a "*New Registration Statement*"), in either case covering the maximum number of Registrable Securities permitted to be registered by the Commission, on Form S-1; *provided, however*, that prior to filing such amendment or New Registration Statement, the Company shall be obligated to use its commercially reasonable efforts to advocate with the Commission for the registration of all of the Registrable Securities in accordance with the SEC Guidance, including without limitation, the Securities Act Rules Compliance and Disclosure Interpretations Question 612.09. Notwithstanding any other provision of this Agreement, if the Commission or any SEC Guidance sets forth a limitation of the number of Registrable Securities permitted to be registered on a particular Registration Statement as a secondary offering (and notwithstanding that the Company used diligent efforts to advocate with the Commission for the registration of all or a greater number of Registrable Securities), unless otherwise directed in writing by a Holder as to its Registrable Securities, the number of Registrable Securities to be registered on such Registration Statement will first be reduced by Registrable Securities not acquired pursuant to the Purchase Agreement (whether pursuant to registration rights or otherwise), and second by Registrable Securities represented by Registrable Securities applied to the Holders on a pro rata basis based on the total number of Registrable Securities held by such Holders, subject to a determination by the Commission that certain Holders must be reduced first based on the number of Registrable Securities held by such Holders. In the event of a cutback hereunder, the Company shall give the Holder at least one (1) Trading Day prior notice along with the calculations as to such Holder's allotment. In the event the Company amends the Initial Registration Statement or files a New Registration Statement, as the case may be, in accordance with the foregoing, the Company will use its commercially reasonable efforts to file with the Commission, as promptly as allowed by Commission or SEC Guidance provided to the Company or to registrants of securities in general, one or more registration statements on Form S-1 or such other form available to register for resale those Registrable Securities that were not registered for resale on the Initial Registration Statement, as amended, or the New Registration Statement (the "*Remainder Registration Statements*"). No Holder shall be named as an "underwriter" in any Registration Statement without such Holder's prior written consent.

(b) The Company shall use its commercially reasonable efforts to cause each Registration Statement to be declared effective by the Commission as soon as practicable and, with respect to the Initial Registration Statement or the New Registration Statement, as applicable, no later than the Effectiveness Deadline (including filing with the Commission a request for acceleration of effectiveness in accordance with Rule 461 promulgated under the Securities Act), and shall use its commercially reasonable efforts to keep each Registration Statement continuously effective under the Securities Act until the earlier of (i) such time as all of the Registrable Securities covered by such Registration Statement have been publicly sold by the Holders; or (ii) the date that all Registrable Securities covered by such Registration Statement may be sold by non-affiliates without volume or manner-of-sale restrictions pursuant to Rule 144, without the requirement for the Company to be in compliance with the current public information requirement under Rule 144, in each case, including pursuant to a cashless exercise of the Pre-Funded Warrants (the "*Effectiveness Period*"). The Company shall request effectiveness of a Registration Statement as of 4:00 P.M. New York City time on a Trading Day. The Company shall promptly notify the Holders via e-mail of the effectiveness of a Registration Statement or any post-effective amendment thereto on the same Trading Day that the Company telephonically confirms effectiveness with the Commission, which date of confirmation shall initially be the date requested for effectiveness of such Registration Statement. The Company shall, by 9:30 A.M. New York City time on the first Trading Day after the Effective date, file a final Prospectus with the Commission, as required by Rule 424(b) and shall provide the Purchasers with copies of the final Prospectus to be used in connection with the sale or other disposition of the securities covered thereby. The Company shall promptly inform each Holder in writing if, at any time during the Effectiveness Period, the Company does not satisfy the conditions specified in Rule 172 and, as a result thereof, the Holder is required to deliver a Prospectus in connection with any disposition of Registrable Securities.

(c) Each Holder of Registrable Securities to be sold agrees to furnish to the Company a completed Selling Stockholder Questionnaire not more than five (5) Trading Days following the date of this Agreement. At least 10 Trading Days prior to the first anticipated filing date of a Registration Statement for any registration under this Agreement, the Company will notify each Holder of the information the Company requires from that Holder for inclusion in the Registration Statement other than the information contained in the Selling Stockholder Questionnaire, if any, which shall be completed and delivered to the Company promptly upon request and, in any event, within three (3) Trading Days prior to the applicable anticipated filing date. Each Holder further agrees that it shall not be entitled to be named as a selling securityholder in the Registration Statement or use the Prospectus for offers and resales of Registrable Securities at any time, unless such Holder has provided such information to the Company and responded to any reasonable requests for further information as described in the previous sentence. Each Holder acknowledges and agrees that the information in the Selling Stockholder Questionnaire or request for further information as described in this Section 2(c) will be used by the Company in the preparation of the Registration Statement and hereby consents to the inclusion of such information in the Registration Statement (subject to such Holder's right to timely review the Registration Statement as set forth herein).

(d) The Company undertakes to register the Registrable Securities on Form S-3 promptly after such form is available, provided that the Company shall maintain the effectiveness of the Registration Statement then in effect until such time as a Registration Statement on Form S-3 covering the Registrable Securities has been declared effective by the Commission.

(e) (i) If a Registration Statement covering the Registrable Securities is not filed with the Commission on or prior to the Filing Deadline (a "*Registration Failure*"), then, in addition to any other rights the Purchasers may have hereunder or under applicable law, the Company will make pro rata payments to each Purchaser of then outstanding Registrable Securities, as liquidated damages and not as a penalty (the "*Registration Liquidated Damages*"), in an amount equal to one percent (1.0%) of the aggregate amount invested by such Purchaser for the Registrable Securities then held by such Purchaser for the initial day of a Registration Failure and for each thirty (30) day period (or pro rata portion thereof with respect to a final period, if any) thereafter until the Registration Failure is cured. The Registration Liquidated Damages shall be paid monthly within ten (10) Business Days of the date of such Registration Failure and the end of each subsequent thirty (30)-day period (or portion thereof with respect to a final period, if any) thereafter until the Registration Failure is cured. Such payments shall be made in cash to each Purchaser then holding Registrable Securities. Interest shall accrue at the rate of one percent (1%) per month on any such liquidated damages payments that shall not be paid by the applicable payment date until such amount is paid in full.

(i) If (A) a Registration Statement covering the Registrable Securities is not declared effective by the Commission by the Effectiveness Deadline or (B) after a Registration Statement has been declared effective by the Commission or otherwise becomes effective, sales cannot be made pursuant to such Registration Statement for any reason (including, without limitation, by reason of a stop order or the Company's failure to update such Registration Statement) (each of (A) and (B), a "*Maintenance Failure*"), then the Company will make pro rata payments to each Purchaser then holding Registrable Securities, as liquidated damages and not as a penalty (the "*Effectiveness Liquidated Damages*" and together with the Registration Liquidated Damages, the "*Liquidated Damages*"), in an amount equal to one percent (1.0%) of the aggregate amount invested by such Purchaser for the Registrable Securities then held by such Purchaser for the initial day of a Maintenance Failure and for each thirty (30)-day period (pro rata for any portion thereof) thereafter until the Maintenance Failure is cured. The Effectiveness Liquidated Damages shall be paid monthly within ten (10) Business Days of the end of the date of such Maintenance Failure and each subsequent thirty (30)-day period (pro rata for any portion thereof). Such payments shall be made to each Purchaser then holding Registrable Securities in cash. Interest shall accrue at the rate of one percent (1.0%) per month on any such liquidated damages payments that shall not be paid by the applicable payment date until such amount is paid in full.

(ii) Notwithstanding the foregoing, (A) no Liquidated Damages shall be payable with respect to any period after the expiration of the Effectiveness Period (it being understood that this sentence shall not relieve the Company of any Liquidated Damages accruing prior to the expiration of the Effectiveness Period), (B) in no event shall the aggregate amount of Liquidated Damages payable to a Purchaser exceed, in the aggregate, five percent (5.0%) of the aggregate purchase price paid by such Purchaser pursuant to the Purchase Agreement, (C) no Liquidated Damages shall accrue or be payable with respect to any reduction in the number of Registrable Securities to be included in a Registration Statement due to the application of Rule 415 as set forth in Section 2(a) and (D) no Liquidated Damages shall accrue or be payable with respect to any Allowed Suspension or a suspension as described in the last sentence of Section 3(h).

3. Registration Procedures.

In connection with the Company's registration obligations hereunder, the Company shall:

(a) Not less than five (5) Trading Days prior to the filing of each Registration Statement and not less than two (2) Trading Days prior to the filing of any related Prospectus or any amendment or supplement thereto (except for Annual Reports on Form 10-K, and Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and any similar or successor reports), (i) furnish to each Holder copies of such Registration Statement, Prospectus or amendment or supplement thereto, as proposed to be filed, which documents will be subject to the review of such Holder (it being acknowledged and agreed that if a Holder does not object to or comment on the aforementioned documents within such five (5) Trading Day or two (2) Trading Day period, as the case may be, then the Holder shall be deemed to have consented to and approved the use of such documents) and (ii) to the extent that a Holder is identified in the Registration Statement as an "underwriter" (as defined in the Securities Act), use commercially reasonable efforts to cause its officers and directors, counsel and independent registered public accountants to respond to such inquiries as shall be necessary, in the reasonable opinion of respective counsel to each Holder, to conduct a reasonable investigation within the meaning of the Securities Act. The Company shall not file any Registration Statement or amendment or supplement thereto in a form to which a Holder reasonably objects in good faith, provided that, such Holder notifies the Company of such objection in writing within the five (5) Trading Day or two (2) Trading Day periods described above, as applicable.

(b) (i) Prepare and file with the Commission such amendments (including post-effective amendments) and supplements, to each Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement continuously effective as to the applicable Registrable Securities for its Effectiveness Period and prepare and file with the Commission such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities; (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement (subject to the terms of this Agreement), and, as so supplemented or amended, to be filed pursuant to Rule 424; (iii) respond as promptly as reasonably practicable to any comments received from the Commission with respect to each Registration Statement or any amendment thereto and, as promptly as reasonably possible, provide the Holders true and complete copies of all correspondence from and to the Commission relating to such Registration Statement that pertains to the Holders as "Selling Stockholders" but not any comments that would result in the disclosure to the Holders of material and non-public information concerning the Company (unless such Holder consents to receive such material and non-public information); and (iv) comply with the provisions of the Securities Act and the Exchange Act with respect to the disposition of all Registrable Securities covered by a Registration Statement until such time as all of such Registrable Securities shall have been disposed of (subject to the terms of this Agreement) in accordance with the intended methods of disposition by the Holders thereof as set forth in such Registration Statement as so amended or in such Prospectus as so supplemented; provided, however, that each Purchaser shall be responsible for the delivery of the Prospectus to the Persons to whom such Purchaser sells any of the Registrable Securities (including in accordance with Rule 172 under the Securities Act) to the extent required under the Securities Act, and each Purchaser agrees to dispose of Registrable Securities in compliance with the "Plan of Distribution" described in the Registration Statement and otherwise in compliance with applicable federal and state securities laws. In the case of amendments and supplements to a Registration Statement which are required to be filed pursuant to this Agreement (including pursuant to this Section 3(b)) by reason of the Company filing a report on Form 10-K, Form 10-Q or Form 8-K or any analogous report under the Exchange Act, the Company shall have incorporated such report by reference into such Registration Statement, if applicable, or shall file such amendments or supplements with the Commission on the same day on which the Exchange Act report which created the requirement for the Company to amend or supplement such Registration Statement was filed.

(c) Notify the Holders of Registrable Securities to be sold (which notice shall, if given pursuant to clauses (iii) through (vi) hereof, be accompanied by an instruction to suspend the use of the Prospectus until the requisite changes have been made, provided that the Company shall omit any material, non-public information relating to the Company and/or any of its subsidiaries) as promptly as reasonably practicable (and, in the case of (i) (A) below, not less than one (1) Trading Day prior to such filing) and (if requested by any such Person) confirm such notice in writing no later than one (1) Trading Day following the day: (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed; (B) when the Commission notifies the Company whether there will be a "review" of such Registration Statement and whenever the Commission comments in writing on any Registration Statement (in which case the Company shall provide to each of the Holders true and complete copies of all comments that pertain to the Holders as a "Selling Stockholder" or to the "Plan of Distribution" and all written responses thereto, but not information that the Company believes would constitute material and non-public information); and (C) with respect to each Registration Statement or any post-effective amendment, when the same has become effective; (ii) of any request by the Commission or any other Federal or state governmental authority for amendments or supplements to a Registration Statement or Prospectus or for additional information that pertains to the Holders as "Selling Stockholders" or the "Plan of Distribution"; (iii) of the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; (v) of the occurrence of any event or passage of time that makes the financial statements included or incorporated by reference in a Registration Statement ineligible for inclusion or incorporation by reference therein or any statement made in such Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to such Registration Statement, Prospectus or other documents so that, in the case of such Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus, form of prospectus or supplement thereto, in light of the circumstances under which they were made), not misleading and (vi) of the occurrence or existence of any pending corporate development with respect to the Company that, upon the advice of legal counsel, the Company's board of directors reasonably believes may be material and that would require additional disclosure by the Company in the Registration Statement of such material information that the Company has a bona fide business purpose for keeping confidential and the non-disclosure of which in the Registration Statement would be expected, in the reasonable determination of the Company's board of directors, upon the advice of legal counsel, to cause the Registration Statement to fail to comply with applicable disclosure requirements, provided that, any and all such information shall remain confidential to each Holder until such information otherwise becomes public, unless disclosure by a Holder is required by law; and provided, further, that notwithstanding each Holder's agreement to keep such information confidential, each such Holder makes no acknowledgement that any such information is material, non-public information.

(d) Use commercially reasonable efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order stopping or suspending the effectiveness of a Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, as soon as practicable.

(e) If requested by a Holder, furnish to such Holder, without charge, at least one conformed copy of each Registration Statement and each amendment thereto, including financial statements and schedules, all documents incorporated or deemed to be incorporated therein by reference to the extent requested by such Person, and all exhibits to the extent requested by such Person (including those previously furnished or incorporated by reference) promptly after the filing of such documents with the Commission; provided, that the Company shall have no obligation to provide any document pursuant to this clause that is available on the Commission's EDGAR system.

(f) Prior to any resale of Registrable Securities by a Holder, use its commercially reasonable efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from the registration or qualification) of the resale of such Registrable Securities (or, in the case of qualification, of such Registrable Securities for the resale) by the Holder under the securities or blue sky laws of such jurisdictions within the United States as any Holder reasonably requests in writing, to keep each registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things reasonably necessary to enable the disposition in such jurisdictions of the Registrable Securities covered by each Registration Statement; provided, that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, subject the Company to any material tax in any such jurisdiction where it is not then so subject or file a general consent to service of process in any such jurisdiction.

(g) Cooperate with such Holder to facilitate the timely preparation and delivery of certificates or book entry statements, as applicable, representing Registrable Securities to be delivered to a transferee pursuant to the Registration Statement, which certificates or statements shall be free, to the extent permitted by the Purchase Agreement and under law, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holders may reasonably request.

(h) Following the occurrence of any event contemplated by Section 3(c), as promptly as reasonably practicable (taking into account the Company's good faith assessment of any adverse consequences to the Company and its stockholders of the premature disclosure of such event), prepare a supplement or amendment, including a post-effective amendment, to the affected Registration Statements or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, no Registration Statement nor any Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus, form of prospectus or supplement thereto, in light of the circumstances under which they were made), not misleading. If the Company notifies the Holders in accordance with clauses (iii) through (vi) of Section 3(c) above to suspend the use of any Prospectus until the requisite changes to such Prospectus have been made, then the Holders shall suspend use of such Prospectus. The Company will use its commercially reasonable efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable. The Company shall be entitled to exercise its right under this Section 3(h) to suspend the availability of a Registration Statement and Prospectus in accordance with the time periods set forth in Section 6(d), which may be extended only in accordance with Section 3(h). For the avoidance of doubt, the Company's rights under this Section 3(h) shall include suspensions of availability arising from the filing of a post-effective amendment to a Registration Statement to update the Prospectus therein to include the information contained in the Company's Annual Report on Form 10-K, which suspensions may extend for the amount of time reasonably required to respond to any comments of the staff of the Commission on such amendment and which, for the avoidance of doubt, shall be in accordance with the time periods set forth in Section 6(d), which may be extended only in accordance with Section 6(f).

(i) The Company may require each selling Holder to furnish to the Company a certified statement as to (i) the number of shares of Common Stock beneficially owned by such Holder and any Affiliate thereof, (ii) any Financial Industry Regulatory Authority ("*FINRA*") affiliations, (iii) any natural persons who have the power to vote or dispose of the Common Stock and (iv) any other information as may be requested by the Commission, FINRA or any state securities commission.

(j) The Company shall cooperate with any registered broker through which a Holder proposes to resell its Registrable Securities in effecting a filing with FINRA pursuant to FINRA Rule 5110 as requested by any such Holder and the Company shall pay the filing fee required for the first such filing within two (2) Business Days of the request therefor.

(k) If at any time the Commission takes the position that the offering of some or all of the Registrable Securities in a Registration Statement is not eligible to be made on a delayed or continuous basis under the provisions of Rule 415 under the Securities Act or requires any Holder to be named as an "underwriter," the Company shall use commercially reasonable efforts to persuade the Commission that the offering contemplated by such Registration Statement is a valid secondary offering and not an offering "by or on behalf of the issuer" as defined in Rule 415 and that none of the Holders is an "underwriter".

4. Registration Expenses. All fees and expenses incident to the Company's performance of or compliance with its obligations under this Agreement (excluding any underwriting discounts and selling commissions and all legal fees and expenses of legal counsel for any Holder) shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses of the Company's counsel and independent registered public accountants (A) with respect to filings required to be made with any Trading Market on which the Common Stock are then listed for trading, (B) with respect to compliance with applicable state securities or blue sky laws (including, without limitation, fees and disbursements of counsel for the Company in connection with blue sky qualifications or exemptions of the Registrable Securities and determination of the eligibility of the Registrable Securities for investment under the laws of such jurisdictions as requested by the Holders) and (C) if not previously paid by the Company in connection with Section 3(j) above, with respect to any filing that may be required to be made by any broker through which a Holder intends to make sales of Registrable Securities with FINRA pursuant to the FINRA Rule 5110, so long as the broker is receiving no more than a customary brokerage commission in connection with such sale), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and of printing prospectuses if the printing of prospectuses is reasonably requested by the Holders of a majority of the Registrable Securities included in the Registration Statement), (iii) messenger, telephone and delivery expenses, (iv) fees, expenses and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, and (vi) fees and expenses of all other Persons retained by the Company in connection with the registrations and consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder. In no event shall the Company be responsible for any underwriting, broker or similar fees or commissions of any Holder or, except to the extent provided for in the Transaction Documents, any legal fees or other costs of the Holders.

5. Indemnification.

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify, defend and hold harmless each Holder and each of their respective officers, directors, agents, partners, members, managers, stockholders, Affiliates, investment advisers and employees of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, partners, members, managers, stockholders, agents, investment advisers and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable costs of preparation and investigation and reasonable attorneys' fees), expenses and disbursements (collectively, "*Losses*"), as incurred, that arise out of or are based upon (i) any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, or (ii) any violation or alleged violation by the Company or its agents of the Securities Act, the Exchange Act or any state securities law or any rule or regulation thereunder, in connection with the performance of its obligations under this Agreement or any action or inaction required of the Company in connection with any registration, except to the extent, but only to the extent, that (A) such untrue statements, alleged untrue statements, omissions or alleged omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and approved in writing by such Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto (it being understood that each Holder has approved Annex A hereto for this purpose), (B) in the case of an occurrence of an event of the type specified in Section 3(c)(iii)-(vi), related to the use by a Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated and defined in Section 6(d) below, to the extent that following the receipt of the Advice the misstatement or omission giving rise to such Loss would have been corrected or (C) to the extent that any such Losses arise out of the Purchaser's (or any other indemnified Person's) failure to send or give a copy of the Prospectus or supplement (as then amended or supplemented), if required, pursuant to Rule 172 under the Securities Act (or any successor rule) to the Persons asserting an untrue statement or alleged untrue statement or alleged untrue statement or omission or alleged omission at or prior to the written confirmation of the sale of Registrable Securities to such Person if such statement or omission was corrected in such Prospectus or supplement. The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding arising from or in connection with the transactions contemplated by this Agreement of which the Company is aware. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of an Indemnified Party (as defined in Section 5(c)) and shall survive the transfer of the Registrable Securities by the Holders.

(b) Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, arising out of or are based solely upon any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus, or any form of prospectus, or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus, or any form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading (i) to the extent that such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein or (ii) to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and approved in writing by such Holder expressly for use in a Registration Statement (it being understood that the Holder has approved Annex A hereto for this purpose), such Prospectus or such form of Prospectus or in any amendment or supplement thereto or (iii) in the case of an occurrence of an event of the type specified in Section 3(c)(iii)-(vi), to the extent related to the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated in Section 6(d). In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "*Indemnified Party*"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "*Indemnifying Party*") in writing, and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all reasonable fees, expenses and disbursements incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have materially and adversely prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees, expenses and disbursements of such counsel shall be at the expense of such Indemnified Party or Indemnified Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees, expenses and amounts; (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a conflict of interest exists if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Indemnifying Party); provided, that the Indemnifying Party shall not be liable for the fees, expenses and disbursements of more than one separate firm of attorneys at any time for all Indemnified Parties. The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld, delayed or conditioned. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

Subject to the terms of this Agreement, all fees, expenses and disbursements of the Indemnified Party (including reasonable fees, expenses and disbursements to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section 5) shall be paid to the Indemnified Party, as incurred, within 20 Trading Days of written notice thereof to the Indemnifying Party; provided, that the Indemnified Party shall promptly reimburse the Indemnifying Party for that portion of such fees, expenses and disbursements applicable to such actions for which such Indemnified Party is finally judicially determined to not be entitled to indemnification hereunder. The failure to deliver written notice to the Indemnifying Party within a reasonable time of the commencement of any such action shall not relieve such Indemnifying Party of any liability to the Indemnified Party under this Section 5, except to the extent that the Indemnifying Party is materially and adversely prejudiced in its ability to defend such action.

(d) Contribution. If a claim for indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party or insufficient to hold an Indemnified Party harmless for any Losses, then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in this Agreement, any reasonable attorneys' or other reasonable fees, expenses or disbursements incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees, expenses or disbursements if the indemnification provided for in this Section 5 was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 5(d), (A) no Holder shall be required to contribute, in the aggregate with any other amounts payable by it under this Section 5, any amount in excess of the net proceeds actually received by such Holder from the sale of the Registrable Securities giving rise to such contribution obligation and (B) no contribution will be made under circumstances where the maker of such contribution would not have been required to indemnify the Indemnified Party under the fault standards set forth in this Section 5. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

The indemnity and contribution agreements contained in this Section 5 are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties and are not in diminution or limitation of the indemnification provisions under the Purchase Agreement.

6. Miscellaneous.

(a) Remedies. In the event of a breach by the Company or by a Holder of any of their obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to seek specific performance of its rights under this Agreement, without the requirement of posting a bond. The Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(b) No Piggyback on Registrations; Prohibition on Filing Other Registration Statements. Except and to the extent specified in the Purchase Agreement, neither the Company nor any of its security holders (other than the Holders in such capacity pursuant hereto) may include securities of the Company in a Registration Statement other than the Registrable Securities and the Company shall not prior to the Effective Date enter into any agreement providing any such right to any of its security holders. For the avoidance of doubt, the provisions of this Agreement shall not impact the terms of any lock-up agreement entered into by Purchaser for the benefit of the Company on or about the date hereof.

(c) Compliance. Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it (unless an exemption therefrom is available) in connection with sales of Registrable Securities pursuant to the Registration Statement and shall sell the Registrable Securities only in accordance with a method of distribution described in the Registration Statement, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

(d) Discontinued Disposition. By its acquisition of Registrable Securities, each Holder agrees that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(c)(iii)-(vi), such Holder will forthwith discontinue disposition of such Registrable Securities under a Registration Statement until it is advised in writing (the "*Advice*") by the Company that the use of the applicable Prospectus (as it may have been supplemented or amended) may be resumed. The Company will use its commercially reasonable efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable. Notwithstanding anything herein to the contrary, no Holder shall be required to discontinue disposition of Registrable Securities under a Registration Statement by virtue of the delivery by the Company of a notice of the occurrence of any event of the kind described in Section 3(c)(v) or Section 3(c)(vi) on more than two occasions or for more than 90 total calendar days, in each case during any twelve-month period, or for more than 45 calendar days during any 90-day period (an "*Allowed Suspension*").

(e) No Inconsistent Agreements. Neither the Company nor any of its subsidiaries has entered, as of the date hereof, nor shall the Company or any of its subsidiaries, on or after the date hereof, enter into any agreement with respect to its securities, that would have the effect of impairing the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof.

(f) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, or waived unless the same shall be in writing and signed by the Company and Holders holding no less than a majority of the then outstanding Registrable Securities (for purposes of clarification, this includes any Registrable Securities issuable upon exercise or conversion of the Pre-Funded Warrants), provided that (i) any party may give a waiver as to itself and (ii) any proposed amendment that would, by its terms, have a disproportionate and materially adverse effect on any Holder shall require the consent of such Holder(s). Notwithstanding the foregoing, (1) a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders and that does not directly or indirectly affect the rights of other Holders may be given by Holders of all of the Registrable Securities to which such waiver or consent relates and (2) none of the definitions of Filing Deadline, Effectiveness Deadline or Effectiveness Period, Section 2(e), Section 3(c), Section 5, Section 6(d), or the provisions of this sentence, may be amended, modified, or supplemented except with the consent of each Holder.

(g) Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be delivered as set forth in the Purchase Agreement.

(h) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. The Company may not assign its rights (except by merger or in connection with another entity acquiring all or substantially all of the Company's assets) or obligations hereunder without the prior written consent of all the Holders of the then outstanding Registrable Securities. Each Holder may assign its respective rights hereunder in the manner and to the Persons as permitted under the Purchase Agreement; provided in each case that (i) the Holder agrees in writing with the transferee or assignee to assign such rights and related obligations under this Agreement, and for the transferee or assignee to assume such obligations, and a copy of such agreement is furnished to the Company within a reasonable time after such assignment, (ii) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being transferred or assigned, (iii) at or before the time the Company received the written notice contemplated by clause (ii) of this sentence, the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein and (iv) the transferee is an "accredited investor," as that term is defined in Rule 501 of Regulation D.

(i) Execution and Counterparts. This Agreement may be executed in two or more counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. Counterparts may be delivered via facsimile, electronic mail (including any electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

(j) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be determined in accordance with the provisions of the Purchase Agreement.

(k) Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any other remedies provided by law.

(l) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their good faith reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(m) Headings. The headings in this Agreement are for convenience only and shall not limit or otherwise affect the meaning hereof.

(n) Independent Nature of Purchasers' Obligations and Rights. The obligations of each Purchaser under this Agreement are several and not joint with the obligations of any other Purchaser hereunder, and no Purchaser shall be responsible in any way for the performance of the obligations of any other Purchaser hereunder. The decision of each Purchaser to purchase Securities pursuant to the Transaction Documents has been made by such Purchaser independently of any other Purchaser and independently of any information, materials, statements or opinions as to the business, affairs, operations, assets, properties, liabilities, results of operations, condition (financial or otherwise) or prospects of the Company or any Subsidiary which may have been made or given by any other Purchaser or by any agent or employee of any other Purchaser, and no Purchaser and any of its agents or employees shall have any liability to any other Purchaser (or any other Person) relating to or arising from any such information, materials, statement or opinions. Nothing contained herein or in any Transaction Document, and no action taken by any Purchaser pursuant hereto or thereto, shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert or as a group (including, without limitation, a "group" within the meaning of Section 13(d)(3) of the Exchange Act) with respect to such obligations or the transactions contemplated by the Transaction Documents. Each Purchaser acknowledges that no other Purchaser has acted as agent for such Purchaser in connection with making its investment hereunder and that no Purchaser will be acting as agent of such Purchaser in connection with monitoring its investment in the securities or enforcing its rights under the Transaction Documents. Each Purchaser shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of the other Transaction Documents, and it shall not be necessary for any other Purchaser to be joined as an additional party in any Proceeding for such purpose. The Company acknowledges that each of the Purchasers has been provided with the same Registration Rights Agreement for the purpose of closing a transaction with multiple Purchasers and not because it was required or requested to do so by any Purchaser. It is expressly understood that each provision contained in this Agreement is between the Company and a Purchaser, solely, and not between the Company and the Purchasers collectively and not between and among the Purchasers.

(o) Current Public Information. With a view to making available to the Holders the benefits of Rule 144 (or its successor rule) and any other rule or regulation of the Commission that may at any time permit the Holders to sell shares of Common Stock to the public without registration, for so long as the Registrable Securities remain outstanding, the Company covenants and agrees to use commercially reasonable efforts to: (i) make and keep adequate current public information available, as those terms are understood and defined in Rule 144, until such date on which the Holders no longer hold any Registrable Securities; and (ii) file with the Commission in a timely manner all reports and other documents required of the Company under the Exchange Act.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

PALVELLA THERAPEUTICS, INC.

By: /s/ Wesley H. Kaupinen
Name: Wesley H. Kaupinen
Title: Chief Executive Officer

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

[NAME OF INVESTING ENTITY]

By: _____
Name:
Title:

Annex A
PLAN OF DISTRIBUTION

We are registering the shares of common stock issued to the Selling Stockholders to permit the sale, transfer or other disposition of these shares by the Selling Stockholders or their donees, pledgees, transferees or other successors-in-interest from time to time after the date of this prospectus. We will not receive any of the proceeds from the sale by the Selling Stockholders of the shares of common stock. We will, or will procure to, bear all fees and expenses incident to our obligation to register the shares of common stock.

The Selling Stockholders may sell all or a portion of the shares of common stock beneficially owned by them and offered hereby from time to time directly or through one or more underwriters, broker-dealers or agents. If the shares of common stock are sold through underwriters or broker-dealers, the Selling Stockholders will be responsible for underwriting discounts (it being understood that the Selling Stockholders shall not be deemed to be underwriters solely as a result of their participation in this offering) or commissions or agent's commissions. The shares of common stock may be sold on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale, in the over-the-counter market or in transactions otherwise than on these exchanges or systems or in the over-the-counter market and in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. These sales may be effected in transactions, which may involve crosses or block transactions. The Selling Stockholders may use any one or more of the following methods when selling shares of common stock:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- to or through underwriters or purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales entered into after the effective date of the registration statement of which this prospectus is a part;
- broker-dealers may agree with the Selling Stockholders to sell a specified number of such shares at a stipulated price per share;
- through the writing or settlement of options or other hedging transactions, whether such options are listed on an options exchange or otherwise;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The Selling Stockholders also may resell all or a portion of the shares of common stock in open market transactions in reliance upon Rule 144, as permitted by that rule, or Section 4(a)(1) under the Securities Act, if available, rather than under this prospectus, provided that they meet the criteria and conform to the requirements of those provisions.

Broker-dealers engaged by the Selling Stockholders may arrange for other broker-dealers to participate in sales. If the Selling Stockholders effect such transactions by selling shares of common stock shares of common stock to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the Selling Stockholders or commissions from purchasers of the shares of common stock for whom they may act as agent or to whom they may sell as principal. Such commissions will be in amounts to be negotiated, but, except as set forth in a supplement to this prospectus, in the case of an agency transaction will not be in excess of a customary brokerage commission in compliance with FINRA Rule 2121; and in the case of a principal transaction a markup or markdown in compliance with FINRA IM-2121.01.

In connection with sales of the shares of common stock or otherwise, the Selling Stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the shares of common stock in the course of hedging in positions they assume. The Selling Stockholders may also sell shares of common stock short and if such short sale takes place after the date that this registration statement is declared effective by the SEC, the Selling Stockholders may deliver shares of common stock covered by this prospectus to close out short positions and to return borrowed shares of common stock in connection with such short sales. The Selling Stockholders may also loan or pledge shares of common stock to broker-dealers that in turn may sell such shares, to the extent permitted by applicable law. The Selling Stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction). Notwithstanding the foregoing, the Selling Stockholders have been advised that they may not use shares of common stock the resale of which has been registered on this registration statement to cover short sales of our common stock made prior to the date the registration statement, of which this prospectus forms a part, has been declared effective by the SEC.

The Selling Stockholders may, from time to time, pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock from time to time pursuant to this prospectus or any amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act, amending, if necessary, the list of Selling Stockholders to include the pledgee, transferee or other successors in interest as Selling Stockholders under this prospectus. The Selling Stockholders also may transfer and donate the shares of common stock in other circumstances in which case the transferees, donees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

The Selling Stockholders and any broker-dealer or agents participating in the distribution of the shares of common stock may be deemed to be “underwriters” within the meaning of Section 2(11) of the Securities Act in connection with such sales. In such event, any commissions paid, or any discounts or concessions allowed to, any such broker-dealer or agent and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Selling Stockholders who are “underwriters” within the meaning of Section 2(11) of the Securities Act will be subject to the applicable prospectus delivery requirements of the Securities Act including Rule 172 thereunder and may be subject to certain statutory liabilities of, including but not limited to, Sections 11, 12 and 17 of the Securities Act and Rule 10b-5 under the Exchange Act.

Each Selling Stockholder has informed us that it is not a registered broker-dealer and does not have any written or oral agreement or understanding, directly or indirectly, with any person to distribute the shares of common stock. Upon us being notified in writing by a Selling Stockholder that any material arrangement has been entered into with a broker-dealer for the sale of common stock through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker or dealer, a supplement to this prospectus will be filed, if required, pursuant to Rule 424(b) under the Securities Act, disclosing (i) the name of each such Selling Stockholder and of the participating broker-dealer(s), (ii) the number of shares of common stock involved, (iii) the price at which such the shares of common stock were sold, (iv) the commissions paid or discounts or concessions allowed to such broker-dealer(s), where applicable, (v) that such broker-dealer(s) did not conduct any investigation to verify the information set out in this prospectus, and (vi) other facts material to the transaction. In no event shall any broker-dealer receive fees, commissions and markups, which, in the aggregate, would exceed eight percent (8.0%).

Under the securities laws of some U.S. states, the shares of common stock may be sold in such states only through registered or licensed brokers or dealers. In addition, in some U.S. states the shares of common stock may not be sold unless such shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with.

There can be no assurance that any Selling Stockholder will sell any or all of the shares of common stock registered pursuant to the shelf registration statement, of which this prospectus forms a part.

Each Selling Stockholder and any other person participating in such distribution will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including, without limitation, to the extent applicable, Regulation M of the Exchange Act, which may limit the timing of purchases and sales of any of the shares of common stock by the Selling Stockholder and any other participating person. To the extent applicable, Regulation M may also restrict the ability of any person engaged in the distribution of the shares of common stock to engage in market-making activities with respect to the shares of common stock. All of the foregoing may affect the marketability of the shares of common stock and the ability of any person or entity to engage in market-making activities with respect to the shares of common stock.

We will pay all expenses of the registration of the shares of common stock set forth in the registration rights agreements, including, without limitation, SEC filing fees and expenses of compliance with state securities or "blue sky" laws; provided, however, that each Selling Stockholder will pay all underwriting discounts and selling commissions, if any and any related legal expenses incurred by it. We will indemnify the Selling Stockholders against certain liabilities, including some liabilities under the Securities Act, in accordance with the registration rights agreement, or the Selling Stockholders will be entitled to contribution. We may be indemnified by the Selling Stockholders against certain civil liabilities set forth in the registration rights agreement, including liabilities under the Securities Act, that may arise from any written information furnished to us by the Selling Stockholders specifically for use in this prospectus, in accordance with the related registration rights agreements, or we may be entitled to contribution.

Annex B

Pieris Pharmaceuticals, Inc.

Selling Stockholder Notice and Questionnaire

The undersigned beneficial owner of shares of common stock (the "Registrable Securities") of Pieris Pharmaceuticals, Inc. (the "Company"), understands that the Company has filed or intends to file with the Securities and Exchange Commission (the "Commission") a registration statement (the "Registration Statement") for the registration and resale under Rule 415 of the Securities Act of 1933, as amended (the "Securities Act"), of the Registrable Securities issued to the undersigned in connection with its execution of the Common Stock Purchase Agreement, dated July 23, 2024 (the "Purchase Agreement"). All capitalized terms not otherwise defined herein shall have the meanings given to them in the Purchase Agreement.

This Questionnaire will assist the Company in gathering information needed to include you as a selling stockholder in the Registration Statement; information you provide may be included in the Registration Statement and related prospectus.

Certain legal consequences arise from being named as a selling stockholder in the Registration Statement and the related prospectus. Accordingly, holders and beneficial owners of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling stockholder in the Registration Statement and the related prospectus.

NOTICE

The undersigned beneficial owner (the "Selling Stockholder") of Registrable Securities hereby elects to include the Registrable Securities owned by it in the Registration Statement.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

QUESTIONNAIRE

1. Name.

(a) Full Legal Name of Selling Stockholder

_____

(b) Full Legal Name of Registered Holder (if not the same as (a) above) through which Registrable Securities are held:

_____

© Full Legal Name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by this Questionnaire):

_____

2. Address for Notices to Selling Stockholder:

_____

_____

_____

Telephone:

Fax:

_____

Contact Person:

_____

3. Broker-Dealer Status:

(a) Are you a broker-dealer?

Yes ☐ No ☐

(b) If "yes" to Section 3(a), did you receive your Registrable Securities as compensation for investment banking services to the Company?

Yes ☐ No ☐

Note: If "no" to Section 3(b), the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

(c) Are you an affiliate of a broker-dealer?

Yes ☐ No ☐

(d) If you are an affiliate of a broker-dealer, do you certify that you purchased the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes ☐ No ☐

Note: If "no" to Section 3(d), the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

4. Beneficial Ownership of Securities of the Company Owned by the Selling Stockholder.

Except as set forth below in this Item 4, the undersigned is not the beneficial or registered owner of any securities of the Company other than the securities issuable pursuant to the Purchase Agreement.

(a) Type and Amount of other securities beneficially owned by the Selling Stockholder:

_____

_____

5. Relationships with the Company:

Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors, or principal equity holders (owners of 5% of more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

_____

_____

The undersigned agrees to promptly notify the Company of any material inaccuracies or changes in the information provided herein that may occur after the date of this questionnaire at any time while the Registration Statement remains effective; provided, that the undersigned shall not be required to notify the Company of any changes to the number of securities held or owned by the undersigned or its affiliates.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 5 and the inclusion of such information in the Registration Statement and the related prospectus and any amendments or supplements thereto. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus and any amendments or supplements thereto.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Date: _____

[NAME OF INVESTING ENTITY]

By: _____
Name:
Title:

Exhibit 10.27

FORM OF

CONTINGENT VALUE RIGHTS AGREEMENT

by and among

PIERIS PHARMACEUTICALS, INC.,

SHAREHOLDER REPRESENTATIVE SERVICES LLC,

as the Holder Representative, and

COMPUTERSHARE INC. and COMPUTERSHARE TRUST COMPANY, N.A.,

acting jointly as Rights Agent

Dated as of December 13, 2024

TABLE OF CONTENTS

CONTINGENT VALUE RIGHTS AGREEMENT

This CONTINGENT VALUE RIGHTS AGREEMENT, dated as of December 13, 2024 (this "Agreement"), is by and among Pieris Pharmaceuticals, Inc., a Nevada corporation ("Public Company"), Computershare Inc., a Delaware corporation ("Computershare") and its affiliate Computershare Trust Company, N.A., a federally chartered trust company (together with Computershare, the "Rights Agent"), and Shareholder Representative Services LLC, a Colorado limited liability company (the "Holder Representative"), acting solely in its capacity as the representative, agent and attorney-in-fact of the Holders (as defined below), in favor of each Person who from time to time holds one or more contingent value rights to receive the Payments (as defined below) upon the occurrence of one or more CVR Events (as defined below) (each such contingent value right, a "CVR"), subject to the terms and conditions set forth herein. Each of the parties hereto shall be referred to as a "Party" and, collectively, as the "Parties."

RECITALS

WHEREAS, this Agreement is entered into pursuant to that certain Agreement and Plan of Merger, dated July 23, 2024 (the "Merger Agreement"), by and among Public Company, Polo Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Public Company ("Merger Sub") and Palvella Therapeutics, Inc., a Delaware corporation (the "Company"), pursuant to which Merger Sub will merge with and into the Company, with the Company surviving such merger as a wholly-owned subsidiary of Public Company on the terms and subject to the conditions set forth therein;

WHEREAS, pursuant to the terms of the Merger Agreement, and in accordance with the terms and conditions thereof, Public Company has agreed to provide, by way of dividend, to the Holders (as defined herein), which Holders shall initially be Persons who are stockholders of Public Company as of the close of business on the last Business Day prior to the day on which the Effective Time occurs, CVRs as hereinafter described, by way of a dividend or distribution consistent with the Merger Agreement; and

WHEREAS, the Parties have done all things necessary to make the CVRs, when issued pursuant to the Merger Agreement and hereunder, the valid obligations of Public Company and to make this Agreement a valid and binding agreement of Public Company, in accordance with its terms.

NOW, THEREFORE, in consideration of the foregoing and the consummation of the transactions referred to above, Public Company, the Holder Representative, and the Rights Agent agree, for the equal and proportionate benefit of all Holders, as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. Capitalized terms used in this Agreement and not otherwise defined shall have the meanings assigned to them in the Merger Agreement. For purposes of this Agreement, the following terms shall have the following meanings:

"CVR Event" means from and after the Effective Time, each of the Strategic Partner Payments and the R&D Tax Credit Approval, as applicable. For the avoidance of doubt, more than one CVR Event may occur from time to time under this Agreement.

"CVR Event Payment" means, with respect to any CVR Event, an amount equal to the Net Proceeds received by Public Company or any of its Affiliates in respect of such CVR Event.

"Holder" means a Person in whose name a CVR is registered in the CVR Register at the applicable time.

"Independent Accountant" means an independent certified public accounting firm of nationally recognized standing designated either (a) jointly by the Holder Representative and Public Company, or (b) if the Holder Representative and Public Company fail to make a designation, jointly by an independent public accounting firm selected by Public Company and an independent public accounting firm selected by the Holder Representative.

"Majority Holders" means, at the time of determination, Holders of at least a majority of the outstanding CVRs as set forth in the CVR Register.

"Net Proceeds" means with respect to each CVR Event, an aggregate amount of payments received by Public Company or any of its Affiliates after the Effective Time equal to the sum of: (i) the aggregate amount actually paid to Public Company or any of its Affiliates in connection with such CVR Event, less (ii) the sum of (collectively, "CVR Expenses"), without duplication: (A) all reasonable and documented out-of-pocket expenses incurred or payable by Public Company or any of its Affiliates after the Effective Time to Third Parties in connection with such CVR Event, if any, including any attorney's fees, (B) all reasonable out-of-pocket costs and expenses incurred or payable by Public Company or any of its Affiliates after the Effective Time to the Rights Agent and/or Holder Representative in connection with any of the obligations of Public Company or any of its Affiliates pursuant to this Agreement, if any, including any attorney's fees, and (C) any applicable sales, income and other taxes in respect of the CVR Event that are incurred or payable by the Public Company after the Effective Time after taking into account any available net operating loss carryforwards or other tax attributes of Public Company or any of its Affiliates and any foreign tax credits which foreign tax credits are directly related to the applicable CVR Event, if any. Amounts placed in escrow or earnout or other contingent payments in connection with a CVR Event will not be considered Net Proceeds unless and until (and only to the extent that) such amounts are released from escrow or otherwise paid to the Public Company. For the avoidance of doubt, the calculation of CVR Expenses, with respect to any CVR Event, shall be without duplication and "CVR Expenses" shall not include (x) any amount deducted from the Public Company Expense Fund to pay Public Company CVR Expenses and (y) any amount offset against a CVR Event Payment to pay Public Company CVR Expenses.

"Officer's Certificate" means a certificate signed by an authorized officer of Public Company, in his or her capacity as such an officer, and delivered to the Holder Representative and the Rights Agent.

"Permitted Transfer" means a transfer of a CVR (a) upon death of a Holder by will or intestacy, (b) by instrument to an *inter vivos* or testamentary trust in which the CVRs are to be passed to beneficiaries upon the death of the trustee, (c) pursuant to a court order, (d) by operation of Law (including by consolidation or merger) or without consideration in connection with the dissolution, liquidation or termination of any corporation, limited liability company, partnership or other entity, (e) in the case of CVRs held in book-entry or other similar nominee form, from a nominee to a beneficial owner (and, if applicable, through an intermediary) or from such nominee to another nominee for the same beneficial owner, in each case to the extent allowable by The Depository Trust Company ("DTC") or (f) as permitted by Section 2.6.

"Person" means any natural person, corporation, exempted company, limited liability company, partnership, exempted limited partnership, association, trust or other entity, including a Governmental Entity, as applicable.

"Proceeding" means any private, governmental, or administrative claim, counterclaim, proceeding, suit, arbitration, hearing, litigation, audit, inquiry or investigation in each case whether civil, criminal, administrative, judicial or investigative, or any appeal therefrom.

"R&D Tax Credit Approval" means the approval by the relevant German Governmental Entity of the R&D tax credit (called research allowance or Forschungszulage) applied for by Public Company or any of its subsidiaries prior to the Effective Time (as may be amended or supplemented from time to time, the "R&D Tax Credit Application").

"Rights Agent" means the Rights Agent named in the first paragraph of this Agreement, until a successor Rights Agent becomes such pursuant to the applicable provisions of this Agreement, and thereafter "Rights Agent" shall mean such successor Rights Agent.

"Strategic Partner Agreements" means each of (a) that certain Amended and Restated License and Collaboration Agreement by and among Public Company, Pieris Pharmaceuticals GmbH and Pfizer (formerly Seagen, Inc.), dated March 24, 2021, as amended or restated from time to time, (b) that certain Non-Exclusive Anticalin Platform Technology License Agreement by and among Public Company, Pieris Pharmaceuticals GmbH and Pfizer (formerly Seagen, Inc.), dated February 8, 2018, as amended or restated from time to time, (c) that certain Exclusive Product License Agreement, dated April 24, 2021, by and among Public Company, Pieris Pharmaceuticals GmbH, and BP Asset XII, Inc., as amended or restated from time to time, and (d) any license, collaboration or similar agreement by and among Public Company, Pieris Pharmaceuticals GmbH or any of their respective Affiliates and a third party involving any Legacy Asset, including PRS-400 and PRS-220, that is in effect as of the date hereof. Each of the parties to the Strategic Partners Agreements, other than Public Company and Pieris Pharmaceuticals GmbH, are referred to herein, as the "Strategic Partners."

"Strategic Partner Payments" means the receipt by Public Company or any of its Affiliates of any milestone, royalty, license, or any similar cash payment, fee or amount pursuant to any of the Strategic Partner Agreements.

"Third Party" means any Person other than Public Company, the Holder Representative, or the Rights Agent or their respective Affiliates.

"TUM Agreement" means that certain Research and Licensing Agreement by and between Public Company and Technische Universität München, dated as of July 26, 2007, as amended or restated from time to time.

Section 1.2 Other Definitional Provisions. The headings contained in this Agreement and in the table of contents to this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The definitions of terms in this Agreement shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The word "will" shall be construed to have the same meaning as the word "shall." The words "include," "includes" and "including" shall be deemed, in each case, to be followed by the phrase "without limitation." The word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply "if." All references to "dollars" or "$" shall refer to the lawful currency of the United States. Unless the context requires otherwise (i) any reference in this Agreement to any "Person" shall be construed to include such Person's successors and permitted assigns, (ii) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (iii) all references in this Agreement to Articles, Sections and Exhibits shall be construed to refer to Articles and Sections of, and Exhibits to, this Agreement, unless otherwise indicated, (iv) references to clauses without a cross-reference to a Section or subsection are references to clauses within the same Section or, if more specific, subsection and (v) references from or through any date shall mean, unless otherwise specified, from and including or through and including, respectively. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party hereto drafting or causing any instrument to be drafted. The parties hereto have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party hereto by virtue of the authorship of any provision of this Agreement. Unless indicated otherwise, (i) any action required to be taken by or on a day or Business Day may be taken until 11:59 p.m. Eastern Time on such day or Business Day, (ii) all references to "days" shall be to calendar days unless otherwise indicated as a "Business Day" and (iii) all days, Business Days, times and time periods contemplated by this Agreement will be determined by reference to Eastern Time. Unless indicated otherwise, all mathematical calculations contemplated by this Agreement shall be rounded to the fourth decimal place, except in respect of payments, which shall be rounded down to the nearest whole United States cent.

ARTICLE II
CONTINGENT VALUE RIGHTS

Section 2.1 CVRs. CVRs shall be issued and distributed by Public Company in the form of a dividend, in connection with the Merger, to the Persons who, as of the close of business on the last Business Day prior to the day on which the Effective Time occurs, are a record holder of shares of Public Company Common Stock or shares of Public Company Preferred Stock entitled to receive such dividend in accordance with the terms of such Public Company Preferred Stock. Furthermore, to the extent a holder of a Public Company Warrant outstanding as of the date hereof exercises such Public Company Warrant after the date hereof (whether before or after the Closing), a number of CVRs equal to the number of shares of Public Company Common Stock issued to such holder in connection with such exercise shall be issued to such holder, subject to and in accordance with the terms and conditions of such Public Company Warrant, as applicable, and this Agreement. Notwithstanding anything to the contrary, this Agreement shall only become effective as of, and contingent upon, the Closing and shall be void ab initio and of no effect upon the valid termination of the Merger Agreement.

Section 2.2 Nontransferable. The CVRs may not be sold, assigned, transferred, pledged, encumbered or in any other manner transferred or disposed of, in whole or in part, other than through a Permitted Transfer. Any attempted sale, assignment, transfer, pledge, encumbrance or disposition of the CVRs, in whole or in part, that is not a Permitted Transfer, will be null and void ab initio and of no effect. CVRs will not be listed on any quotation system or traded on any securities exchange.

Section 2.3 No Certificate; Registration; Registration of Transfer; Change of Address.

(a) The Holders' rights and obligations in respect of CVRs derive solely from this Agreement; CVRs shall not be evidenced by a certificate or other instrument.

(b) Subject to the receipt by the Rights Agent of the information and instructions described in Section 4.1, the Rights Agent shall keep an up-to-date register (the "CVR Register") for the purpose of: (i) identifying the Holders of CVRs and (ii) registering CVRs and Permitted Transfers thereof. The CVRs shall initially, in the case of the holders of shares of Public Company Common Stock and shares of Public Company Preferred Stock entitled to receive the dividend of CVRs in accordance with the terms of such Public Company Preferred Stock outstanding as of the as of the close of business on the last Business Day prior to the day on which the Effective Time occurs, be registered in the names and addresses of the respective holders as set forth in the form Public Company furnishes or causes to be furnished to the Rights Agent pursuant to Section 4.1. The CVR Register will initially show one position for Cede & Co. representing all of the shares of Public Company Common Stock held by DTC on behalf of the street holders of the shares of Public Company Common Stock held by such holders as of immediately prior to the Effective Time. The Rights Agent will have no responsibility whatsoever directly to the street name holders with respect to transfers of CVRs. With respect to any payments to be made under Section 2.4(d) below, the Rights Agent will accomplish the payment to any former street name holders of shares of Public Company Common Stock by sending one lump payment to DTC. The Rights Agent will have no responsibilities whatsoever with regard to the distribution of payments by DTC to such street name holders. In addition, upon notification by the Public Company pursuant to Section 4.1, the Rights Agent shall reflect in the CVR Register the additional CVRs issued to the holders of Public Company Warrants who exercise such Public Company Warrants following the Closing.

(c) Subject to the restrictions on transferability set forth in Section 2.2, every request made to transfer a CVR must be in writing and accompanied by a written instrument of transfer and other requested documentation in form reasonably satisfactory to the Rights Agent pursuant to its customary policies and guidelines, which may include a guaranty of signature by an "eligible guarantor institution" that is a member or participant in the Securities Transfer Agents Medallion Program, duly executed by the Holder thereof, the Holder's attorney duly authorized in writing, the Holder's personal representative or the Holder's survivor, as applicable, and setting forth in reasonable detail the circumstances relating to the transfer. Upon receipt of such written notice, the Rights Agent shall, subject to its reasonable determination that the transfer instrument is in proper form and the transfer otherwise complies with the other terms and conditions of this Agreement (including the provisions of Section 2.2), register the transfer of such CVR in the CVR Register. Any transfer of CVRs will be without charge to the applicable Holder; provided, however, that Public Company, its Affiliates, and the Rights Agent may require payment of a sum sufficient to cover any stamp or other Tax or governmental charge that is imposed in connection with any such registration or transfer. The Rights Agent shall have no duty or obligation to take any action under any section of this Agreement that requires the payment by a Holder of applicable Taxes or charges unless and until the Rights Agent is satisfied that all such Taxes or charges have been paid. All duly transferred CVRs registered in the CVR Register shall be the valid obligations of Public Company and shall entitle the transferee to the same benefits and rights under this Agreement as those held immediately prior to the transfer by the transferor. No transfer of a CVR shall be valid until registered in the CVR Register in accordance with this Agreement.

(d) A Holder may make a written request to the Rights Agent to change such Holder's address of record in the CVR Register. The written request must be duly executed by the Holder. Upon receipt of such written notice, the Rights Agent shall promptly record the change of address in the CVR Register.

Section 2.4 Payment Procedures.

(a) Upon the occurrence of a CVR Event, as promptly as practicable (and in any event within forty-five (45) days after Public Company has received Net Proceeds from such CVR Event), Public Company shall (i) deliver (or cause to be delivered) to the Holder Representative and the Rights Agent an Officer's Certificate (a "CVR Event Notice"): (A) certifying that a CVR Event has occurred and providing a reasonably detailed description of such CVR Event, including the date of the occurrence of such CVR Event, (B) certifying that each Holder is entitled to receive the CVR Payment Amount applicable to such Holder, and (C) setting forth Public Company's calculation of the CVR Event Payment, and (ii) deliver (or cause to be delivered) to the Rights Agent any letter of instruction reasonably required by the Rights Agent.

(b) If (i) the Holder Representative does not object to any determination or calculation set forth in the CVR Event Notice by delivery of a written notice thereof to Public Company (with a copy to the Rights Agent) setting forth in reasonable detail such objection, together with reasonable supporting documentation (an "Objection Notice") within thirty (30) calendar days following receipt of the applicable CVR Event Notice (the "Objection Period"), or (ii) the Holder Representative delivers a written notice to Public Company (with a copy to the Rights Agent) indicating that it has no objections to the calculations set forth in the CVR Event Notice, Public Company's calculation of any CVR Event Payment, as applicable, shall be final and binding on all parties and the Holders. If the Holder Representative has not timely delivered an Objection Notice to Public Company during the Objection Period, the Holder Representative shall be deemed to have accepted the determination or calculation set forth in the CVR Event Notice.

(c) If the Holder Representative timely delivers to Public Company (with a copy to the Rights Agent) an Objection Notice, Public Company and the Holder Representative shall attempt in good faith to resolve such matters within thirty (30) calendar days after receipt of the same by Public Company, and if unable to do so, Public Company and the Holder Representative shall resolve any unresolved disputed in accordance with the provisions of Section 7, which decision will be final and binding on the parties.

(d) Within ten (10) Business Days of the final determination of a CVR Event Payment in accordance with the terms of this Agreement, Public Company shall deliver (or cause to be delivered) to the Rights Agent (i) any letter of instruction reasonably required by the Rights Agent, and (ii) cash, by wire transfer of immediately available funds to an account designated by the Rights Agent, in an amount equal to the applicable CVR Event Payment due to all Holders pursuant to Section 4.2, as finally determined pursuant to this Section 2.4. The Rights Agent will promptly, and in any event within ten (10) Business Days of receipt of such CVR Event Payment and any letter of instruction reasonably required by the Rights Agent, pay to each Holder in accordance with the corresponding letter of instruction, an amount equal to the product determined by multiplying (i) the quotient of: (A) the applicable CVR Event Payment divided by (B) the sum of: (x) the total number of CVRs registered in the CVR Register as of the date of such CVR Event, plus (y) the total number of CVRs that would be issued to the holders of Public Company Warrants outstanding as of the date of such CVR Event assuming the full exercise of such Public Company Warrants by the holders thereof (which number shall be determined by the Company and provided to the Rights Agent), by (ii) the number of CVRs registered to such Holder in the CVR Register at such time (each such amount, a "CVR Payment Amount") (1) by check mailed to the address of such Holder, reflected in the CVR Register as of 5:00 p.m. New York City time on the last Business Day before such payment is made or (2) with respect to any such Holder who has provided the Rights Agent wiring instructions in writing as of the close of business on the last Business Day before such payment is made, by wire transfer of immediately available funds to the account specified on such instructions. Concurrently with the payment of the CVR Payment Amounts pursuant to the preceding sentence, Public Company shall deposit with the Rights Agent, for the benefit of holders of any Public Company Warrants that remain outstanding and unexercised, an amount equal to the aggregate CVR Payment Amounts that would be due with respect to the CVRs issuable to the holders of such Public Company Warrants if such Public Company Warrants had been exercised and the corresponding CVRs had been issued in respect of Public Company Common Stock issuable in connection with such exercise. The applicable portion of such CVR Payment Amounts deposited for the benefit of such holders of Public Company Warrants shall be (i) upon exercise of a Public Company Warrant and issuance of CVRs in respect of Public Company Common Stock issuable in connection with such exercise, paid out to the Holder of the CVRs so issued as a result of such exercise within ten (10) Business Days after such exercise, and (ii) upon expiration or termination of a Public Company Warrant, paid out as additional CVR Event Payments to the existing Holders within ten (10) Business Days after such expiration or termination.

(e) Each of Public Company, the Rights Agent and each of their respective Affiliates shall be entitled to deduct and withhold from the amounts otherwise payable pursuant to this Agreement such amounts as it is required to deduct or withhold therefrom under applicable Law. Prior to making any such Tax withholdings or causing any such Tax withholdings to be made with respect to any Holder, the Rights Agent shall, to the extent practicable, provide notice to the Holder of such potential withholding and, if applicable, a reasonable opportunity for the Holder to provide any necessary Tax forms in order to avoid or reduce such withholding amounts; provided, that the time period for payment of a CVR Payment Amount by the Rights Agent to such Holder set forth in this Section 2.4 shall be extended by a period equal to any delay caused by such Holder in providing such forms. Any such amounts deducted or withheld and remitted to the appropriate Governmental Entity in accordance with applicable Law shall be treated for all purposes under this Agreement and the Merger Agreement as having been paid to the Holder to whom such amounts would otherwise have been paid.

(f) Any cash deposited with the Rights Agent pursuant to Section 2.4(d) (and any interest or other income earned thereon) that remains undistributed as of the date such CVR Payment Amount could properly be delivered to a public official pursuant to applicable abandoned, property, escheat, or similar applicable Law (including by means of invalid addresses on the CVR Register) shall be delivered by the Rights Agent to Public Company or its designated Affiliate, upon demand, and any Holder entitled to his, her or its CVR Payment Amount hereunder shall thereafter look to Public Company or any successor-in-interest of Public Company for payment of its claim for such CVR Payment Amount (subject to applicable abandoned property, escheat and other similar Law), without interest, but such Holder will have no greater rights against Public Company than those accorded to general unsecured creditors of Public Company under applicable Law. In addition to and not in limitation of any other indemnity obligation herein, Public Company agrees to indemnify and hold harmless the Rights Agent with respect to any liability, penalty, cost or expense the Rights Agent may incur or be subject to in connection with transferring such property to Public Company.

(g) The right of the Holders to receive CVR Payment Amounts payable in respect of the CVRs hereunder shall rank equal in seniority with, or have priority over, the payment of any dividends on Public Company Common Stock whether in liquidation or otherwise.

(h) Except to the extent otherwise required pursuant to a change in applicable Law after the Closing Date, the Parties shall treat, for all Tax purposes, the issuance of the CVRs in accordance with the Agreed Tax Treatment as determined by Public Company, upon the advice and recommendation of its tax advisor PricewaterhouseCoopers LLP, after Public Company's good faith consultation with its legal counsel and Merger Partner. The Agreed Tax Treatment shall be the treatment of the issuance of the CVRs, for Tax purposes, that is determined in accordance with the previous sentence, and shall be determined at least two (2) Business Days prior to the filing of the initial Registration Statement. The Parties will not take any position contrary to the Agreed Tax Treatment on any Tax Return or for other Tax purposes, except as required by a change in applicable Law after the Closing Date.

Section 2.5 No Voting, Dividends or Interest; No Equity or Ownership Interest in Public Company.

(a) The CVRs will not have any voting or dividend rights, and interest will not accrue on any amounts payable on the CVRs to any Holder.

(b) The CVRs will not represent any equity or ownership interest in Public Company, any constituent company to the transactions contemplated by the Merger Agreement, or any of their respective Subsidiaries or Affiliates. The rights of the Holders and the obligations of Public Company are contract rights limited to those expressly set forth in this Agreement, and such Holders' sole right to receive property hereunder is the right to receive cash from Public Company, if any, through the Rights Agent in accordance with the terms hereof.

(c) It is hereby acknowledged and agreed that the CVRs and the possibility of any payment hereunder with respect thereto are highly speculative, and it is highly possible that Holders will not receive any payments under this Agreement or in connection with the CVRs. It is highly possible that no CVR Event will occur and accordingly it is highly possible that there will not be any CVR Payment. It is acknowledged and agreed that this Section 2.5(c) is an essential and material term of this Agreement.

Section 2.6 Ability to Abandon CVR. A Holder may, at any time and at such Holder's option, abandon all of such Holder's remaining rights in a CVR by transferring such CVR to Public Company without consideration therefor, which a Holder may affect by delivery of a written notice of such abandonment to Public Company and the Rights Agent, which abandonment notice, if given, shall be irrevocable. Nothing in this Agreement shall prohibit Public Company or any of its Affiliates from offering to acquire or acquiring any CVRs for consideration from the Holders, in private transactions or otherwise, in its sole discretion. Any CVRs acquired by Public Company or any of its Affiliates shall be automatically deemed extinguished and no longer outstanding for purposes of the definition of Majority Holders, Section 2.4, Article V and Section 7.9. The Rights Agent shall update the CVR Register to reflect any abandonment or acquisition of CVRs described in this Section 2.6.

Section 2.7 Grant of Security. To secure all obligations owed to the Holders and the Holder Representative hereunder, including payment of the CVR Event Payments, Public Company hereby grants to the Holder Representative, for the benefit of the Holders, a first priority security interest in and continuing lien on all of the Public Company's right, title and interest in, to and under the Strategic Partner Agreements, the TUM Agreement, and any payments to Public Company or any of its Affiliates associated therewith (net of any CVR Expenses incurred), including the right to receive any payments under such agreements, in each case whether now existing or hereafter acquired or arising, and any proceeds thereof.

ARTICLE III
THE RIGHTS AGENT

Section 3.1 Appointment of Rights Agent. Public Company hereby appoints the Rights Agent to act as rights agent in accordance with the express terms and conditions set forth in this Agreement, and the Rights Agent hereby accepts such appointment.

Section 3.2 Certain Duties and Responsibilities. The Rights Agent shall not have any liability for any actions taken, suffered or omitted to be taken in connection with this Agreement, except to the extent of its gross negligence, bad faith or willful misconduct (each as determined by a final non-appealable order, judgment, decree or ruling of a court of competent jurisdiction)of the Rights Agent.

Section 3.3 Certain Rights of the Rights Agent. The Rights Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Rights Agent. In addition:

(a) the Rights Agent may rely and shall be protected and held harmless by Public Company in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order or other paper or document reasonably believed by it in the absence of bad faith to be genuine and to have been signed or presented by the proper Party or Parties;

(b) whenever the Rights Agent shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Rights Agent may rely upon an Officer's Certificate, which certificate shall be deemed full authorization and protection to the Rights Agent, and the Rights Agent shall, in the absence of bad faith, incur no liability and be held harmless by Public Company for or in respect of any action taken, suffered or omitted to be taken by it under the provisions of this Agreement in the absence of bad faith reliance upon such certificate;

(c) the Rights Agent may engage and consult with counsel of its selection and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection to the Rights Agent, and the Rights Agent shall be held harmless by Public Company in respect of any action taken, suffered or omitted by it hereunder in the absence of bad faith and in reliance thereon;

(d) the permissive rights of the Rights Agent to do things enumerated in this Agreement shall not be construed as a duty;

(e) the Rights Agent shall not be required to give any note or surety in respect of the execution of such powers;

(f) the Rights Agent shall not be liable for or by reason of, and shall be held harmless by Public Company with respect to any of the statements of fact or recitals contained in this Agreement or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by Public Company only;

(g) the Rights Agent shall have no liability and shall be held harmless by Public Company in respect of the validity of this Agreement or the execution and delivery hereof (except the due execution and delivery hereof by the Rights Agent and the enforceability of this Agreement against the Rights Agent, assuming the due execution and delivery hereof by Public Company), nor shall it be responsible for any breach by Public Company of any covenant or condition contained in this Agreement;

(h) Public Company agrees to indemnify the Rights Agent for, and hold the Rights Agent harmless against, any loss, liability, damage, judgment, fine, penalty, claim, demand, suit, settlement, cost or expense for any action taken, suffered or omitted to be taken by the Rights Agent arising out of or in connection with the execution, acceptance, administration, exercise and performance by the Rights Agent of its duties under this Agreement, including the reasonable and documented out-of-pocket costs and expenses (including counsel expenses) of defending the Rights Agent against any loss, liability, damage, judgment, fine, penalty, claim, demands, suits or expense arising therefrom, directly or indirectly, or enforcement of its rights hereunder incurred without gross negligence, bad faith, or willful misconduct (each as determined by a final non-appealable order, judgment, decree or ruling of a court of competent jurisdiction) on the part of the Rights Agent;

(i) notwithstanding anything to the contrary herein, in no event shall the Rights Agent be liable for any special, punitive, indirect, consequential or incidental loss or damage of any kind whatsoever (including but not limited to lost profits) arising out of any act or failure to act hereunder, even if the Rights Agent has been advised of the likelihood of such loss or damage or has foreseen the possibility or likelihood of such damages.

(j) Notwithstanding anything to the contrary contained herein, the aggregate liability of the Rights Agent arising in connection with this Agreement, whether in contract, or in tort, or otherwise, is limited to, and shall not exceed the amounts paid or payable hereunder by Public Company to the Rights Agent as fees and charges during the twelve (12) months immediately preceding the event for which recovery from the Rights Agent is being sought;

(k) Public Company agrees (i) to pay the fees and expenses of the Rights Agent in connection with this Agreement as set forth on *Schedule 1* hereto and (ii) to reimburse the Rights Agent for (x) all Taxes other than Taxes imposed on or measured by the Rights Agent's net income and franchise or similar Taxes imposed on it (in lieu of net income Taxes) and (y) governmental charges, reasonable and documented out-of-pocket expenses and other charges of any kind and nature incurred by the Rights Agent in the execution of this Agreement (other than Taxes). The Rights Agent will also be entitled to reimbursement from Public Company for all reasonable, documented and necessary out-of-pocket expenses paid or incurred by it in connection with the administration by the Rights Agent of its duties hereunder;

(l) no provision of this Agreement shall require the Rights Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of its rights if there shall be reasonable grounds for believing that repayment of such funds or adequate indemnification against such risk or liability is not reasonably assured to it;

(m) the Rights Agent shall not be deemed to have knowledge of any event of which it was supposed to receive notice thereof hereunder, and the Rights Agent shall be fully protected and shall incur no liability for failing to take action in connection therewith, in each case, unless and until such notice has been given in accordance with Section 7.2;

(n) unless otherwise specifically prohibited by the terms of this Agreement, the Rights Agent and any stockholder, affiliate, member, director, officer, agent, representative or employee of the Rights Agent may buy, sell or deal in any of the securities of Public Company or become pecuniarily interested in any transaction in which Public Company may be interested, or contract with or lend money to Parent or otherwise act as fully and freely as though it were not the Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent or any such stockholder, affiliate, director, member, officer, agent, representative or employee from acting in any other capacity for Public Company or for any other Person;

(o) the Rights Agent may perform any and all of its duties (i) itself (through its directors, officers, or employees) or (ii) through its agents, representatives, attorneys, custodians and/or nominees and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such agents, representatives, attorneys, custodians and/or nominees, absent their gross negligence, bad faith or willful misconduct (each as determined by a final non-appealable judgment of a court of competent jurisdiction) in the selection and continued employment thereof;

(p) the Rights Agent shall act hereunder solely as agent for Public Company and it shall not assume any obligations or relationship of agency or trust with any of the Holders;

(q) the Rights Agent shall not have any duty or responsibility with respect to any action or default by Public Company, including, without limiting the generality of the foregoing, any duty or responsibility to initiate or attempt to initiate any proceedings at law or otherwise or to make any demand upon Public Company;

(r) all funds received by Computershare under this Agreement that are to be distributed or applied by Computershare in the performance of services hereunder (the "Funds") shall be held by Computershare as agent for Public Company and deposited in one or more bank accounts to be maintained by Computershare in its name as agent for Public Company. Until paid pursuant to the terms of this Agreement, Computershare will hold the Funds through such accounts in: deposit accounts of commercial banks with Tier 1 capital exceeding $1 billion or with an average rating above investment grade by S&P (LT Local Issuer Credit Rating), Moody's (Long Term Rating) and Fitch Ratings, Inc. (LT Issuer Default Rating) (each as reported by Bloomberg Finance L.P.). The Rights Agent shall have no responsibility or liability for any diminution of the Funds that may result from any deposit made by Computershare in accordance with this paragraph, including any losses resulting from a default by any bank, financial institution or other third party. Computershare may from time to time receive interest, dividends or other earnings in connection with such deposits. Computershare shall not be obligated to pay such interest, dividends or earnings to Public Company, any Holder or any other party;

(s) other than for guaranty of signature as provided in Section 2.3(c), no Holder shall be obligated to indemnify the Rights Agent for, or hold the Rights Agent harmless against, any loss, liability, claim, demand, suit or expense arising out of or in connection with the Rights Agent's duties under this Agreement or to pay or reimburse the Rights Agent for any fees, costs or expenses incurred by the Rights Agent in connection with this Agreement or the administration of its duties hereunder, and the Rights Agent shall not be entitled to deduct any amount from any CVR Event Payment in any circumstance except as provided in Section 2.4(e); and

(t) the provisions of this Section 3.3 shall survive the termination of this Agreement and the resignation, replacement or removal of the Rights Agent.

Section 3.4 Resignation and Removal; Appointment of Successor.

(a) The Rights Agent may resign at any time by giving written notice thereof to Public Company and the Holder Representative specifying a date when such resignation shall take effect, which notice shall be sent at least thirty (30) calendar days prior to the date so specified, and such resignation become effective on the earlier of (i) the date so specified and (ii) the appointment of a successor Rights Agent. Public Company has the right to remove the Rights Agent at any time by specifying a date when such removal shall take effect. Notice of such removal shall be given by Public Company to the Holder Representative and the Rights Agent, which notice shall be sent at least thirty (30) calendar days prior to the date so specified.

(b) If the Rights Agent provides notice of its intent to resign, is removed pursuant to Section 3.4(a) or becomes incapable of acting, Public Company shall, as soon as is reasonably possible, appoint a qualified successor Rights Agent who shall be a stock transfer agent of national reputation or the corporate trust department of a commercial bank. The successor Rights Agent so appointed shall, forthwith upon its acceptance of such appointment in accordance with Section 3.5, become the successor Rights Agent. Notwithstanding the foregoing, if Public Company fails to make such appointment within a period of thirty (30) calendar days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent, then the incumbent Rights Agent may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. The successor Rights Agent so appointed shall, forthwith upon its acceptance of such appointment in accordance with Section 3.4, become the successor Rights Agent.

(c) Public Company shall give notice of each resignation and each removal of a Rights Agent and each appointment of a successor Rights Agent by mailing written notice of such event by first-class mail or the facilities of DTC, as applicable, to the Holder Representative and to the Holders as their names and addresses appear in the CVR Register. Each notice shall include the name and address of the successor Rights Agent. If Public Company fails to send such notice within thirty (30) calendar days after acceptance of appointment by a successor Rights Agent, the successor Rights Agent shall cause the notice to be mailed at the expense of Public Company. Failure to give any notice provided for in this Section 3.4, however, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

(d) The Rights Agent will reasonably cooperate with Public Company and any successor Rights Agent in connection with the transition of the duties and responsibilities of the Rights Agent to the successor Rights Agent, including the transfer of all relevant data, including the CVR Register, to the successor Rights Agent, but such predecessor Rights Agent shall not be required to make any additional expenditure or assume any additional liability in connection with the foregoing.

Section 3.5 Acceptance of Appointment by Successor. Every successor Rights Agent appointed hereunder shall execute, acknowledge and deliver to Public Company, the Holder Representative and to the predecessor Rights Agent an instrument accepting such appointment and a counterpart of this Agreement, and thereupon such successor Rights Agent, without any further act, deed or conveyance, shall become vested with all the rights, powers, liabilities, and duties of the predecessor Rights Agent. On request of Public Company, the Holder Representative or the successor Rights Agent, the predecessor Rights Agent shall execute and deliver an instrument transferring to the successor Rights Agent all the rights, powers and trusts of the predecessor Rights Agent, except such rights which survive its resignation or removal under the terms hereunder.

ARTICLE IV
COVENANTS

Section 4.1 List of Holders. Public Company shall furnish or cause to be furnished to the Rights Agent and the Holder Representative, promptly after the Effective Time and in no event later than thirty (30) calendar days following the Effective Time, in such form as Public Company receives from Public Company's transfer agent (or other agent performing similar services for Public Company), the names and addresses of the Holders. The Rights Agent will reflect all such names and addresses on the CVR Register and confirm the write up of the CVR Register and list of initial Holders to Public Company and the Holder Representative promptly thereafter and, in any event, within thirty (30) calendar days of the receipt of such names and addresses from Public Company's transfer agent, as the case may be. Public Company shall promptly provide written notice to the Rights Agent and the Holder Representative of the (a) exercise of any Public Company Warrants and the issuance of any additional CVRs in connection therewith and provide to the Rights Agent and the Holder Representative the names and addresses of the Holders of such additional CVRs and the respective numbers of CVRs acquired by them pursuant to such exercise, and (b) expiration or termination of any Public Company Warrants including the number of CVRs that were subject to such expired or terminated Public Company Warrants and are therefore no longer to be included in the calculation of CVR Event Payments. The Rights Agent shall not be deemed to have any knowledge of the exercise or expiration of any Public Company Warrant or any CVRs to be issued or terminated in connection therewith, nor shall the Rights Agent be required to investigate or verify any calculation or adjustment made in any such notice.

Section 4.2 Payment of CVR Event Payments. Public Company will cause to be deposited with the Rights Agent, for payment to the Holders, when payable in accordance with the terms of this Agreement, the CVR Event Payments in accordance with Section 2.4(b) hereof.

Section 4.3 Access; Books and Records; Audit and Information Rights.

(a) Upon reasonable notice, Public Company shall, and shall cause its Affiliates to, provide the Holder Representative and its representatives with reasonable access during normal business hours to the books, records, work papers, other information, facilities and employees of Public Company and its Affiliates as the Holder Representative may reasonably request for purposes of performing its duties and exercising its rights hereunder, including determining compliance with the terms of this Agreement, the amounts payable hereunder and compliance by Public Company, its Affiliates, the Strategic Partners and each of their respective successors and assigns, with and under the Strategic Partner Agreements; provided that (x) the Holder Representative and such representative, as applicable, enters into customary and reasonable confidentiality agreements reasonably satisfactory to Public Company with respect to the confidential information of Public Company or its Affiliates to be furnished pursuant to this Section 4.3 (a "Confidentiality Agreement") and (y) such access does not unreasonably interfere with the conduct of the business of Public Company or any of its Affiliates. Notwithstanding anything herein to the contrary, following the Closing, the Holder Representative shall be permitted to disclose information as required by Law or to representatives and advisors of the Holder Representative and to the Holders, in each case who have a need to know such information; provided that such persons are subject to confidentiality obligations with respect thereto. Without limiting the generality of the foregoing, (i) within ten (10) Business Days of Public Company or any of its Affiliates receiving any notices, records, files, documents, reports, correspondence, studies, or other information (collectively, "Strategic Partner Information") from a Strategic Partner or any of such Strategic Partner's Affiliates related to a Strategic Partner Agreement or Strategic Partner Payment, Public Company shall (or shall cause its Affiliates to) deliver such Strategic Partner Information to the Holder Representative, and (ii) promptly (an in any event within ten (10) Business Days) upon becoming aware of any material development under any Strategic Partner Agreement, Public Company or one of its Affiliates shall deliver to the Holder Representative notice of such material development. For the avoidance of doubt, to the extent reasonably requested by the Holder Representative, Public Company and each of its Affiliates shall exercise such Person's rights under the relevant Strategic Partner Agreement in order to obtain Strategic Partner Information.

(b) Public Company shall maintain for a period of seven (7) years, and will not permit any other Person to destroy or dispose of, the books and records of Public Company and its Affiliates, or any portions thereof, without first giving reasonable prior notice to the Holder Representative and offering (at Public Company's sole cost and expense) to surrender to the Holder Representative (for the benefit of the Holders) such books and records or such portions thereof; provided, any books and records related to the Strategic Partner Agreements shall be maintained, and not destroyed or disposed of, until the later of: (a) the termination of this Agreement in accordance with its terms, and (b) the date on which there are no further milestone, royalty, license, or any similar payments payable to Public Company, any of its Affiliates, or their respective successors or assigns, under any Strategic Partner Agreement.

(c) Upon the written request of the Holder Representative provided to Public Company not less than thirty (30) days in advance (such request not to be made more than once in any twelve (12) month period), Public Company shall permit, and shall cause its Affiliates to permit, the Independent Accountant to have access during normal business hours to such of the records of Public Company or any of its Affiliates as may be reasonably necessary to determine whether a CVR Event has occurred and the accuracy of any CVR Event Notice delivered hereunder, including the amount of the Net Proceeds reported by Public Company. Public Company shall, and shall cause its Affiliates to, furnish to the Independent Accountant such access, work papers and other documents and information reasonably necessary for the Independent Accountant to confirm compliance with this Agreement, including the calculation of any Net Proceeds; provided that Public Company may, and may cause its Affiliates to, redact documents and information not relevant for such purposes. The Independent Accountant shall disclose to Public Company and the Holder Representative any matters directly related to its findings to the extent reasonably necessary to verify compliance with the terms of this Agreement. Notwithstanding anything to the contrary, including Section 2.4, if the Independent Accountant concludes that a CVR Event Payment that was properly due was not paid to the Rights Agent, or that any CVR Event Payment made was in an amount less than the amount due, Public Company shall pay the CVR Event Payment or underpayment thereof to the Rights Agent for further distribution to the Holders (such amount being the "CVR Event Payment Shortfall"). The CVR Event Payment Shortfall shall be paid within ten (10) Business Days after the date the Independent Accountant delivers to Public Company and the Holder Representative the Independent Accountant's written report. The decision of the Independent Accountant shall be final, conclusive and binding on Public Company and the Holders, shall be non-appealable and shall not be subject to further review. The fees charged by the Independent Accountant shall be paid by the Holder Representative (on behalf of the Holders from the Holder Representative Expense Fund, to the extent such funds are available). Each Person seeking to receive information from Public Company or any of its Affiliates in connection with a review pursuant to this Section 4.3 shall enter into a reasonable and mutually satisfactory confidentiality agreement with Public Company or any controlled Affiliate obligating such party to retain all such information disclosed to such party in confidence pursuant to such confidentiality agreement.

Section 4.4 Further Assurances. Public Company hereby agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered, all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

Section 4.5 Covenants.

(a) From and after the Effective Time, except as the Holder Representative shall otherwise consent in writing (in the Holder's Representative's sole discretion), Public Company shall, and shall cause each of its Affiliates to maintain, enforce Public Company's and such Affiliate's rights under, and comply with all of Public Company's or such Affiliate's contractual obligations under, the Strategic Partner Agreements and the TUM Agreement.

(b) From and after the Effective Time, except as the Holder Representative shall otherwise consent in writing (in the Holder's Representative's sole discretion), Public Company shall not, and shall cause each of its Affiliates not to:

(1) adopt a plan of, or undertake, any complete or partial liquidation, dissolution, wind down or termination, of Public Company or Pieris Pharmaceuticals GmbH, or otherwise fail to maintain in good standing Public Company and Pieris Pharmaceuticals GmbH;

(2) terminate, assign, or transfer any Strategic Partner Agreement or the TUM Agreement;

(3) amend or modify, unless any such amendment or modification does not adversely affect the interests of the Holders, any Strategic Partner Agreement or the TUM Agreement; or

(4) (i) commence a voluntary case under any foreign, federal or state bankruptcy, insolvency or other similar Law now or hereafter in effect of Public Company or Pieris Pharmaceuticals GmbH, (ii) consent to the entry of an order for relief in an involuntary bankruptcy or similar case, or to the conversion of an involuntary case to a voluntary case, under any such Law of Public Company or Pieris Pharmaceuticals GmbH, (iii) the consent to the appointment of, or the taking of possession by, a receiver, trustee or other custodian for all or a substantial part of its properties of Public Company or Pieris Pharmaceuticals GmbH, or (iv) make any assignment for the benefit of creditors of Public Company or Pieris Pharmaceuticals GmbH.

(c) From and after the Effective Time, except as the Holder Representative shall otherwise consent in writing (in the Holder's Representative's sole discretion), Public Company shall, and shall cause each of its Affiliates to, take the steps set forth on Schedule 4.5(c) to pursue the R&D Tax Credit Approval.

(d) Prior to the Effective Time, Public Company will wire on behalf of the Holders US$600,000 (the "Public Company Expense Fund") to an account established by Public Company, which will be used to pay any reasonable and documented out-of-pocket expenses incurred by Public Company or any of its Affiliates (with the prior written approval of the Holder Representative) in connection with the following (to the extent not taken into account in the calculation of the Exchange Ratio under the Merger Agreement), including without limitation, the expenses set forth on Schedule 4.5(d) (the "Public Company CVR Expenses"): (i) performing its obligations under Section 4.5 of this Agreement, (ii) performing its obligations and enforcing its rights under each Strategic Partner Agreement and the TUM Agreement, and (iii) as reimbursement for indemnification paid to the Holder Representative pursuant to Section 6.2(c) of this Agreement. Public Company will hold these funds separate from its corporate funds and will not voluntarily make these funds available to its creditors in the event of bankruptcy. Public Company may, upon five (5) Business Days' prior written notice to the Holder Representative, offset Public Company CVR Expenses against any CVR Event Payments then owed, or that may become due and owing, to the Holders hereunder; provided, that such prior written notice shall be delivered to the Holder Representative at least five (5) Business Days' prior to any such offset and contain a detailed accounting of the Public Company CVR Expenses for which the CVR Event Payments are being offset, along with written documentation evidencing such Public Company CVR Expenses and the payment of such Public Company CVR Expenses by the Company or any of its Affiliates. As soon as practicable following the completion of Public Company's responsibilities hereunder, Public Company will deliver any remaining balance of the Public Company Expense Fund to the Rights Agent (for pro rata distribution to the Holders).

Section 4.6 No Conflict. Public Company will not, and will cause each of its Subsidiaries not to, enter into any agreement with any Person that is, or otherwise take any actions or inactions, in conflict with this Agreement in any material respect or materially adversely affect the performance of its obligations under this Agreement.

ARTICLE V
AMENDMENTS

Section 5.1 Amendments without Consent of the Holder Representative.

(a) Without the consent of any Holders, the Holder Representative or Public Company, at any time and from time to time, may enter into one or more amendments hereto with the Rights Agent, for any of the following purposes:

(1) to evidence the succession of another Person as a successor Rights Agent and the assumption by any such successor of the covenants and obligations of the Rights Agent herein in compliance with the terms hereof;

(2) to add to the covenants of Public Company such further covenants, restrictions, conditions or provisions as Public Company shall consider to be for the protection of the Holders; provided that, in each case, such provisions do not adversely affect the interests of the Holders;

(3) to cure any ambiguity, to correct or supplement any provision herein that may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Agreement; provided that, in each case, such provisions do not adversely affect the interests of the Holders;

(4) as may be necessary or appropriate to ensure that the CVRs are not subject to registration under the Securities Act, the Exchange Act or any applicable state securities or "blue sky" Laws; provided that, such amendments do not adversely affect the interests of the Holders;

(5) subject to Section 7.11, to evidence the succession of another Person to Public Company and the assumption by any such successor of the covenants of such party contained herein;

(6) to evidence the assignment of this Agreement by Public Company as provided in Section 7.11; or

(7) any other amendment to this Agreement that would provide any additional rights or benefits to the Holders or that does not adversely affect the rights under this Agreement of any such Holder.

(b) Promptly after the execution and delivery by Public Company and the Rights Agent of any amendment pursuant to the provisions of this Section 5.1, Public Company shall transmit (or cause the Rights Agent to transmit) (i) a notice thereof through the facilities of DTC in accordance with DTC's procedures and/or by first class mail to the Holders at their addresses as they appear on the CVR Register, and (ii) a notice thereof to the Holder Representative, in each case, setting forth such amendment. Notwithstanding anything to the contrary in this Section 5.1, Public Company may not enter into any amendment to this Agreement affecting the rights or obligations of the Holder Representative without the Holder Representative's prior written consent.

Section 5.2 Amendments with Consent of the Holder Representative.

(a) Subject to Section 5.1 (which amendments pursuant to Section 5.1 may be made without the consent of the Holders or the Holder Representative), Public Company, the Holder Representative, and the Rights Agent may enter into one or more amendments hereto for the purpose of adding, eliminating or changing any provisions of this Agreement, even if such addition, elimination or change is materially adverse to the interest of the Holders.

(b) Promptly after the execution and delivery by Public Company, the Holder Representative, and the Rights Agent of any amendment pursuant to the provisions of this Section 5.2, Public Company shall transmit (or cause the Rights Agent to transmit) a notice thereof through the facilities of DTC in accordance with DTC's procedures and/or by first class mail to the Holders at their addresses as they appear on the CVR Register, setting forth such amendment.

Section 5.3 Execution of Amendments. In executing any amendment permitted by this Article V, the Rights Agent shall be entitled to receive, and shall be fully protected in relying upon, an opinion of counsel stating that the execution of such amendment is authorized or permitted by this Agreement. Each amendment to this Agreement shall be evidenced by a writing signed by the Rights Agent. Notwithstanding anything in this Agreement to the contrary, the Rights Agent shall not be required to enter into any such amendment that it has reasonably determined adversely affects its own rights, privileges, covenants or duties under this Agreement or otherwise, and the Rights Agent shall not be bound by amendments not executed by it.

Section 5.4 Effect of Amendments. Upon the execution of any amendment in compliance with this Article V, this Agreement shall be modified in accordance therewith, such amendment shall form a part of this Agreement for all purposes and every Holder shall be bound thereby.

ARTICLE VI
THE HOLDER REPRESENTATIVE

Section 6.1 Appointment. Effective upon the Closing and the issuance of the CVRs under this terms of this Agreement, and without any further act of any of Holders, the Holder Representative is appointed as the representative of the Holders and as the attorney-in-fact and agent for and on behalf of each Holder for purposes of this Agreement and will take such actions to be taken by the Holder Representative under this Agreement and such other actions on behalf of such Holders as it may deem necessary or appropriate in connection with or to consummate the transactions contemplated hereby, including (i) executing and delivering this Agreement and any other ancillary documents and negotiating and executing any amendments, modifications, waivers or changes thereto as to which the Holder Representative, in its sole discretion, has consented (provided that any waiver or amendment that adversely and disproportionately affects the rights or obligations of one or more Holders as compared to other Holders will require the prior written consent of a majority in interest of the disproportionately affected Holders), (ii) agreeing to, negotiating, entering into settlements and compromises of, complying with orders of courts with respect to, and otherwise administering and handling any claims under this Agreement on behalf of such Holders, and (iii) taking all other actions that are either necessary or appropriate in the judgment of the Holder Representative for the accomplishment of the foregoing or contemplated by the terms of this Agreement. The Holder Representative hereby accepts such appointment as of the Closing. The appointment of the Holder Representative as each Holder's attorney-in-fact revokes any power of attorney heretofore granted that authorized any other Person to represent such Holder with regard to this Agreement and any other agreements or documents executed or delivered in connection with this Agreement. The Holder Representative is the sole and exclusive representative of each of the Holders for any purpose provided for by this Agreement.

Section 6.2 Actions of Holder Representative.

(a) A decision, act, consent or instruction of the Holder Representative hereunder will constitute a decision, act, consent or instruction of all Holders and will be final, binding and conclusive upon each such Holder, and Public Company and the Rights Agent may rely upon any such decision, act, consent or instruction of the Holder Representative as being the decision, act, consent or instruction of each and every such Holder. Public Company and the Rights Agent will be relieved from any liability to any Person for any acts done by them in accordance with such decision, act, consent or instruction of the Holder Representative.

(b) The Holder Representative will incur no liability in connection with its services pursuant to this Agreement and any related agreements except to the extent resulting from its gross negligence, bad faith or willful misconduct. The Holder Representative shall not be liable for any action or omission pursuant to the advice of counsel.

(c) Public Company will indemnify the Holder Representative against any reasonable, documented, and out-of-pocket losses, liabilities and expenses ("Representative Losses") arising out of or in connection with this Agreement and any related agreements, in each case as such Representative Loss is suffered or incurred; provided, that in the event that any such Representative Loss is finally adjudicated to have been caused by the gross negligence, bad faith or willful misconduct of the Holder Representative, the Holder Representative will reimburse Public Company the amount of such indemnified Representative Loss to the extent attributable to such gross negligence, bad faith or willful misconduct. Representative Losses shall be recovered by the Holder Representative from (i) the funds in the Expense Fund and (ii) any CVR Event Payments owed, or that may become due and owing, to the Holders hereunder; provided, that while the Holder Representative may be paid from the aforementioned sources of funds, this does not relieve Public Company from its obligation to promptly pay such Representative Losses as they are suffered or incurred. In no event will the Holder Representative be required to advance its own funds on behalf of Public Company, the Holders or otherwise. Notwithstanding anything in this Agreement to the contrary, any restrictions or limitations on liability or indemnification obligations of, or provisions limiting the recourse against non-parties otherwise applicable to, the Holders or Public Company set forth elsewhere in this Agreement are not intended to be applicable to the indemnities provided to the Holder Representative hereunder. The foregoing indemnities will survive the Closing, the resignation or removal of the Holder Representative or the termination of this Agreement.

(d) At the Effective Time, Public Company will wire US$250,000 (the "Holder Representative Expense Fund") to the Holder Representative, which will be used for any expenses incurred by the Holder Representative. Neither Public Company nor the Holders will receive any interest or earnings on the Holder Representative Expense Fund and irrevocably transfer and assign to the Holder Representative any ownership right that they may otherwise have had in any such interest or earnings. The Holder Representative will hold these funds separate from its corporate funds and will not voluntarily make these funds available to its creditors in the event of bankruptcy. As soon as practicable following the completion of the Holder Representative's responsibilities hereunder, the Holder Representative will deliver any remaining balance of the Holder Representative Expense Fund to the Rights Agent (for pro rata distribution to the Holders). For tax purposes, the Holder Representative Expense Fund will be treated as having been received and voluntarily set aside by the Holders at the time of Closing.

(e) Public Company shall deliver a copy of any and all notices, written instruments and any other information delivered to the Rights Agent hereunder to the Holder Representative concurrently with such delivery to the Rights Agent.

Section 6.3 Resignation and Removal; Appointment of Successor.

(a) The Holder Representative may resign at any time by giving written notice thereof to Public Company and the Rights Agent specifying a date when such resignation shall take effect, which notice shall be sent at least thirty (30) calendar days prior to the date so specified.

(b) At any time the Majority Holders may remove the Holder Representative by specifying a date when such removal shall take effect, but no such removal shall become effective until a successor Holder Representative has been appointed. Notice of such removal shall be given by the Majority Holders to Public Company and the Rights Agent, which notice shall be sent at least thirty (30) calendar days prior to the date so specified.

(c) If the Holder Representative provides notice of its intent to resign pursuant to Section 6.3(a), is removed pursuant to Section 6.3(b) or becomes incapable of acting, the Majority Holders shall, as soon as is reasonably possible, appoint a qualified successor Holder Representative. Notwithstanding the foregoing, if the Majority Holders fail to make such appointment within a period of thirty (30) calendar days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Holder Representative, then the Majority Holders may apply to any court of competent jurisdiction for the appointment of a new Holder Representative. The successor Holder Representative so appointed shall, forthwith upon its acceptance of such appointment in accordance with Section 6.3, become the successor Holder Representative.

(d) The Majority Holders shall give notice of each resignation and each removal of a Holder Representative and each appointment of a successor Holder Representative by mailing written notice of such event by first-class mail to Public company, the Rights Agent and to the Holders as their names and addresses appear in the CVR Register. Each notice shall include the name and address of the successor Holder Representative. If the Majority Holders fail to send such notice within thirty (30) calendar days after acceptance of appointment by a successor Holder Representative, the successor Holder Representative shall cause the notice to be mailed.

(e) The Rights Agent and Public Company will reasonably cooperate with any successor Holder Representative in connection with the transition of the duties and responsibilities of the Holder Representative to the successor Holder Representative but the Rights Agent shall not be required to make any additional expenditure or assume any additional liability in connection with the foregoing.

Section 6.4 Grant of Authority. The grant of authority provided for in this Article VI is coupled with an interest and will be irrevocable and survive the death, incompetency, bankruptcy or liquidation of any Holder. The provisions of this Article VI will be binding upon the executors, heirs, legal representatives, successors and assigns of each Holder, and any references in this Agreement to any Holder or the Holders will mean and include the successors to such Holder's rights hereunder, whether pursuant to testamentary disposition, the Laws of descent and distribution or otherwise.

ARTICLE VII
MISCELLANEOUS AND GENERAL

Section 7.1 Termination. This Agreement will be terminated and of no force or effect, the Parties will have no liability hereunder (other than with respect to monies due and owing by Public Company to the Rights Agent and the obligations that expressly survive the termination or expiration of this Agreement) and no payments will be required to be made, upon the earlier to occur of: (a) the date on which no Strategic Partner Agreement is in effect and no Strategic Partner Payments are payable under any Strategic Partner Agreement and (b) the delivery of a written notice of termination duly executed by Public Company and the Holder Representative. For the avoidance of doubt, the termination of this Agreement will not affect or limit the right to receive the CVR Event Payments under Section 2.4 to the extent earned prior to termination of this Agreement and the provisions applicable thereto will survive the expiration or termination of this Agreement. The termination of this Agreement will not affect or limit the rights to indemnification in favor of the Holder Representative pursuant to Section 6.2(c) hereof and the protections and immunities of the Rights Agent pursuant to Section 3.3 hereof.

Section 7.2 Notices to Public Company, the Rights Agent and the Holder Representative. Any notice, request, or demand desired or required to be given hereunder will be in writing and will be given by personal delivery, email delivery, or overnight courier service, in each case addressed as respectively set forth below or to such other address as any party hereto will have previously designated by such a notice. The effective date of any notice, request, or demand will be the date of personal delivery, the date on which email is sent (provided that the sender of such email does not receive an automatic and contemporaneous written notification of delivery failure) or one day after it is delivered to a reputable overnight courier service, as the case may be, in each case properly addressed as provided in this Agreement and with all charges prepaid. Any notice, request, or demand delivered by Public Company to the Rights Agent hereunder shall be delivered concurrently to the Holder Representative.

If to Public Company:

Pieris Pharmaceuticals, Inc.
255 Franklin Street, 26th Floor
Boston, MA 02110
Attention: Stephen Yoder, Tom Bures, Karam Hijji
Email: yoder@pieris.com, bures@pieris.com, hijji@pieris.com

With a copy to (which shall not constitute notice):

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
One Financial Center
Boston, MA 02111
Attention: William C. Hicks, Marc D. Mantell, Scott Dunberg
Email: WCHicks@mintz.com, MDMantell@mintz.com, SPDunberg@mintz.com

If to the Rights Agent:

Computershare Inc. and Computershare Trust Company, N.A.
150 Royall St.
Canton, MA 02021
Attention: Relationship Manager

If to the Holder Representative:

Shareholder Representative Services LLC
950 17th Street, Suite 1400
Denver, CO 80202
Attention: Managing Director
Email: deals@srsacquiom.com
Telephone: (303) 648-4085

Section 7.3 Notice to Holders. Where this Agreement provides for notice to Holders, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and transmitted through the facilities of DTC in accordance with DTC's procedures or mailed, first-class postage prepaid, to each Holder affected by such event, at the Holder's address as it appears in the CVR Register, not later than the latest date, and not earlier than the earliest date, if any, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders.

Section 7.4 Governing Law. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of Delaware, regardless of the Laws that might otherwise govern under applicable principles of conflicts of Laws thereof.

Section 7.5 Specific Enforcement; Jurisdiction.

(a) Public Company and Holder Representative acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or were otherwise breached, and that monetary damages, even if available, would not be an adequate remedy therefor. It is accordingly agreed that Public Company and Holder Representative shall be entitled to an injunction or injunctions, or any other appropriate form of equitable relief, to prevent breaches of this Agreement and to enforce specifically the performance of the terms and provisions of this Agreement in any court referred to in Section 7.5(b), without proof of damages or otherwise (and each party hereto hereby waives any requirement for the securing or posting of any bond in connection with such remedy), this being in addition to any other remedy to which they are entitled at Law or in equity. Public Company and Holder Representative further agree not to assert that a remedy of specific enforcement is unenforceable, invalid, contrary to Law or inequitable for any reason, nor to assert that a remedy of monetary damages would provide an adequate remedy. Public Company and Holder Representative acknowledge and agree that the right of specific enforcement is an integral part of this Agreement and without such right, none of the parties hereto would have entered into this Agreement.

(b) Each of the parties hereto hereby irrevocably submits to the exclusive jurisdiction of the courts of the State of Delaware and to the jurisdiction of the United States District Court for the State of Delaware, for the purpose of any Proceeding arising out of or relating to this Agreement or the actions of the parties hereto in the negotiation, administration, performance and enforcement thereof, and each of the parties hereto hereby irrevocably agrees that all claims with respect to such Proceeding may be heard and determined exclusively in the Delaware Court of Chancery or, solely if the Delaware Court of Chancery does not have subject matter jurisdiction thereof, any other court of the State of Delaware or any federal court sitting in the State of Delaware. Each of the parties hereto (i) consents to submit itself to the personal jurisdiction of the Delaware Court of Chancery, any other court of the State of Delaware and any federal court sitting in the State of Delaware in the event any Proceeding arises out of this Agreement, (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, (iii) irrevocably consents to the service of process in any Proceeding arising out of or relating to this Agreement, on behalf of itself or its property, by U.S. registered mail to such party's respective address set forth in Section 7.2 (provided that nothing in this Section 7.5(b) shall affect the right of any party hereto to serve legal process in any other manner permitted by Law) and (iv) agrees that it will not bring any Proceeding relating to this Agreement in any court other than the Delaware Court of Chancery (or, solely if the Delaware Court of Chancery shall be unavailable, any other court of the State of Delaware or any federal court sitting in the State of Delaware). The parties hereto agree that a final trial court judgment in any such Proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law; provided that nothing in the foregoing shall restrict any party's rights to seek any post-judgment relief regarding, or any appeal from, such final trial court judgment.

Section 7.6 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY PROCEEDING ARISING OUT OF THIS AGREEMENT. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH PARTY WOULD NOT, IN THE EVENT OF ANY PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVER AND CERTIFICATIONS IN THIS SECTION 7.6.

Section 7.7 Other Remedies. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a Party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by Law or equity upon such Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy.

Section 7.8 Entire Agreement; Counterparts. As between the Public Company and Holder Representative, this Agreement, the Merger Agreement and the other agreements, exhibits, annexes and schedules referred to herein constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, between such parties, with respect to the subject matter hereof and thereof. As among the Public Company, Holder Representative, and the Rights Agent, this Agreement and any schedule or exhibit attached hereto contains the entire understanding of such parties with reference to the transactions and matters contemplated hereby and supersedes all prior agreements, written or oral, among the parties with respect hereto and thereto. If and to the extent that any provision of this Agreement is inconsistent or conflicts with the Merger Agreement with respect to the rights, duties, protections and liabilities of the Rights Agent, this Agreement will govern and be controlling. This Agreement and any signed agreement or instrument entered into in connection with this Agreement may be executed in two or more counterparts (including by facsimile or by an electronic scan delivered by electronic mail), each of which shall be deemed an original but all of which together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the parties hereto and delivered to the other parties, it being understood that all parties need not sign the same counterpart. To the extent signed and delivered by means of a facsimile machine or telecopy, by email delivery of a ".pdf" or ".jpg" format data file or by any electronic signature complying with the U.S. federal ESIGN Act of 2000, this Agreement shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party hereto or to any such agreement or instrument shall raise the use of a facsimile machine or telecopy, email delivery of a ".pdf" or ".jpg" format data file or electronic signature complying with the U.S. federal ESIGN Act of 2000 to deliver a signature to this Agreement or any amendment hereto or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or telecopy, email delivery of a ".pdf" or ".jpg" format data file or by any electronic signature complying with the U.S. federal ESIGN Act of 2000 as a defense to the formation of a contract and each party hereto forever waives any such defense.

Section 7.9 Third-Party Beneficiaries; Action by the Holder Representative. Public Company, the Holder Representative, and the Rights Agent hereby agree that the respective covenants and agreements set forth herein are intended to be for the benefit of all Holders, who are intended third-party beneficiaries hereof, and shall be enforceable by the Holder Representative on their behalf. Public Company, the Holder Representative, and the Rights Agent further agree that this Agreement and their respective covenants and agreements set forth herein are solely for the benefit of Public Company, the Rights Agent, the Holder Representative, and the Holders and their respective permitted successors and assigns hereunder in accordance with and subject to the terms of this Agreement, and nothing in this Agreement, express or implied, will confer upon any Person other than Public Company, the Rights Agent, the Holder Representative, the Holders and their respective permitted successors and assigns hereunder any benefit or any legal or equitable right, remedy or claim hereunder. The rights of Holders and their successors and assigns pursuant to Permitted Transfers are limited to those expressly provided in this Agreement and the Merger Agreement. Notwithstanding anything to the contrary contained herein, any Holder or Holder's successor or assign pursuant to a Permitted Transfer may agree to renounce, in whole or in part, its rights under this Agreement by written notice to the Holder Representative, Rights Agent and Public Company, which notice, if given, shall be irrevocable. The Holder Representative will have the right, on behalf of all Holders, by virtue of or under any provision of this Agreement, to institute a Proceeding with respect to this Agreement and no individual Holder or other group of Holders, nor the Rights Agent on behalf thereof, will be entitled to exercise such rights. In the event of an insolvency proceeding of Public Company or any of its Affiliates, individual Holders shall be entitled to assert claims in such insolvency proceeding and take related actions in pursuit of such claims with respect to any payment that may be claimed by or on behalf of Public Company or by any creditor of Public Company, as applicable. Except for the right of the Rights Agent set forth in this Agreement or as set forth in the preceding sentence, the Holder Representative will have the sole right, on behalf of all Holders, by virtue of or under any provision of this Agreement, to institute any action or Proceeding at Law or in equity or in bankruptcy or otherwise upon or under or with respect to this Agreement, and no individual Holder or other group of Holders will be entitled to exercise such rights. Notwithstanding any other provision in this Agreement, the right of any Holder to receive payment of the applicable CVR Payment Amounts upon the occurrence of a CVR Event shall not be impaired or adversely affected without the consent of such Holder.

Section 7.10 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions of this Agreement or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If a final judgment of a court of competent jurisdiction declares that any term or provision of this Agreement is invalid or unenforceable, the Parties hereto agree that the court making such determination shall have the power to limit such term or provision, to delete specific words or phrases or to replace such term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be valid and enforceable as so modified. In the event such court does not exercise the power granted to it in the prior sentence, the Parties hereto agree to replace such invalid or unenforceable term or provision with a valid and enforceable term or provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid or unenforceable term or provision. Notwithstanding anything to the contrary herein, if an excluded provision shall affect the rights, immunities, liabilities, duties or obligations of the Rights Agent, the Rights Agent shall be entitled to resign immediately upon written notice to Public Company.

Section 7.11 Assignment. This Agreement shall not be assignable without the prior written consent of each of the other Parties to this Agreement; provided, however, (a) Public Company may assign any or all of its rights, interests and obligations under this Agreement to a Person that is a controlled Affiliate of Public Company without the consent of any other party; provided that Public Company remains jointly and severally liable for all of the obligations of Public Company under this Agreement, (b) Public Company may assign any or all of its rights, interests and obligations under this Agreement in connection with a sale of all or substantially all of the assets of Public Company; provided that the successor in any such sale transaction expressly assumes all of the obligations of Public Company under this Agreement, (c) Public Company may assign any or all of its rights, interests and obligations under this Agreement to any Person with the prior written consent of the Holder Representative, and (d) the Rights Agent may, without the consent of any other party, assign this Agreement to a successor Rights Agent appointed in compliance with Section 3.4. The Rights Agent, Public Company and the Holder Representative agree that all books, records, information and data pertaining to the business of the other party, including *inter alia*, personal, non-public Holder information, which are exchanged or received pursuant to the negotiation or the carrying out of this Agreement including the fees for services set forth in the attached schedule shall remain confidential, and shall not be voluntarily disclosed to any other person, except as may be required by law, including, without limitation, pursuant to subpoenas from state or federal government authorities (e.g., in divorce and criminal actions).

Section 7.12 Confidentiality. The Rights Agent, Public Company and the Holder Representative agree that all books, records, information and data pertaining to the business of the other parties, including inter alia, personal, non-public Holder information, and the fees for the services of the Rights Agent and the Holder Representative, which are exchanged or received pursuant to the negotiation or the carrying out of this Agreement shall be confidential and shall not be used for any purpose other than carrying out their respective duties under this Agreement and shall not be voluntarily disclosed to any other Person, including any Holder, except as may be required by a valid order of any Governmental Entity of competent jurisdiction or is otherwise required by applicable Law, the rules and regulations of the Securities and Exchange Commission or any stock exchange on which the securities of the disclosing party are listed, or pursuant to subpoenas from state or federal Governmental Entities (subject to (x) the disclosing party notifying, to the extent practicable, the other parties hereto of such potential disclosure reasonably in advance of such disclosure, or (y) cooperating with the other parties, at the expense of the other parties, in any effort to restrict disclosure of such book, records, information). Notwithstanding anything herein or in Section 7.11 to the contrary, following Closing, the Holder Representative shall be permitted to disclose information to advisors and representatives of the Holder Representative and to the Holders, in each case who have a need to know such information, provided that such persons are subject to confidentiality obligations with respect thereto.

Section 7.13 No Obligation. Except as expressly set forth in this Agreement, in no event shall Public Company or any of its Affiliates be required to undertake any level of efforts, or employ any level of resources, to ensure that a CVR Event Payment occurs; provided, that none of Public Company, its Affiliates or any of their respective successors and assigns shall take any action or fail to take any action in bad faith for the purpose of avoiding the occurrence of any CVR Event or the payment of (or minimizing or reducing the amount of) any CVR Event Payment.

Section 7.14 Force Majeure. Notwithstanding anything to the contrary contained herein, no party hereto will have any liability for not performing, or a delay in the performance of, any act, duty, obligation or responsibility by reason of any occurrence beyond the reasonable control of such party (including any act or provision or any present or future law or regulation or governmental authority, any act of God, epidemics, pandemics, war, civil or military disobedience or disorder, riot, rebellion, terrorism, insurrection, fire, earthquake, storm, flood, strike, work stoppage, interruptions or malfunctions of computer facilities, loss of data due to power failures or mechanical difficulties, labor dispute, accident or failure or malfunction of any utilities communication or computer services or similar occurrence).

[*Remainder of Page Intentionally Left Blank; Signature Page Follows*]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the Parties as of the date first written above.

PIERIS PHARMACEUTICALS, INC.

By: _____
Name:
Title:

POLO MERGER SUB, INC.

By: _____
Name:
Title:

COMPUTERSHARE INC. and
COMPUTERSHARE TRUST COMPANY,
N.A., jointly as Rights Agent

By: _____
Name:
Title:

SHAREHOLDER REPRESENTATIVE
SERVICES LLC

By: _____
Name:
Title:

Schedule 4.5(c)

R&D Tax Credit Actions

Schedule 4.5(d)

Public Company CVR Expenses

Schedule 1

Rights Agent Fees and Expenses

PALVELLA THERAPEUTICS, INC.

2024 EQUITY INCENTIVE PLAN

STOCK OPTION GRANT NOTICE AND
STOCK OPTION AGREEMENT

Palvella Therapeutics, Inc. (the "Company"), pursuant to its 2024 Equity Incentive Plan (the "Plan"), hereby grants to the participant set forth below ("Participant"), an option to purchase the number of Shares of the Company's common stock set forth below (the "Option"). The Option described in this Stock Option Grant Notice (the "Grant Notice") is subject to the terms and conditions set forth in the Stock Option Agreement attached hereto as Exhibit A (the "Agreement") and the Plan, each of which is incorporated herein by reference. Unless otherwise defined herein, capitalized terms used in this Grant Notice and the Agreement will have the meanings defined in the Plan.

Participant:	
Grant Date:	
Vesting Commencement Date:	
Exercise Price per Share:	$
Total Number of Shares Subject to Option:	
Expiration Date:	

Type of Option: _____ Incentive Stock Option _____ Non-Qualified Stock Option

Vesting Schedule: Subject to the continued service of Participant with the Company through the applicable vesting date, the Option shall vest as follows:

[INSERT VESTING SCHEDULE]

[INSERT ACCELERATED VESTING TRIGGERS, IF ANY][1]

[*Signature Page Follows*]

[1] Note to Draft: Consider whether the unvested Option Shares will fully vest upon the occurrence of certain events (e.g., Change in Control, a termination without Cause death, disability, etc.).

By Participant's signature and the Company's signature below, Participant agrees to be bound by the terms and conditions of the Plan, the Agreement and this Grant Notice. Participant has reviewed the Plan, the Agreement and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Stock Option Agreement and the Plan. This document may be executed, including by electronic means, in multiple counterparts, each of which will be deemed an original, and all of which together will be deemed a single instrument.

PALVELLA THERAPEUTICS, INC.

_____
Name:
Title:

PARTICIPANT

_____
Name:

EXHIBIT A

STOCK OPTION AGREEMENT

Pursuant to the Stock Option Grant Notice ("Grant Notice") to which this Stock Option Agreement (this "Agreement") is attached, Palvella Therapeutics, Inc. (the "Company") has granted to Participant an Option under the Company's 2024 Equity Incentive Plan (the "Plan") to purchase the number of Shares indicated in the Grant Notice (the "Option Shares"). Capitalized terms not specifically defined herein shall have the meanings specified in the Plan and the Grant Notice.

1. Grant of Option.

(a) Effective as of the grant date set forth in the Grant Notice (the "Grant Date"), the Company irrevocably grants to Participant an Option to purchase any part or all of an aggregate of the number of Option Shares set forth in the Grant Notice, subject to the terms and conditions set forth in the Grant Notice, the Plan and this Agreement.

(b) The Exercise Price per Share set forth in the Grant Notice (the "Exercise Price") is intended to be at least equal to the Fair Market Value per Share on the Grant Date.

2. Term of Option. The Option may not be exercised later than the Expiration Date set forth in the Grant Notice, subject to earlier termination in accordance with the Plan and this Agreement.

3. Nature of Option. Unless designated as a Non-Qualified Stock Option in the Grant Notice, the Option shall be an Incentive Stock Option to the maximum extent permitted by Applicable Law.

4. Vesting and Exercise of Option.

(a) Vesting.

(i) Subject to Section 4(c) below, the Option shall become vested and exercisable in such amounts and at such times as are set forth in the vesting schedule in the Grant Notice (the "Vesting Schedule").

(ii) The installments provided for in the Vesting Schedule are cumulative. Each such installment which becomes vested and exercisable pursuant to the Vesting Schedule shall remain vested and exercisable until it becomes unexercisable under Section 4(c) or pursuant to the terms of the Plan. Once the Option becomes unexercisable, it shall be forfeited immediately.

(b) Service with Affiliates. Solely for purposes of this Agreement, service with the Company will be deemed to include service with an Affiliate of the Company (for only so long as such entity remains an Affiliate of the Company).

(c) Effect of Termination of Service on the Option. If Participant's service terminates for any reason, the vested portion of the Option shall remain exercisable, if at all, for such period as set forth in Section 7 of the Plan.

(d) Method of Exercise. Participant may exercise the Option by delivering a written notice of exercise to the Company in accordance with Section 5(d) of the Plan. Such notice must also be accompanied by any further documents or instruments necessary or desirable to carry out the purposes or intent of this Agreement.

(e) Partial Exercise. The Option may be exercised in whole or in part, provided, however, that any exercise may apply only with a whole number of Shares.

(f) Restrictions on Exercise. The Option may not be exercised, and any purported exercise will be void, if the issuance of the Option Shares upon such exercise would constitute a violation of any law, regulation or exchange listing requirement. The Committee may from time to time modify the terms of this Option or impose additional conditions on the exercise of this Option as it deems necessary or appropriate to facilitate compliance with any Applicable Law, regulation or exchange listing requirement. As a further condition to the exercise of the Option, the Company may require Participant to make any representation or warranty as may be required by or advisable under any applicable law or regulation.

(g) Rights as Stockholder. The Option will not confer upon Participant any of the rights or privileges of a stockholder in the Company unless and until Participant is issued Shares following Participant's exercise of the Option.

(h) Special Incentive Stock Options Provisions.

(i) Tax Consequences. Participant acknowledges that, to the extent that the aggregate Fair Market Value (determined as of the time the Option is granted) of all Option Shares with respect to which are Incentive Stock Options, are first exercisable for the first time by Participant in any calendar year exceeds $100,000 (or such other limitation as imposed by Section 422(d) of the Code), the Option and such other options shall be treated as not qualifying under Section 422 of the Code but rather shall be considered Non-Qualified Stock Options. Participant further acknowledges that the rule set forth in the preceding sentence shall be applied by taking Options and other "incentive stock options" into account in the order in which they were granted.

(ii) Disqualifying Disposition. If Participant disposes of any of the Option Shares subject to an Incentive Stock Option prior to the expiration of either two (2) years from the Grant Date or one (1) year from the date the Option Shares are transferred to Participant pursuant to the exercise of the Option (a "Disqualifying Disposition"), Participant shall notify the Company within thirty (30) days after such disposition of the date and terms of such disposition. Participant also agrees to provide the Company with any information concerning any such dispositions as the Company requires for tax purposes.

5. Non-Transferability of Option. Except for the forfeiture to the Company contemplated by Section 4(c) hereof, the Option may not be sold, pledged, assigned, hypothecated, gifted, transferred or disposed of in any manner either voluntarily or involuntarily by operation of law or otherwise, other than by will or by the laws of descent and distribution.

6. Acknowledgements. As a further condition to the exercise of the Option, the Company may require that certain agreements, undertakings, representations, certificates, legends and/or information or other matters, as the Company may deem necessary or advisable, be executed, agreed to and/or provided to the Company to assure compliance with all such Applicable Laws. Participant further acknowledges that the Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Option is granted and may be exercised, only in such a manner as to conform to such Applicable Laws. To the extent permitted by Applicable Laws, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such Applicable Laws.

7. **Tax Consequences**. Participant acknowledges that the Company has not advised Participant regarding Participant's income tax liability in connection with the grant of the Option and that the Company does not guarantee any particular tax treatment. Participant acknowledges that Participant has reviewed with their own tax advisors the tax treatment of this Option (including, without limitation, the purchase and sale of Option Shares subject hereto) and is relying solely on those advisors in that regard. Participant understands that Participant (and not the Company) will be responsible for their own tax liabilities arising in connection with this Option. Notwithstanding that the Option is intended to be treated as an Incentive Stock Option or a Non-Qualified Stock Option, the Company makes no guarantee as to the tax treatment of the Option. Participant understands that the Company shall not be liable or responsible for any tax liability that Participant incurs in connection with this Option, including without limitation in the event that the Internal Revenue Service determines that this Option does not qualify as an Incentive Stock Option within the meaning of the Code or if Participant makes a Disqualifying Disposition.

8. **Clawback Provisions**. In consideration for the grant of the Option, the Participant agrees to be subject to (i) any compensation, clawback, recoupment or similar policies of the Company or its Affiliates covering the Participant that may be in effect from time to time, whether adopted before or after the Grant Date, and (ii) to such other clawback measures as may be required by Applicable Law ((i) and (ii) together, the "Clawback Provisions"). The Participant understands that the Clawback Provisions are not limited in their application to the Option, or to any equity or cash the Participant may receive in connection with the Option.

9. **Other Company Policies**. The Participant agrees, in consideration for the grant of the Option, to be subject to any policies of the Company and its Affiliates regarding stock ownership, securities trading, anti-hedging and anti-pledging of securities, and other similar policies, that may be in effect from time to time, or as may otherwise be required by Applicable Law.

10. **Entire Agreement**. The Grant Notice and this Agreement, together with the Plan, represent the entire agreement between the parties with respect to the subject matter hereof and supersede any prior agreement, written or otherwise, relating to the subject matter hereof. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee with respect to questions arising under the Plan, the Grant Notice, or this Agreement.

11. **Amendment**. The Grant Notice and this Agreement may only be amended by a writing signed by each of the parties hereto. To the extent permitted by Applicable Laws, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such Applicable Laws.

12. **Successors and Assigns**. This Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto. Neither this Agreement nor any rights or interest hereunder shall be assignable by the Participant, his or her beneficiaries or legal representatives, and any purported assignment in violation hereof shall be void ab initio and of no force or effect.

13. **Waiver**. Either party's failure to enforce any provision or provisions of this Agreement shall not in any way be construed as a waiver of any such provision or provisions, nor prevent that party thereafter from enforcing each and every other provision of this Agreement. The rights granted both parties herein are cumulative and shall not constitute a waiver of either party's right to assert all other legal remedies available to it under the circumstances.

14. **No Right to Continued Service**. Neither the Plan nor this Agreement will confer upon Participant any right to continue in the service of the Company or any of its Affiliates, or limit in any respect the right of the Company or its Affiliates to discharge Participant at any time, with or without Cause and with or without notice.

15. **Tax Withholding**. The Company is hereby authorized to withhold from any consideration payable or property transferable to Participant any taxes required to be withheld by applicable law in connection with the grant or exercise of this Option or the vesting or disposition of the Option Shares. The Company shall have the right to require the Participant to remit to the Company an amount sufficient to satisfy any federal, state and local withholding tax requirements prior to the issuance of any Option Shares. The Participant may satisfy the applicable withholding tax obligations by paying the amount of any taxes in cash, or, to the extent permitted by the Committee, Shares or other securities may be delivered to the Company or deducted from the number of Option Shares to be issued to the Participant pursuant to this Agreement to satisfy the obligation in full or in part as long as such withholding of Shares does not violate any applicable laws, rules, or regulations of federal, state, or local authorities (including Section 16 of the Securities Exchange Act of 1934, and the rules promulgated thereunder, if applicable). The Participant shall make such payment or arrangement no later than the date as of which an amount first becomes includible in the gross income of the Participant for federal income tax purposes with respect to any Option Shares. The obligations of the Company under the Plan are conditioned on such payment or arrangement and the Company, to the extent permitted by law, has the right to deduct any such taxes from any distribution of any kind otherwise due to the Participant.

16. **Governing Law; Severability**. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

17. **Consent to Electronic Delivery**. The Company may, in its sole discretion, decide to deliver any documents related to the Grant Notice, the Plan or this Agreement or any notices required by applicable law or the Company's Certificate of Incorporation or Bylaws by email or any other electronic means. The Participant hereby consents to (i) conduct business electronically, (ii) receive such documents and notices by such electronic delivery and (iii) sign documents electronically and agrees to participate through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

* * * * *

Exhibit 10.30

PALVELLA THERAPEUTICS, INC.

2024 EQUITY INCENTIVE PLAN

NOTICE OF GRANT OF RESTRICTED STOCK UNITS AWARD

Palvella Therapeutics, Inc. (the "Company"), pursuant to its 2024 Equity Incentive Plan (the "Plan"), hereby grants to the individual listed below (the "Participant") this award of Restricted Stock Units. The Restricted Stock Units described in this Notice of Grant of Restricted Stock Units Award (the "Notice") are subject to the terms and conditions set forth in the Award Agreement attached hereto as Exhibit A (the "Agreement") and the Plan, each of which is incorporated herein by reference. Unless otherwise defined herein, capitalized terms used in this Notice and the Agreement will have the meanings defined in the Plan.

Participant:	
Grant Date:	
Total Number of Restricted Stock Units:	
Vesting:	Subject to the continued service of the Participant through the applicable vesting date, the Restricted Stock Units shall vest as follows:

By Participant's signature and the Company's signature below, Participant agrees to be bound by the terms and conditions of the Plan, the Agreement and this Notice. Participant has reviewed the Plan, the Agreement and this Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice and fully understands all provisions of this Notice, the Restricted Stock Unit Agreement and the Plan. This document may be executed, including by electronic means, in multiple counterparts, each of which will be deemed an original, and all of which together will be deemed a single instrument.

PALVELLA THERAPEUTICS, INC.

_____
Name:
Title:

PARTICIPANT

_____
Name:

EXHIBIT A

RESTRICTED STOCK UNIT AWARD AGREEMENT

1. **Grant of Award**. Effective as of the Grant Date set forth in the Notice, the Company has granted to the Participant the number of Restricted Stock Units set forth in the Notice (the "Award"), subject to the restrictions and on the terms and conditions set forth in the Notice, the Plan, and this Agreement. Each Restricted Stock Unit represents the right to receive one Share, subject to the terms and conditions set forth herein.

2. **Vesting of Award**.

(a) Subject to the continued service of the Participant with the Company through the relevant vesting date(s) or event(s), the Restricted Stock Units shall become vested in such amounts and at such times as set forth in the Notice.

(b) Upon the cessation of the Participant's service with the Company for Cause (or a resignation by the Participant at such time as the Company could have terminated the Participant's service for Cause), (i) any unvested Restricted Stock Units will be forfeited automatically and (ii) any vested Restricted Stock Units for which Shares have not yet been delivered will also be forfeited automatically, and the Participant will have no further rights hereunder.

(c) Unless otherwise provided in the Participant's employment agreement or in the discretion of the Committee, upon the cessation of the Participant's service with the Company for any other reason, any unvested Restricted Stock Units will be forfeited automatically and the Participant will have no further rights hereunder.

(d) Solely for purposes of this Agreement, service with the Company will be deemed to include service with an Affiliate of the Company (for only so long as such entity remains an Affiliate of the Company).

3. **Settlement of Award**.

(a) One Share will be delivered with respect to each vested Restricted Stock Unit within sixty (60) days following the applicable vesting date or event.

(b) The award of Restricted Stock Units constitutes an unfunded and unsecured obligation of the Company. The Participant shall not have any stockholder rights with respect to the Shares underlying the Restricted Stock Units, in each case, unless and until a Restricted Stock Unit vests and a Share is delivered with respect thereto.

(c) Notwithstanding the foregoing, to the extent provided in Prop. Treas. Reg. § 1.409A-1(b)(4)(ii) or any successor provision, the Company may delay settlement of Restricted Stock Units if it reasonably determines that such settlement would violate federal securities laws or any other Applicable Law.

4. **Non-Transferability of Award**. Except for the forfeiture to the Company, the Restricted Stock Unit and this Award may not be sold, pledged, assigned, hypothecated, gifted, transferred or disposed of in any manner either voluntarily or involuntarily by operation of law or otherwise, other than by will or by the laws of descent and distribution.

5. **Section 409A**. The Award is intended to be exempt from Section 409A of the Code and should be interpreted accordingly. Nonetheless, the Company does not guarantee the tax treatment of the Award.

6. **Acknowledgements**. The Company may require that certain agreements, undertakings, representations, certificates, legends and/or information or other matters, as the Company may deem necessary or advisable, be executed, agreed to and/or provided to the Company to assure compliance with all such Applicable Laws. Participant further acknowledges that the Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Award is granted, only in such a manner as to conform to such Applicable Laws.

7. **Tax Consequences**. Participant acknowledges that the Company has not advised Participant regarding Participant's income tax liability in connection with the Award and that the Company does not guarantee any particular tax treatment. Participant acknowledges that Participant has reviewed with their own tax advisors the tax treatment of this Award and is relying solely on those advisors in that regard. Participant understands that Participant (and not the Company) will be responsible for their own tax liabilities arising in connection with this Award.

8. **Clawback Provisions**. In consideration for the grant of the Award, the Participant agrees to be subject to (i) any compensation, clawback, recoupment or similar policies of the Company or its Affiliates covering the Participant that may be in effect from time to time, whether adopted before or after the Grant Date, and (ii) to such other clawback measures as may be required by Applicable Law ((i) and (ii) together, the "Clawback Provisions"). The Participant understands that the Clawback Provisions are not limited in their application to the Award, or to any equity or cash the Participant may receive in connection with the Award.

9. **Other Company Policies**. The Participant agrees, in consideration for the grant of the Award, to be subject to any policies of the Company and its Affiliates regarding stock ownership, securities trading, anti-hedging and anti-pledging of securities, and other similar policies, that may be in effect from time to time, or as may otherwise be required by Applicable Law.

10. **Entire Agreement**. The Notice and this Agreement, together with the Plan, represent the entire agreement between the parties with respect to the subject matter hereof and supersede any prior agreement, written or otherwise, relating to the subject matter hereof. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee with respect to questions arising under the Plan, the Notice, or this Agreement.

11. **Amendment**. The Notice and this Agreement may only be amended by a writing signed by each of the parties hereto. To the extent permitted by Applicable Laws, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such Applicable Laws.

12. **Successors and Assigns**. This Agreement and the Notice shall be binding upon the heirs, executors, administrators and successors of the parties hereto. Neither this Agreement nor any rights or interest hereunder shall be assignable by the Participant, his or her beneficiaries or legal representatives, and any purported assignment in violation hereof shall be void ab initio and of no force or effect.

13. **Waiver**. Either party's failure to enforce any provision or provisions of this Agreement shall not in any way be construed as a waiver of any such provision or provisions, nor prevent that party thereafter from enforcing each and every other provision of this Agreement. The rights granted both parties herein are cumulative and shall not constitute a waiver of either party's right to assert all other legal remedies available to it under the circumstances.

14. **No Right to Continued Service**. Neither the Plan nor this Agreement will confer upon Participant any right to continue in the service of the Company or any of its Affiliates, or limit in any respect the right of the Company or its Affiliates to discharge Participant at any time, with or without Cause and with or without notice.

15. **Tax Withholding**. The Company is hereby authorized to withhold from any consideration payable or property transferable to Participant any taxes required to be withheld by applicable law in connection with the grant or settlement of this Award. The Company shall have the right to require the Participant to remit to the Company an amount sufficient to satisfy any federal, state and local withholding tax requirements prior to the issuance of any Shares. The Participant may satisfy the applicable withholding tax obligations by paying the amount of any taxes in cash, or, to the extent permitted by the Committee, Shares or other securities may be delivered to the Company or deducted from the number of Shares to be issued to the Participant pursuant to this Agreement to satisfy the obligation in full or in part as long as such withholding of Shares does not violate any applicable laws, rules, or regulations of federal, state, or local authorities (including Section 16 of the Securities Exchange Act of 1934, and the rules promulgated thereunder, if applicable). The Participant shall make such payment or arrangement no later than the date as of which an amount first becomes includible in the gross income of the Participant for federal income tax purposes with respect to any Shares. The obligations of the Company under the Plan are conditioned on such payment or arrangement and the Company, to the extent permitted by law, has the right to deduct any such taxes from any distribution of any kind otherwise due to the Participant.

16. **Governing Law; Severability**. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

17. **Electronic Delivery of Documents**. The Company may, in its sole discretion, decide to deliver any documents related to the Notice, the Plan or this Agreement or any notices required by applicable law or the Company's Certificate of Incorporation or Bylaws by email or any other electronic means. The Participant hereby consents to (i) conduct business electronically, (ii) receive such documents and notices by such electronic delivery and (iii) sign documents electronically and agrees to participate through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

PALVELLA THERAPEUTICS, INC.

CODE OF BUSINESS CONDUCT AND ETHICS

Effective December 13, 2024

I. Introduction

This Code of Business Conduct and Ethics (this "Code") has been adopted by the Board of Directors (the "Board") of Palvella Therapeutics, Inc. (the "Company") and summarizes the standards that guide the actions of all officers, employees, directors, independent contractors, consultants and other persons and entities retained and authorized to act on behalf of the Company. While covering a wide range of business practices and procedures, these standards cannot and do not cover every issue that may arise, or every situation where ethical decisions must be made, but rather constitute key guiding principles that represent Company policies and establish conditions for employment at, or any other engagement with, the Company. This Code is not a substitute for individual responsibility to exercise good judgment and common sense. In cases of doubt about the correct behavior, you must seek help and advice.

One of our Company's most valuable assets is our reputation for integrity, professionalism and fairness, and we strive to foster a culture of honesty and accountability. Our commitment to the highest level of ethical conduct should be reflected in all of the Company's business activities including, but not limited to, relationships with employees, customers, healthcare workers, patients, suppliers, competitors, the government, the public and our stockholders. Our employees, officers, directors and independent contractors must conduct themselves according to the letter and spirit of this Code and avoid even the appearance of improper behavior.

This Code is designed to promote (i) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, (ii) full, fair, accurate, timely, and understandable disclosure in reports and documents the Company files with, or submits to, the Securities and Exchange Commission (the "SEC") and in our other public communications, (iii) compliance with applicable governmental laws, rules and regulations, (iv) prompt internal reporting of violations of the Code and (v) to ensure accountability for adherence to the Code. We should all recognize that our actions are the foundation of our reputation and adhering to this Code and applicable law is imperative.

II. Compliance with Laws, Rules and Regulations

We are strongly committed to conducting our business affairs with honesty and integrity and in full compliance with all applicable laws, rules and regulations. No employee, officer or director of the Company shall commit an illegal or unethical act, or instruct others to do so, for any reason.

III. Trading on Inside Information

Using material non-public Company information to trade in securities of the Company, or providing a family member, friend or any other person with a "tip" is illegal. To help ensure our non-public information is not used illegally, the Company has adopted an Insider Trading Policy. Employees are regularly trained on this Policy.

IV. Protection of Confidential Proprietary Information

Confidential or proprietary information generated and gathered in our business is a valuable Company asset. Protecting this information plays a vital role in our continued growth and ability to compete. The Company strives to maintain all such information in strict confidence, except when disclosure is authorized by the Company or required by law.

Unauthorized use or distribution of proprietary information violates Company policy and could be illegal. Unauthorized use or distribution could result in negative consequences for both the Company and the individuals involved, including potential legal and disciplinary actions. We respect the property rights and proprietary information of other companies and require our employees, officers and directors to observe such rights. Indeed, the Company is often contractually bound not to disclose the confidential and proprietary information of a variety of companies and individuals, including inventors, vendors and potential vendors. In addition, Company employees who have signed non-disclosure agreements with their former employers are expected to fully and strictly adhere to the terms of those agreements.

Upon hire, each employee is required to sign an Employee Confidential Information and Inventions Agreement, promising that they will not divulge confidential or proprietary information or material outside the Company; in addition, the Employee Confidential Information and Inventions Agreement acknowledges that ideas, inventions, products, and processes developed while working for the Company are the sole property of the Company.

V. Intellectual Property

Through our ongoing efforts to discover, develop and deliver safe, efficacious and innovative therapies, we seek to dramatically enhance the quality of life of individuals suffering from serious, rare genetic diseases. Protecting our intellectual property is essential to maintaining our competitive position and ability to bring innovative therapies to patients.

Our intellectual property includes patents, trademarks, trade secrets, and copyrights, as well as the scientific and technical knowledge, know-how, and experience developed during the course our activities. Employees are expected to support the establishment, protection, maintenance, and defense of our rights in all commercially significant intellectual property and to use those rights in a responsible way. In addition to protecting our intellectual property rights, employees must respect the valid intellectual property rights of others.

VI. Conflicts of Interest

Our employees, officers and directors have an obligation to act in the best interest of the Company and should endeavor to avoid situations that present a potential or actual conflict between their interest and the interest of the Company.

A "conflict of interest" occurs when a person's private interest interferes in any way, or even appears to interfere, with the interest of the Company, including its subsidiaries and affiliates. A conflict of interest can arise when an employee, officer or director takes an action or has an interest that may make it difficult for them to perform their work objectively and effectively. Conflicts of interest may also arise when an employee, officer or director (or their family members) receives improper personal benefits as a result of their position in the Company.

In order to avoid conflicts of interest, each of the employees must disclose to the Chief Executive Officer any material transaction or relationship that reasonably could be expected to give rise to such a conflict, and the Chief Executive Officer shall notify the Nominating and Corporate Governance Committee (the "Nominating Committee") of any such disclosure. Conflicts of interests involving the Chief Executive Officer or directors shall be disclosed to the Nominating Committee.

VII. Gifts and Entertainment

Even when gifts and entertainment are exchanged out of the purest motives of personal friendship, they may be misunderstood. For example, a gift from a vendor may appear to be an attempt to influence an employee to direct Company business to a particular vendor. To avoid both the reality and appearance of improper relations with a vendor or a potential vendor, the following standards apply to the receipt of gifts and entertainment by Company employees:

- Employees shall not solicit gifts, gratuities, or any other personal benefit or favor of any kind from any individual or company currently doing business with the Company or any individual or company that is anticipated to do such business.

- Employees may accept unsolicited gifts, provided they are items of nominal value. The gift's value must not raise any questions of an obligation on the part of the recipient.

- Employees are strictly prohibited from accepting any remuneration in any situation where an employee is representing or providing services on the Company's behalf or is already being paid by the Company for the time or effort.

- Employees may not solicit entertainment from any individual or company doing business with the Company. From time to time, employees may accept unsolicited entertainment, but only if (a) the entertainment occurs infrequently, and it arises out of the ordinary course of business; (b) it involves reasonable, not lavish, expenditures (the amounts involved should be of a nature employees are normally accustomed to spending for their own business or personal entertainment); and (c) the entertainment takes place in settings that also are reasonable, appropriate, and fitting to Company employees, their hosts, and the business at hand.

Occasional business gifts to, or entertainment of, non-government employees (other than healthcare providers) in connection with business discussions or the development of business relationships are generally deemed appropriate in the conduct of Company business. However, these gifts should be given infrequently, and their value should be modest. Gifts to and entertainment of healthcare providers is prohibited. Moreover, practices that are acceptable in a commercial business environment may be against the law or the policies governing federal, state or local government employees. Therefore, no gifts or business entertainment of any kind may be given to any government employee without the prior approval of the Chief Executive Officer. Except in certain limited circumstances, the Foreign Corrupt Practices Act ("FCPA") prohibits giving anything of value directly or indirectly to any "foreign official" for the purpose of obtaining or retaining business.

VIII. Protection and Proper Use of Company Assets

Protecting Company assets against loss, theft or other misuse is the responsibility of every employee, officer, and director. Loss, theft, and misuse of Company assets directly impact our profitability.

The sole purpose of the Company's equipment, vehicles, supplies, facilities, and technology is the conduct of our business. They may only be used for Company business consistent with Company guidelines. Employees and other authorized users of the Company's electronic equipment have an obligation to use them in a responsible, ethical, and lawful manner and in compliance with this Code and other corporate policies and procedures. The Company reserves the right, at all times and without prior notice, to inspect and search all Company assets for any purpose. Such inspections may be conducted during or outside business hours and in the presence or absence of the employee.

In addition, no voicemail, e-mail, text message, photo, website, or any other document that an employee creates or saves using Company assets may contain content that may reasonably be considered offensive. Offensive content includes, but is not limited to, sexual comments or images, racial slurs, or any comments or images that would offend someone on the basis of their age, disability, gender, race, religion, national origin, physical attributes, sexual orientation, or any other classification protected by national, state, provincial, or local law.

Employees may access Company files and programs only with proper authorization. Employees may not make unauthorized copies of any Company computer software or information (whether in electronic or hard copy form) without IT support and approval.

IX. Corporate Opportunities

Employees, officers, and directors are prohibited from taking for themselves business opportunities that are discovered through the use of corporate property, information or position unless that opportunity has first been presented to, and rejected by, the Company. No employee, officer or director may use corporate property, information or position for personal gain, and no employee, officer or director may compete with the Company. Employees, officers and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

X. All External Speaking Engagements

The Company's employees must comply with relevant laws, regulations, and industry standards when presenting on the Company's behalf. All external speaking engagements or presentations conducted on behalf of the Company, or related to the Company's business, require approval from the Chief Executive Officer.

XI. Board Memberships

The Company encourages service as directors or trustees on corporate, civic, professional, charitable, or other similar boards where there exists no conflict of interest with the employee's duty to the Company. Any individual desiring to serve on any board, panel or similar advisory body of any for-profit organization or not-for-profit organization associated with healthcare (hospitals, patient organizations, research institutions, etc.) must disclose such appointments, in advance, and obtain the approval from the Company. If at any time after approval, circumstances change (e.g., the time commitment increases or a potential conflict arises) the employee must (i) abstain from any decision or discussion that could create an actual conflict and (ii) request a new approval, noting the changed circumstances.

Any employee may participate in, and does not need to disclose or seek approval for, a non-industry, non-healthcare related, not-for-profit, charitable, or non-commercial organization that has no relation to the Company's business (e.g., schools, heritage associations, clubs, amateur sports organizations, religious organizations and similar charities). Any employee may participate in the management board of non-healthcare related family businesses, provided that such service does not make use of any of the Company's equipment or resources, is conducted outside of working hours, and does not interfere with the employee's regular job duties. All such relationships must be disclosed, but do not require advanced approval.

XII. Healthcare Laws and Regulatory Compliance

As a biopharmaceutical company, the Company is part of a unique industry. The biopharmaceutical industry is subject to a host of global rules and regulations. The Company follows all applicable laws and regulatory requirements governing the research, development, manufacturing, distribution, advertising, and promotion of drugs and biological products and is fully committed to healthcare law and regulatory compliance globally. Employees must be familiar with all relevant laws and regulatory requirements that pertain to their job responsibilities and must follow those requirements.

XIII. Fair Dealing

Each employee, officer and director of the Company should deal fairly with customers, suppliers, competitors, the public and one another at all times and in accordance with ethical business practices. All business dealings must be on arm's length terms and free of any favorable treatment resulting from the personal interest of our directors, executive officers and employees. Statements regarding the Company's products and services must not be untrue, misleading, deceptive or fraudulent. No one should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. No bribes, kickbacks or other similar payments in any form shall be made directly or indirectly to or for anyone for the purpose of obtaining or retaining business or obtaining any other favorable action. Any employee, officer or director involved may be subject to disciplinary action as well as potential civil or criminal liability for violation of this Code.

XIV. Accurate Business Records

Employees, officers and directors must honestly and accurately report all business transactions. All such individuals are responsible for the accuracy of their records and reports. Accurate information is essential to the Company's ability to meet legal and regulatory obligations. Employees must not withhold or fail to provide information to management.

All Company books, records and accounts shall be maintained in accordance with all applicable regulations and standards and accurately reflect the true nature of the transactions they record. The financial statements of the Company shall conform to generally accepted accounting rules and the Company's accounting policies. No undisclosed or unrecorded account or fund shall be established for any purpose. No false or misleading entries shall be made in the Company's books or records for any reason, and no disbursement of corporate funds or other corporate property shall be made without adequate supporting documentation.

XV. Privacy of Personal Information

Preserving the privacy of personal information is critically important. Every employee, as well as job applicants, research study subjects, research investigators, patients, healthcare professionals, vendors, suppliers and many other people may provide personal information to the Company. Keeping that information confidential and secure is often a legal requirement and always a demonstration of our commitment to integrity.

All of the Company's employees are accountable for protecting personal information and for processing such information only within the boundaries of applicable law and the Company's policies. Personal information should only be collected for legitimate business purposes. Employees must also take adequate precautions to safeguard personal information when collecting, processing, storing, and transferring information, and must not share personal information except with individuals who have a legitimate need for it and have agreed in writing that they shall protect it properly.

XVI. Quality of Public Disclosures

The Company has a responsibility to provide full and accurate information, in all material respects, in our public disclosures about the Company's financial condition and results of operations. Our reports and documents filed with or submitted to the SEC and our other public communications shall include full, fair, accurate, timely and understandable disclosure, and the Company has established a Disclosure Committee consisting of senior management to assist in monitoring such disclosures.

XVII. Equal Opportunity, Non-Discrimination and Fair Employment

The Company's policies for recruitment, advancement and retention of employees forbid discrimination on the basis of any criteria prohibited by law, including but not limited to race, sex and age. Our policies are designed to ensure that employees are treated, and treat each other, fairly and with respect and dignity. In keeping with this objective, conduct involving discrimination or harassment of others will not be tolerated. All employees are required to comply with the Company's policy on equal opportunity, non-discrimination and fair employment, copies of which are available on the Company's internal website.

XVIII. Compliance with Antitrust Laws

The Company is committed to competing fairly and in accordance with all laws related to antitrust. Such laws prohibit agreements among competitors on such matters as prices, terms of sale to customers and allocating markets or customers.

XIX. Political Contributions and Activities

Any political contributions made by or on behalf of the Company and any solicitations to employees for political contributions of any kind must be lawful and in compliance with Company policies. This Code applies solely to the use of Company assets and is not intended to discourage or prevent individual employees, officers or directors from making political contributions or engaging in political activities on their own behalf provided they do not represent that they are making such contributions on the Company's behalf. No one may be reimbursed directly or indirectly by the Company for personal political contributions.

XX. Environment, Health and Safety

The Company is committed to conducting its business in compliance with all applicable environmental and workplace health and safety laws and regulations. The Company strives to provide a safe and healthy work environment for our employees and to avoid adverse impact and injury to the environment and communities in which we conduct our business. Achieving this goal is the responsibility of all officers, directors and employees. Employees should immediately report any unsafe conditions or potential hazards to their supervisor, even if the problem is believed to be corrected. Any suspected hazard on Company premises, or in a product, facility, piece of equipment, process, or business practice for which the Company is responsible, should immediately be brought to the attention of one's supervisor or the Human Resources department.

The Company is committed to complying with all applicable environmental laws and regulations. No one at the Company may participate in conduct that may result in the violation of an applicable environmental regulation or requirement. Bypassing any environmental control or monitoring device is strictly prohibited, except in an emergency situation or where specifically permitted by an appropriate government agency.

XXI. Alcohol, Drugs and Firearms

The Company is committed to maintaining a drug-free workplace. The Company prohibits the manufacture, distribution, sale, purchase, transfer, possession or use of illegal substances in the workplace, while representing the Company outside the workplace or if such activity affects work performance or the work environment of the Company. The Company further prohibits use of alcohol while on duty, unless at Company-sanctioned events. Employees are prohibited from reporting to work, or driving a Company vehicle or any vehicle on Company business, while under the influence of alcohol, any illegal drug or controlled substance, or any other intoxicant.

Employees, other service providers and visitors are not permitted to bring firearms onto Company property or to carry firearms while on Company business.

XXII. Media/General Public Inquiries

If any employee receives any media inquiries, they may not respond individually. Instead, they should refer the requestor to the Chief Executive Officer.

XXIII. Social Media

"Social Media" includes various modes of digitally published information and online content including, but not limited to, websites and applications for social networking, micro-blogging sites, online discussion forums, user-generated video and audio, podcasts, RSS feeds, file sharing, virtual worlds, electronic bulletin boards, text messaging, instant messaging and other forms of online communication.

Company employees are required to adhere to the following general principles when engaging in Social Media:

- Only authorized personnel are permitted to make public statements about the Company or its products.
- Do not make unauthorized disclosures of confidential information and generally avoid mixing personal and business-related content.
- Always be truthful and accurate in postings and realize that online comments are never truly anonymous.
- Never post anything that would violate Company policies against unlawful harassment, discrimination and retaliation; or that would otherwise reflect negatively on the Company or disparage other parties.
- Use of Social Media must also comply with all applicable Company policies, laws and regulations related to product promotion, privacy, copyright, media interactions and conflicts of interest.

The Company respects employee's right to communicate concerning terms and conditions of employment. Nothing in this Code is intended to interfere with their rights under federal and state laws, including the National Labor Relations Act, nor will the Company construe this Code in a way that limits such rights.

XXIV. Compliance with This Code and Reporting of Any Illegal or Unethical Behavior

All employees, directors and officers are expected to comply with all of the provisions of this Code. The Code will be strictly enforced throughout the Company and violations will be dealt with immediately, including subjecting persons to corrective and/or disciplinary action such as termination of employment or removal from office. Violations of the Code that involve illegal behavior may be reported to the appropriate authorities.

Employees, directors or officers should report any concerns or questions about a possible violation of ethics, laws, rules, regulations or this Code to their supervisors/managers, the Chief Executive Officer, or, in the case of accounting, internal accounting controls or auditing matters, the Audit Committee of the Board (the "Audit Committee"). Any concerns about a violation of ethics, laws, rules, regulations or this Code by any senior executive officer or director should be reported promptly to the Chief Executive Officer and the Chief Executive Officer shall notify the Nominating Committee of any violation. Any such concerns involving the Chief Executive Officer should be reported to the chair of the Nominating Committee. Reporting of such violations may also be done anonymously through the Company hotline, via telephone at +1 800-709-9235 or online at https://www.whistleblowerservices.com/PVLA. An anonymous report should provide enough information about the incident or situation to allow the Company to investigate properly. If concerns or complaints require confidentiality, including keeping an identity anonymous, the Company will endeavor to protect this confidentiality, subject to applicable law, regulation or legal proceedings.

The Company encourages all employees, officers and directors to report any suspected violations promptly and endeavors to thoroughly investigate any good faith reports of violations. The Company will not tolerate any kind of retaliation for reports or complaints regarding misconduct that were made in good faith. Open communication of issues and concerns by all employees without fear of retribution or retaliation is vital to the successful implementation of this Code. All employees, officers and directors are required to cooperate in any internal investigations of misconduct and unethical behavior and to respond to any questions in a complete and truthful manner.

The Company recognizes the need for this Code to be applied equally to everyone it covers. The Chief Executive Officer of the Company will have primary authority and responsibility for the enforcement of this Code, subject to the supervision of the Nominating Committee, or, in the case of accounting, internal accounting controls or auditing matters, the Audit Committee, and the Company will devote the necessary resources to enable the Chief Executive Officer to establish such procedures as may be reasonably necessary to create a culture of accountability and facilitate compliance with the Code. Questions concerning this Code should be directed to the Chief Executive Officer.

XXV. Reporting Violations to a Governmental Agency

Employees have the right to:

- Report possible violations of state or federal law or regulation that have occurred, are occurring, or are about to occur to any governmental agency or entity, or self-regulatory organization;

- Cooperate voluntarily with, or respond to any inquiry from, or provide testimony before any self-regulatory organization or any other federal, state or local regulatory or law enforcement authority;

- Make reports or disclosures to law enforcement or a regulatory authority without prior notice to, or authorization from, the Company; and

- Respond truthfully to a valid subpoena.

Employees have the right to not be retaliated against for reporting, either internally to the Company or to any governmental agency or entity or self-regulatory organization, information which they reasonably believe relates to a possible violation of law. It is a violation of federal law to retaliate against anyone who has reported such potential misconduct either internally or to any governmental agency or entity or self-regulatory organization. Retaliatory conduct includes discharge, demotion, suspension, threats, harassment, and any other manner of discrimination in the terms and conditions of employment because of any lawful act you may have performed. It is unlawful for the Company to retaliate against employees for reporting possible misconduct either internally or to any governmental agency or entity or self-regulatory organization.

Notwithstanding anything contained in this Code or otherwise, employees may disclose confidential Company information, including the existence and terms of any confidential agreements between yourself and the Company (including employment or severance agreements), to any governmental agency or entity or self-regulatory organization.

The Company cannot require employees to withdraw reports or filings alleging possible violations of federal, state or local law or regulation, and the Company may not offer employees any kind of inducement, including payment, to do so.

Employees' rights and remedies as a whistleblower protected under applicable whistleblower laws, including a monetary award, if any, may not be waived by any agreement, policy form, or condition of employment, including by a predispute arbitration agreement.

Even if an employee has participated in a possible violation of law, they may be eligible to participate in the confidentiality and retaliation protections afforded under applicable whistleblower laws, and may also be eligible to receive an award under such laws.

XXVI. Waivers and Amendments

Any amendment or waiver of any provision of this Code must be approved by the Board or, if appropriate, its delegate(s), and promptly disclosed pursuant to applicable laws and regulations. Any waiver or modification of the Code for a Senior Financial Officer will be promptly disclosed to stockholders if and as required by applicable law or the rules of the applicable stock exchange. "Senior Financial Officer" includes principal executive officer, principal financial officer and other senior employees who perform similar functions in the Company.

XXVII. Certification

You must sign, date and return the Certification set forth on Annex A attached hereto (or such other certification as the Chief Executive Officer may deem appropriate) stating that you have received, read, understand and agree to comply with this Code. The Company may require you to sign such a Certification on an annual basis, which Certification may be in electronic format. Please note that you are bound by the Code whether or not you sign the Certification.

Annex A

Certification

I hereby certify that:

1. I have read and understand Palvella Therapeutics, Inc.'s (the "Company") Code of Business Conduct and Ethics (the "Code"). I understand that the Chief Executive Officer is available to answer any questions I have regarding the Code.

2. Since I have been affiliated with the Company, I have complied with the Code.

3. I will continue to comply with the Code for as long as I am subject to the Code.

Print name: _____

Signature: _____

Date: _____

Even well-intentioned actions that violate the law or this Code may result in negative consequences for the Company and for the individuals involved. For employees, a violation of the Code may result in disciplinary action up to, and including, termination of employment, as well as civil and criminal penalties under federal, state, and country-specific laws and regulations.

You are required to familiarize yourself and comply with the Company's Insider Trading Policy, copies of which are available on the Company's internal website. If you ever have any questions about your ability to buy or sell securities, you should contact the Chief Executive Officer.

It is in the Company's best interest to protect and prevent inappropriate or unauthorized disclosures of the Company's confidential proprietary information, as well as third-party confidential proprietary information provided to the Company. Employees can help protect the Company's confidential proprietary information by following these principles:

- Be careful when using the telephone, smart phones, fax, e-mail, and other electronic means of storing and sending information.

- Do not forward confidential or proprietary information to non-Company e-mail accounts, even your own (e.g., Gmail) unless approved by your management.

- Terminate your access to any sensitive data no longer needed to perform your job.
- Do not discuss confidential information in public places where others may overhear (e.g., industry conferences, airports, trains, restaurants).
- Never provide confidential information to outsiders without first getting a written confidentiality agreement and approval from the Chief Executive Officer. If you have a question as to whether information is confidential, be sure to ask.
- Beware of informal telephone or e-mail requests from outsiders seeking information.
- Your obligation to protect the Company's proprietary and confidential information continues even after you leave the Company, and you must return all proprietary information in your possession upon leaving the Company.

Theft and misappropriation of intellectual property may result in significant fines and criminal penalties for us and for you. If you have any questions related to intellectual property matters, please consult the Chief Executive Officer.

Although it is not possible to describe every situation in which a conflict of interest may arise, the following are examples of situations that may constitute a conflict of interest:

- Working, in any capacity, for a competitor, customer, vendor or supplier while employed by the Company.
- Competing with the Company for the purchase or sale of property, products, services or other interests.
- Having an interest in a transaction involving the Company, a competitor, a customer or supplier (other than as an employee, officer or director of the Company and not including routine investments in publicly traded companies).
- Receiving a loan or guarantee of an obligation as a result of your position with the Company.
- Directing business to a vendor or supplier owned or managed by, or which employs, a relative or friend.
- Engaging in outside employment, which may adversely affect your job performance or responsibilities or cause absenteeism, tardiness, leaving early, or refusal to travel on Company business.
- Unauthorized use of any Company tools and equipment.
- Conducting any outside business during paid Company working time.

- Situations involving a conflict of interest may not always be obvious or easy to resolve. You should report actions that may involve a conflict of interest to the Chief Executive Officer.

- When in doubt as to whether a contemplated payment or gift may violate the FCPA, contact the Chief Executive Officer before taking any action.

- In addition, all such speaking engagements and presentations require additional review by Corporate Communications/Investor Relations, as appropriate.

- When appropriate, and in accordance with local laws, give notice and/or obtain consent when collecting, processing, transferring, and storing an individual's personal information. Consider masking/anonymizing personal information whenever appropriate, and properly destroy records containing personal information according to the Company's policies.

Exhibit 21.1

Subsidiaries

Entity	**Jurisdiction of Organization**
Palvella Therapeutics, Inc.	Delaware
Pieris Pharmaceuticals GmbH	Germany
Pieris Australia Pty Limited	Australia
Pieris Pharmaceuticals Securities Corporation	Massachusetts

Exhibit 99.1

Palvella Therapeutics Announces Closing of Merger with Pieris Pharmaceuticals and Concurrent Private Placement of $78.9 Million

Palvella Therapeutics to debut on Nasdaq under the ticker symbol "PVLA" as a publicly traded rare disease biopharmaceutical company advancing a late clinical-stage pipeline and a platform for treating serious, rare genetic diseases

Strong balance sheet with approximately $80.0 million of cash and cash equivalents, including proceeds from a PIPE financing co-led by BVF Partners, L.P. and Frazier Life Sciences

Cash expected to fund operations into the second half of 2027, including through Phase 3 SELVA clinical trial of QTORIN™ 3.9% rapamycin anhydrous gel (QTORIN™ rapamycin) for the treatment of microcystic lymphatic malformations (microcystic LMs) and Phase 2 clinical trial in cutaneous venous malformations (cutaneous VMs)

Microcystic LMs is a chronically debilitating and lifelong genetic disease affecting an estimated more than 30,000 diagnosed patients in the U.S.

QTORIN™ rapamycin has the potential to be the first approved therapy and standard of care in the U.S. for microcystic LMs and cutaneous VMs

WAYNE, PA., December 13, 2024 – Palvella Therapeutics, Inc. (Palvella), a clinical-stage biopharmaceutical company focused on developing and commercializing novel therapies to treat patients suffering from serious, rare genetic skin diseases for which there are no U.S. Food and Drug Administration (FDA)-approved therapies, today announced the completion of its previously announced merger with Pieris Pharmaceuticals, Inc. (Pieris). The combined company will operate under the name Palvella Therapeutics, Inc., and its shares are expected to begin trading on the Nasdaq Capital Market on December 16, 2024, under the ticker symbol "PVLA". Palvella will continue to be led by Wes Kaupinen, its Founder and Chief Executive Officer, and other members of the Palvella management team. The transaction was approved by Pieris stockholders at a special meeting held on December 11, 2024, and the transaction had been previously approved by Palvella stockholders.

"With strong support from leading healthcare-dedicated investors, Palvella is well positioned to enter the public markets and pursue our vision of becoming the leading rare disease company focused on developing and commercializing novel therapies to treat patients suffering from serious, rare genetic skin diseases," said Mr. Kaupinen. "This transaction will enable us to accelerate late-stage development of QTORIN™ rapamycin, our lead product candidate, for microcystic LMs and cutaneous VMs while also further advancing additional novel product candidates from our QTORIN™ platform."

Concurrent with the merger, Palvella completed a previously announced oversubscribed $78.9 million private placement co-led by BVF Partners, L.P., an existing investor, and Frazier Life Sciences, a new investor, and with participation from a syndicate of leading healthcare-dedicated investors. Additional new investors include Blue Owl Healthcare Opportunities, Nantahala Capital, DAFNA Capital Management, ADAR1 Capital Management, and a healthcare dedicated fund. Existing investors Samsara BioCapital, Petrichor, CAM Capital, Ligand Pharmaceuticals, Integrated Finance Group (an AscellaHealth partner company), BioAdvance, and Gore Range Capital also participated in the financing. Palvella's cash and cash equivalents of approximately $80.0 million is expected to fund operations into the second half of 2027, including through results from the SELVA Phase 3 clinical trial of QTORIN™ rapamycin for the treatment of microcystic LMs and Phase 2 clinical trial of QTORIN™ rapamycin in cutaneous VMs.

Palvella’s research team developed QTORIN™, a patented and versatile platform designed to generate novel topical therapies that penetrate the deep layers of the skin to locally treat a broad spectrum of serious, rare genetic skin diseases. Well-accepted mechanisms of action of rapamycin and other therapeutic agents represent potential therapies for rare genetic skin diseases. However, the adverse event profile of those agents through systemic exposure poses significant barriers to patient adoption. Palvella’s QTORIN™ product candidates are designed for targeted, localized delivery of therapeutic agents to pathogenic tissue of interest while minimizing systemic absorption and thereby reducing the risk of unwanted adverse events associated with systemic therapy.

Palvella's lead product candidate QTORIN™ rapamycin is a novel, patented 3.9% rapamycin anhydrous gel currently under development for the treatment of microcystic LMs, cutaneous VMs, and other serious, functionally debilitating skin diseases driven by the overactivation of the mammalian target of rapamycin (mTOR) pathway. QTORIN™ rapamycin has received FDA Breakthrough Therapy Designation, Fast Track Designation, and Orphan Drug Designation for microcystic LMs and is the recent recipient of up to a $2.6 million FDA Orphan Products Grant. QTORIN™ rapamycin has also received Fast Track Designation for venous malformations. QTORIN™ rapamycin is protected by issued composition patents covering anhydrous gel formulations of rapamycin, as well as methods of use, in the U.S., Japan, Australia, China and Israel and pending patent applications broadly covering anhydrous gel formulations of rapamycin, as well as methods of use, in the U.S. and other countries.

In the third quarter of 2024, Palvella initiated SELVA, a 24-week, Phase 3, single-arm, baseline-controlled clinical trial of QTORIN™ rapamycin administered once daily for the treatment of microcystic LMs. The primary efficacy endpoint is the change from baseline in the overall microcystic LM Investigator Global Assessment (mLM-IGA) at week 24. The Phase 3 study is enrolling approximately 40 subjects, age six or older, at leading vascular anomaly centers across the U.S.

Transaction Details

Based on the final exchange ratio of approximately 0.30946 shares of Pieris common stock for each share of Palvella common stock, at the closing of the merger, there are approximately 13.95 million shares of the combined company's common stock outstanding on a diluted basis, with prior Pieris stockholders owning approximately 11% on a diluted basis and prior Palvella stockholders (including investors in the private placement) holding approximately 89% of the combined company's outstanding common stock on a diluted basis.

In connection with the closing of the merger, Pieris issued a non-transferable contingent value right (CVR) to Pieris shareholders of record immediately prior to the closing, which does not include the former holders of shares of Palvella or the private financing investors. Holders of the CVR will be entitled to receive payments from proceeds received by the combined company, if any, under Pieris' existing partnership agreements with Pfizer and Boston Pharmaceuticals, in addition to other potential licensing agreements involving certain of Pieris' legacy assets, as well as certain potential payments related to historical research and development tax credits, which may or may not be realized.

TD Cowen served as lead placement agent and Cantor served as a placement agent for Palvella's concurrent financing. Troutman Pepper Hamilton Sanders LLP served as legal counsel to Palvella. Cooley LLP served as legal counsel to the placement agents. Stifel served as the exclusive financial advisor to Pieris and Mintz, Levin, Cohn, Ferris, Glovsky, and Popeo, P.C. served as legal counsel to Pieris.

About Microcystic Lymphatic Malformations

Microcystic LMs are a rare, chronically debilitating genetic disease caused by dysregulation of the phosphatidylinositol 3-kinase (PI3K)/mTOR pathway. The disease is characterized by malformed lymphatic vessels that protrude through the skin and persistently leak lymph fluid (lymphorrhea) and bleed, often leading to recurrent serious infections and cellulitis that can cause hospitalization. The natural history of microcystic LMs are persistent and progressive without spontaneous resolution, with symptoms generally worsening during life, including increases in the number and size of malformed vessels that lead to complications and lifetime morbidity. There are currently no FDA-approved treatments for the estimated more than 30,000 diagnosed patients with microcystic LMs in the United States.

About Palvella Therapeutics

Founded and led by rare drug disease drug development veterans, Palvella Therapeutics (Nasdaq: PVLA) is a clinical-stage biopharmaceutical company focused on developing and commercializing novel therapies to treat patients suffering from serious, rare genetic skin diseases for which there are no FDA-approved therapies. Palvella is developing a broad pipeline of product candidates based on its patented QTORIN™ platform, with an initial focus on serious, rare genetic skin diseases, many of which are lifelong in nature. Palvella's lead product candidate, QTORIN 3.9% rapamycin anhydrous gel (QTORIN™ rapamycin), is currently in the Phase 3 SELVA clinical trial in microcystic lymphatic malformations (microcystic LMs) and a Phase 2 trial in cutaneous venous malformations. For more information, please visit www.palvellatx.com or follow the Company on LinkedIn.

QTORIN™ rapamycin is for investigational use only and has not been approved or cleared by the FDA or by any other regulatory agency.

This press release contains forward-looking statements (including within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended (Securities Act)). These statements may discuss goals, intentions, and expectations as to future plans, trends, events, results of operations or financial condition, or otherwise, based on current beliefs of the management of Palvella and Pieris, as well as assumptions made by, and information currently available to, management of Palvella and Pieris. Forward-looking statements generally include statements that are predictive in nature and depend upon or refer to future events or conditions, and include words such as "may," "will," "should," "would," "expect," "anticipate," "plan," "likely," "believe," "estimate," "project," "intend," and other similar expressions or the negative or plural of these words, or other similar expressions that are predictions or indicate future events or prospects, although not all forward-looking statements contain these words. Statements that are not historical facts are forward-looking statements. Forward-looking statements include, but are not limited to, the sufficiency of the combined company's capital resources; the combined company's cash runway; the expected timing of the closing of the proposed transactions; statements regarding the potential of, and expectations regarding, Palvella's programs, including QTORIN™ rapamycin, and its research-stage opportunities, including its expected therapeutic potential and market opportunity; the expected timing of initiating, as well as the design of Palvella's Phase 2 clinical trial of QTORIN™ rapamycin in cutaneous venous malformations. Forward-looking statements are based on current beliefs and assumptions that are subject to risks and uncertainties and are not guarantees of future performance. Actual results could differ materially from those contained in any forward-looking statement as a result of various factors, including, without limitation: the limited operating history of each company; the significant net losses incurred since inception; the ability to raise additional capital to finance operations; the ability to advance product candidates through preclinical and clinical development; the ability to obtain regulatory approval for, and ultimately commercialize, Palvella's product candidates, including QTORIN™ rapamycin; the outcome of early clinical trials for Palvella's product candidates, including the ability of those trials to satisfy relevant governmental or regulatory requirements; the fact that data and results from clinical studies may not necessarily be indicative of future results; Palvella's limited experience in designing clinical trials and lack of experience in conducting clinical trials; the ability to identify and pivot to other programs, product candidates, or indications that may be more profitable or successful than Palvella's current product candidates; the substantial competition Palvella faces in discovering, developing, or commercializing products; the negative impacts of the global events on operations, including ongoing and planned clinical trials and ongoing and planned preclinical studies; the ability to attract, hire, and retain skilled executive officers and employees; the ability of Palvella and Pieris to protect their respective intellectual property and proprietary technologies; reliance on third parties, contract manufacturers, and contract research organizations. The foregoing review of important factors that could cause actual events to differ from expectations should not be construed as exhaustive and should be read in conjunction with statements that are included herein and elsewhere, including the risk factors included in Pieris' most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC, as well as the registration statement on Form S-4 filed with the SEC by Pieris in connection with the merger. Palvella and Pieris can give no assurance that the conditions to the proposed transactions will be satisfied. Except as required by applicable law, Palvella and Pieris undertake no obligation to revise or update any forward-looking statement, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

This press release contains hyperlinks to information that is not deemed to be incorporated by reference into this press release.

Palvella Therapeutics Contact Information

Investors
Wesley H. Kaupinen
Founder and CEO, Palvella Therapeutics
wes.kaupinen@palvellatx.com

Media
Stephanie Jacobson
Managing Director, Argot Partners
palvella@argotpartners.com

Exhibit 99.2

PALVELLA MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis provides information which Palvella's management believes is relevant to an assessment and understanding of Palvella's results of operations and financial condition. This discussion and analysis should be read together with the section of this proxy statement/prospectus entitled Palvella's audited and unaudited financial statements and related notes that are included elsewhere in this proxy statement/prospectus. This discussion and analysis should also be read together with the section of this proxy statement/ prospectus entitled "Palvella's Business" and the unaudited pro forma condensed combined financial information as of and for the three and nine months ended September 30, 2024 and for the year ended December 31, 2023 included in the section of this proxy statement/ /prospectus entitled "Unaudited Pro Forma Financial Information." In addition to historical financial analysis, this discussion and analysis contains forward-looking statements based upon current expectations that involve risks, uncertainties and assumptions, as described under the heading "Cautionary Statement Concerning Forward-Looking Statements and Market and Industry Information." Actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors—Risks Relating to Palvella's" or elsewhere in this proxy statement/prospectus.

Overview

Palvella is a clinical-stage biopharmaceutical company whose vision is to become the leading rare disease biopharmaceutical company focused on developing and, if approved, commercializing novel therapies to treat patients suffering from serious, rare genetic skin diseases for which there are no FDA-approved therapies. Palvella intends to leverage its versatile QTORIN platform to treat these patients. QTORIN is designed to generate new therapies that penetrate the deep layers of the skin to locally treat a broad spectrum of rare genetic skin diseases. Palvella's lead product candidate, QTORIN rapamycin, is in clinical development for two of these diseases: microcystic lymphatic malformations (LM), and cutaneous venous malformations. QTORIN rapamycin contains the active pharmaceutical ingredient rapamycin, also known as sirolimus, which is an inhibitor of mTOR, a kinase that plays a key role in cell growth and proliferation.

Palvella currently has one ongoing clinical trial and one clinical trial planned to start in the fourth quarter of 2024. Palvella's ongoing trial, SELVA, is a Phase 3 Baseline-Controlled Study Evaluating the Safety and Efficacy of QTORIN rapamycin in the Treatment of Microcystic LM. Palvella previously announced topline Phase 2 clinical trial results from the multi-center, open-label study of 12 subjects receiving QTORIN™ rapamycin once-daily for 12-weeks. The Phase 2 clinical trial featured multiple pre-specified efficacy assessments, including clinician and patient global impression assessments as well as assessments of individual clinical manifestations that are important disease burdens for individuals living with microcystic LMs. All participants in the Phase 2 clinical trial demonstrated improvements on the Clinician Global Impression of Change scale, with all participants in the study rated as either "Much Improved" (n=7, 58%) or "Very Much Improved" (n=5, 42%) after 12-weeks of treatment compared to the pre-treatment baseline period. Palvella expects to report top-line data for the Phase 3 study in approximately 40 participants with microcystic LM in the first quarter of 2026.

Microcystic LM is a serious, chronically debilitating, and lifelong disease of the lymphatic system characterized by lymphorrhea and acute cellulitis. It is estimated that there are more than 30,000 diagnosed patients in the United States with microcystic LM. The specific pathophysiology of microcystic LM is primarily the result of somatic activating mutations in PIK3CA which result in increased activation of the PI3K/mTOR pathway and subsequent lymphatic hyperplasia. Because microcystic LM has a well-understood pathophysiology and has a well-defined disease course, Palvella believes the optimal clinical study for this rare disease is a baseline-controlled Phase 3 study that incorporates both live clinician assessments and review by a blinded committee.

Palvella has received Breakthrough Therapy Designation, Fast Track Designation, and Orphan Drug Designation from the FDA for QTORIN rapamycin for the treatment of microcystic LM. Palvella has also received Fast Track Designation from the FDA for the treatment of venous malformations.

There are no FDA-approved therapies currently indicated for either microcystic LM or cutaneous venous malformations. If approved for the treatment of microcystic LM or cutaneous venous malformations, Palvella believes QTORIN rapamycin has the potential to become the standard of care for these diseases.

Palvella also has a planned study for cutaneous venous malformations, a Phase 2 Baseline-Controlled Study Evaluating the Safety and Efficacy of QTORIN rapamycin for the Treatment of Cutaneous Venous Malformations expected to start in the fourth quarter of 2024. Cutaneous venous malformations are a serious disease with a high unmet need characterized by dysregulated growth of malformed veins impacting the skin, causing functional impairment and deformity. It is estimated that there are more than 75,000 diagnosed patients in the United States with cutaneous venous malformations. Palvella is conducting a Phase 2 baseline-controlled clinical trial in approximately 15 participants in this patient population and expects to report top-line data in the fourth quarter of 2025.

Palvella also has additional preclinical research programs based on Palvella's QTORIN platform for the treatment of serious, rare genetic skin diseases for which Palvella believes there are significant unmet needs. As Palvella plans to expand its pipeline into new rare skin diseases, it plans to generate new product candidates with its QTORIN platform.

Palvella has multiple patents and patent applications directed to anhydrous gel formulations of rapamycin, including QTORIN rapamycin, and the use of such anhydrous gel formulations for the treatment certain skin disorders, including microcystic LM and venous malformations. Palvella's issued U.S. patents with claims directed to certain anhydrous gel formulations containing rapamycin and methods of treatment expire as in 2038.

Background

Palvella was formed under the laws of the State of Delaware on September 11, 2015 as Palvella Therapeutics LLC, a limited liability company. On May 30, 2018, Palvella converted into a Delaware corporation and changed its name to Palvella Therapeutics, Inc. Since Palvella's inception, it has devoted substantially all of its time to identifying, researching and conducting preclinical and clinical activities for its product candidates, acquiring and developing its platform technology, organizing and staffing its company, business planning, raising capital and establishing its intellectual property portfolio.

Since Palvella's inception in 2015, Palvella has incurred significant operating losses, and Palvella has never generated any revenue. Palvella's ability to generate revenue from product sales sufficient to achieve profitability will depend heavily on the successful development and commercialization of QTORIN rapamycin and other future product candidates. Further, if Palvella enters into license or collaboration agreements for any of its product candidates or intellectual property, Palvella may generate revenue in the future from payments as a result of such license or collaboration agreements; however, there can be no assurance that Palvella will be able to enter into any license or collaboration agreements. Palvella's operating loss was $5.1 million and $1.5 million for the three months ended September 30, 2024 and 2023, respectively. Palvella's operating loss was $9.7 million and $10.4 million for the nine months ended September 30, 2024 and 2023, respectively. Palvella's operating loss was $11.9 million and $18.0 million for the years ended December 31, 2023 and 2022, respectively. Since inception, as of September 30, 2024, Palvella's operations have been financed primarily by aggregate net proceeds of $77.0 million from the issuance of convertible preferred stock and convertible notes and $15.0 million from the Ligand Agreements with Ligand which is discussed further below. As of December 31, 2023, Palvella had an accumulated deficit of $76.3 million and cash and cash equivalents of $7.4 million. As of September 30, 2024, Palvella had an accumulated deficit of $89.8 million and cash equivalents of $14.2 million.

Palvella expects to continue to incur significant operating losses for the foreseeable future and expects to incur increased expenses as Palvella continues to advance its product candidates through clinical trials and regulatory submissions. Palvella may also incur expenses in connection with the in-licensing or acquisition of additional product candidates. Furthermore, upon the closing of the Merger (see the section below entitled "*Proposed Merger*"), Palvella expects to incur additional costs associated with operating as a public company, including significant legal, accounting, investor relations and other expenses that Palvella did not incur as a private company. If Palvella receives regulatory approval for QTORIN rapamycin for treatment of Microcystic LM, venous malformations or any future product candidates, Palvella expects to incur significant commercialization expenses related to product manufacturing, marketing, sales and distribution. Palvella's losses may fluctuate significantly from quarter-to-quarter and year-to-year, depending on the timing of its clinical trials and Palvella's expenditures on other research and development activities.

Ligand Development Funding and Royalty Agreement

In December 2018, Palvella entered into the Original Ligand Agreement, whereby Ligand made a one-time payment of $10.0 million to fund the development of QTORIN rapamycin. In November 2023, pursuant to the Amended Ligand Agreement Ligand made an additional one-time payment of $5.0 million to fund the development of QTORIN rapamycin. Under the Amended Ligand Agreement, Ligand is entitled to receive up to $8.0 million in milestone payments upon the achievement of certain milestones by Palvella related to QTORIN rapamycin for the treatment of any and all indications, of which $5.0 million of potential future milestone payments remain under the arrangement. In addition, Palvella agreed to pay to Ligand tiered royalties from 8.0% to 9.8% based on any aggregate annual worldwide net product sales of any products based on QTORIN rapamycin. The Amended Ligand Agreement includes an option for Ligand to purchase additional product revenue participation rights from Palvella over a certain period of time (as set forth in the Amended Ligand Agreement). The option allows Ligand, for each product developed on the QTORIN platform that completes the first human clinical trial in the United States, the opportunity to make an upfront payment (as set forth in the Amended Ligand Agreement) to Palvella in return for a royalty rate (as set forth in the Amended Ligand Agreement). Palvella's obligation to make future milestone payments under the Amended Ligand Agreement was determined to be a derivative liability and Palvella's obligation to make future royalty payments was determined to be a debt instrument. Please see "*—Critical Accounting Policies and Significant Judgments and Estimates—Ligand Agreement*" and "*Business—Ligand Development Funding Agreement*."

Recent Developments

Merger

On July 23, 2024, Palvella entered into the Merger Agreement with Pieris and the Merger closed on December 13, 2024.

PIPE Financing

On July 23, 2024, Pieris entered into a securities purchase agreement (the "Purchase Agreement") with certain investors, including BVF Partners, L.P., an existing stockholder of Pieris (the "PIPE Investors"). The PIPE financing closed on December 13, 2024.

Impact of Global Economic Events

Uncertainty in the global economy presents significant risks to Palvella's business. Palvella is subject to continuing risks and uncertainties in connection with the current macroeconomic environment, including increases in inflation and geopolitical factors, including the ongoing conflict between Russia and Ukraine and the responses thereto, and supply chain disruptions. While Palvella's management is closely monitoring the impact of the current macroeconomic conditions on all aspects of Palvella's business, including the impacts on its participants in its Phase 3 clinical trials, employees, suppliers, vendors and business partners, the ultimate extent of the impact on Palvella's business remains highly uncertain and will depend on future developments and factors that continue to evolve. Most of these developments and factors are outside Palvella's control and could exist for an extended period of time. Management will continue to evaluate the nature and extent of the potential impacts to Palvella's business, results of operations, liquidity and capital resources. For additional information, see the section entitled "*Risk Factors—Risks Related to Palvella*."

Components of Operating Results

Operating Expenses

Palvella's operating expenses since inception have consisted primarily of research and development expenses and general and administrative costs.

Research and Development Expenses

Palvella's research and development expenses consist primarily of costs incurred for the development of its product candidates, which include:

- costs related to production of preclinical and clinical materials, including CMC fees paid to CMOs;
- personnel costs, including salaries, related benefits and stock-based compensation expense for employees engaged in research and development functions;
- vendor expenses related to the execution of preclinical studies and clinical trials;
- expenses incurred under agreements with consultants that conduct research and development activities on Palvella's behalf;
- costs related to compliance with regulatory requirements; and
- allocated overhead, including rent, equipment and information technology costs.

Palvella expenses all research and development expenses in the periods in which they are incurred. Costs for certain research and development activities are recognized based on an evaluation of the progress to completion of specific tasks using information and data provided to Palvella by its vendors and other service providers. This process involves reviewing open contracts, communicating with Palvella's personnel to identify services that have been performed on Palvella's behalf and estimating the level of service performed and the associated cost incurred for the service when Palvella has not yet been invoiced or otherwise notified of actual costs. Any nonrefundable advance payments that Palvella makes for goods or services to be received in the future for use in research and development activities are recorded as prepaid expenses. Such amounts are expensed as the related goods are delivered or the related services are performed, or until it is no longer expected that the goods will be delivered or the services rendered.

Palvella's indirect research and development expenses are not currently tracked on a program-by-program basis. Palvella uses its personnel and infrastructure resources across multiple research and development programs to identify and develop product candidates.

Research and development activities account for a significant portion of Palvella's operating expenses. Palvella expects its research and development expenses to increase substantially for the foreseeable future as Palvella continues to invest in research and development activities related to developing its product candidates, including investments in advancing its programs and conducting clinical trials. In particular, Palvella expects to incur substantial research and development expenses to continue late-stage clinical development and pursue regulatory approvals of QTORIN rapamycin for the treatment of microcystic LM, venous malformations and the development of Palvella's preclinical programs. Product candidates in later stages of clinical development generally incur higher development costs than those in earlier stages, primarily due to the increased size and duration of later-stage clinical trials. As a result, Palvella expects its research and development expenses to increase as its product candidates advance into later stages of clinical development.

Because of the numerous risks and uncertainties associated with product development and the current stage of development of Palvella's product candidates and programs, Palvella cannot reasonably estimate or know the nature, timing and estimated costs necessary to complete the remainder of the development of Palvella's product candidates or programs. The duration, costs and timing of preclinical studies and clinical trials and development of Palvella's product candidates will depend on a variety of factors, including:

- timely completion of Palvella's preclinical studies and clinical trials, which may be significantly slower or cost more than it currently anticipate and may depend substantially upon the performance of certain third-party contractors;

- delays in validating, or inability to validate, any endpoints utilized in a clinical trial;

- the prevalence, duration and severity of potential side effects or other safety issues experienced with Palvella's product candidates, if any, or experienced by competitors who are developing topical rapamycin products or who are targeting the same indications in the rare genetic skin diseases space;

- the ability of CMOs upon which Palvella relies to manufacture clinical supplies of its product candidates or any future product candidates to remain in good standing with relevant regulatory authorities and to develop, validate and maintain commercially viable manufacturing processes that are compliant with cGMP;

- Palvella's ability to retain patients who have enrolled in a clinical study but may be prone to withdraw due to the rigors of the clinical trial, lack of efficacy, side effects, personal issues or loss of interest;

- Palvella's ability to establish and enforce intellectual property rights in and to its current product candidates or any future product candidates; and

- minimizing and managing any delay or disruption to Palvella's ongoing or planned clinical trials.

A change in the outcome of any of these factors with respect to the development of any of Palvella's product candidates would significantly change the costs and timing associated with the development of that product candidate.

Palvella may never succeed in achieving regulatory approval for any of its product candidates. Palvella's preclinical studies and clinical trials may be unsuccessful. Palvella may elect to discontinue, suspend or modify clinical trials of some product candidates or focus on others. A change in the outcome of any of these factors could mean a significant change in the costs and timing associated with the development of Palvella's current and future preclinical and clinical product candidates. For example, if the FDA or another regulatory authority were to require Palvella to conduct additional clinical trials beyond those that Palvella currently anticipates will be required for the completion of any of Palvella's product candidates' clinical development, or if Palvella experiences significant delays in execution of or enrollment in any of its preclinical studies or clinical trials, Palvella could be required to expend significant additional financial resources and time on the completion of preclinical and clinical development for such product candidates.

General and Administrative Expenses

Palvella's general and administrative expenses consist primarily of the following costs:

- personnel costs, including salaries, related benefits, travel and stock-based compensation expense for personnel in executive, finance and administrative functions; and
- professional fees for legal, intellectual property, information technology, financial, human resources, consulting, audit and accounting services not otherwise included in research and development expenses.

Palvella anticipates that its general and administrative expenses will increase substantially in the future as Palvella increases its headcount to support its organizational growth. Following the completion of the Merger, Palvella also anticipates that it will incur increased accounting, audit, legal, regulatory, compliance and director and officer insurance costs as well as investor and public relations expenses associated with Palvella's operations as a public company. In addition, if Palvella obtains regulatory approval for a product candidate and does not enter into a third-party commercialization collaboration, Palvella expects to incur significant expenses related to building a sales and marketing organization to support product sales, marketing and distribution activities.

Other (Expense) Income

Palvella's other (expense) income for the years ended December 31, 2023 and 2022 primarily consists of non-cash interest expense with respect to the royalty agreement liability, and fair value adjustments on the derivative liability components of the Ligand Agreements. Palvella's other (expense) income is subject to variability due to changes in the fair value of the derivative liabilities as well as the potential variability of the royalty agreement liability, both of which are based on significant estimates regarding the timing and success of future development and commercialization activities. During the second quarter of 2023, Palvella received data from certain of its clinical trials that reduced the projected net product sales related to QTORIN rapamycin and the corresponding probabilities of successful commercialization, resulting in a significant reduction in the expected future royalty payments and a corresponding reduction in the royalty agreement liability. In November 2023, the Ligand Agreement was extinguished and the Amended Ligand Agreement was recorded at the estimated fair value of the royalty agreement liability on the date of the amendment. This resulted in a non-cash gain on extinguishment being recorded in other (expense) income related to the difference between the carrying value of the liability and its estimated fair value on the date of amendment.

Income Taxes

Since May 2018, Palvella has not recorded any income tax benefits for NOLs. Palvella believes, based upon the weight of available evidence, that it is more likely than not that all of Palvella's NOLs and tax credits will not be realized. Accordingly, Palvella has established a valuation allowance against such deferred tax assets for all periods since inception.

Palvella assesses its income tax positions and records tax benefits based upon management's evaluation of the facts, circumstances, and information available at the reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, Palvella records the amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority having full knowledge of all relevant information. For those income tax positions for which it is not more likely than not that a tax benefit will be sustained, no tax benefit is recognized in the financial statements.

The Company had no provision for income taxes for the year ended December 31, 2023. The Company recorded a benefit for income taxes of $1.0 million for the year ended December 31, 2022 which consisted of approximately $0.1 million of current federal tax benefit and $0.9 million of current state tax benefit. The 2022 tax benefit is attributed to the reversal of the company's uncertain tax position due to the lapse of the 2018 Pennsylvania statute of limitations concerning the timing of the payment received under the Original Ligand Agreement.

As of December 31, 2023, Palvella had federal and state NOL carryforwards in the amount of $36.7 million and $37.6 million, respectively, which may be available to offset future taxable income. The state NOL carryforwards begin expiring at various dates through 2038, unless previously utilized. All federal NOL carryforwards were generated subsequent to January 1, 2018 and therefore are able to be carried forward indefinitely. As of December 31, 2023, Palvella has orphan drug credits of $0.2 million to reduce future federal taxes through 2039.

Results of Operations

Comparison of Three Months Ended September 30, 2024 and 2023

The following sets forth Palvella's results of operations:

	Three Months Ended September 30,		Change	
	2024	2023	$	%
Operating expenses:				
Research and development	$ 3,182	$ 1,096	$ 2,086	190%
General and administrative	1,880	457	1,423	311%
Total operating expenses	5,062	1,553	3,509	226%
Operating loss	(5,062)	(1,553)	(3,509)	(226)%
Other (expense) income:				
Interest expense - royalty agreement	(1,017)	(1,298)	281	22%
Interest expense – convertible notes payable	(220)	-	(220)	(100)%
Fair value adjustments on derivative liabilities	(75)	(52)	(23)	(44)%
Fair value adjustments on convertible notes payable	(568)	-	(568)	(100)%
Other income, net	167	71	96	135%
Net loss	$ (6,775)	$ (2,832)	$ (3,943)	(139)%

Research and Development Expenses

The table below summarizes Palvella's research and development expenses incurred by development program:

	Three Months Ended September 30,		Change	
(in thousands)	2024	2023	$	%
QTORIN rapamycin for PC and GS	$ -	$ 511	$ (511)	(100)%
QTORIN rapamycin for microcystic LM	637	9	628	6,979%
QTORIN rapamycin for VM	73	-	73	100%
QTORIN rapamycin CMC costs	847	227	620	273%
Non-program specific and unallocated research and development expenses:				
Salaries and stock-based compensation	1,021	174	847	487%
Consultants	354	100	254	255%
Other	250	75	175	233%
Total research and development expenses	$ 3,182	$ 1,096	$ 2, 086	190%

For the three months ended September 30, 2024, research and development expenses were $3.2 million, compared to $1.1 million for the three months ended September 30, 2023. The increase in research and development expenses during the three months ended September 30, 2024 was primarily due to higher salaries and stock-based compensation costs of $0.8 million, CMC costs of $0.6 million, and microcystic LM program spending of $0.7 million. Partially offsetting this increase was a decrease in PC and GS programs as a result of the 2023 second quarter readouts of the PC and GS clinical trials.

General and Administrative Expenses

For the three months ended September 30, 2024, general and administrative expenses were $1.9 million, compared to 0.5 million for the three months ended September 30, 2023. The increase in general and administrative expenses during the three months ended September 30, 2023 was primarily due to an increase in professional services and legal costs as a result of the activity associated with the Merger Agreement.

Other (Expense) Income

Other (expense) income for the three months ended September 30, 2024 and 2023 was ($1.7) million and ($1.3) million, respectively. The increase in other expense of $0.4 million was primarily attributable to interest expense and fair value adjustments on the convertible notes payable that were issued in 2024, partially offset by a decrease in royalty agreement interest expense.

Comparison of Nine Months Ended September 30, 2024 and 2023

The following sets forth Palvella's results of operations:

	Nine Months Ended September 30,		Change	
	2024	2023	$	%
Operating expenses:				
Research and development	$ 5,608	$ 8,094	$ (2,486)	(31)%
General and administrative	4,121	2,359	1,762	75%
Total operating expenses	9,729	10,453	(724)	(7)%
Operating loss	(9,729)	(10,453)	724	(7)%
Other income (expense):				
Interest income/ (expense) - royalty agreement	(2,764)	7,407	(10,171)	(137)%
Interest expense – convertible notes payable	(249)	-	(249)	(100)%
Fair value adjustments on derivative liabilities income/ (expense)	(404)	541	(945)	(175)%
Fair value adjustments on convertible notes payable	(568)	-	(568)	(100)%
Other income, net	231	657	(426)	(65)%
Net income (loss)	$ (13,483)	$ (1,848)	$ (11,635)	(630)%

Research and Development Expenses

The table below summarizes Palvella's research and development expenses incurred by development program:

(in thousands)	Nine Months Ended September 30, 2024	2023	Change $	Change %
QTORIN rapamycin for PC and GS	$ -	$ 3,232	$ (3,232)	(100)%
QTORIN rapamycin for microcystic LM	1,064	175	889	508%
QTORIN rapamycin for VM	73	-	73	100%
QTORIN rapamycin CMC costs	1,000	785	215	27%
Non-program specific and unallocated research and development expenses:				
Salaries and stock-based compensation	2,373	1,871	502	27%
Consultants	705	1,652	(946)	(57)%
Other	393	379	14	4%
Total research and development expenses	$ 5,608	$ 8,094	$ (2,486)	(31)%

Research and development expenses for the nine months ended September 30, 2024 were $5.6 million compared to $8.1 million for the nine months ended September 30, 2023. The decrease in research and development expenses during the nine months ended September 30, 2024 was due to decreased program and consulting expenses incurred from the PC and GS programs as a result of the 2023 second quarter readouts of the PC and GS clinical trials and partially offset by increased microcystic LM program spending as well as increased salary and stock-based compensation expenses.

General and Administrative Expenses

For the nine months ended September 30, 2024, general and administrative expenses were $4.1 million compared to $2.4 million for the nine months ended September 30, 2023. The increase in general and administrative expenses during the nine months ended September 30, 2024 was primarily due to increased professional services and legal costs associated with the Merger Agreement.

Other Income (Expense)

Other income (expense) during the nine months ended September 30, 2024 was ($3.8) million of expense as compared to $8.6 million of income during the nine months ended September 30, 2023. During the second quarter of 2023, the Company received data from certain of its clinical trials that reduced the projected net product sales related to QTORIN rapamycin and the corresponding probabilities of successful commercialization, resulting in a significant reduction in the expected future royalty payments and a corresponding reduction in the royalty agreement liability. The Company incurred non-cash interest income (expense) related to the royalty agreement of ($2.8) million and $7.4 million for the nine months ended September 30, 2024 and 2023.

Comparison of Fiscal Years Ended December 31, 2023 and 2022

The following sets forth Palvella's results of operations:

	Year Ended December 31,		Change	
	2023	2022	$	%
Operating expenses:				
Research and development	$ 8,793	$ 13,884	$ (5,091)	(37)%
General and administrative	3,076	4,156	(1,080)	(26)%
Total operating expenses	11,869	18,040	(6,171)	(34)%
Operating loss	(11,869)	(18,040)	6,171	34%
Other income (expense):				
Interest income/ (expense) - royalty agreement	6,265	(10,364)	16,629	160%
Fair value adjustments on derivative liabilities income/ (expense)	485	(300)	785	262%
Gain on extinguishment - royalty agreement	23,098	-	23,098	100%
Other income, net	712	126	586	465%
Income/ (loss) before income taxes	18,691	(28,578)	47,269	165%
Income tax - (expense) benefit	-	1,026	(1,026)	(100)%
Net income (loss)	$ 18,691	$ (27,552)	$ 46,243	(168)%

Research and Development Expenses

The table below summarizes Palvella's research and development expenses incurred by development program:

	Year Ended December 31,		Change	
(in thousands)	2023	2022	$	%
QTORIN rapamycin for PC and GS	$ 3,682	$ 5,684	$ (2,002)	(35)%
QTORIN rapamycin for microcystic LM	164	961	(797)	(83)%
QTORIN rapamycin CMC costs	878	2,561	(1,683)	(66)%
Non-program specific and unallocated research and development expenses:				
Salaries and stock-based compensation	2,383	2,795	(412)	(15)%
Consultants	1,229	1,222	7	1%
Other	457	661	(204)	(31)%
Total research and development expenses	$ 8,793	$ 13,884	$ (5,091)	(37)%

Research and development expenses for the year ended December 31, 2023 were $8.8 million compared to $13.9 million for the year ended December 31, 2022. The decrease in research and development expenses during the year ended December 31, 2023 was due to decreased expenses incurred from the PC and GS programs as a result of the 2023 readouts of the PC and GS clinical trials as well as decreased CMC costs across all programs.

General and Administrative Expenses

For the year ended December 31, 2023, general and administrative expenses were $3.1 million compared to $4.2 million for the year ended December 31, 2022. The decrease in general and administrative expenses during the year ended December 31, 2023 was primarily due to decreases in personnel-related costs as a result of salary reductions in the second half of 2023 following the readouts of the PC and GS clinical trials.

Other Income (Expense)

Other income (expense) during the year ended December 31, 2023 was $30.6 million of income as compared to ($10.5) million of expense during the year ended December 31, 2022. During the second quarter of 2023, the Company received data from certain of its clinical trials that reduced the projected net product sales related to QTORIN rapamycin and the corresponding probabilities of successful commercialization, resulting in a significant reduction in the expected future royalty payments and a corresponding reduction in the royalty agreement liability. The Company incurred non-cash interest income (expense) related to the royalty agreement of $6.3 million and ($10.4) million for the years ended December 31, 2023 and 2022. In addition, the Company recorded a $23.1 million gain on extinguishment of the royalty agreement liability in connection with the Amended Ligand Agreement in November 2023.

Liquidity and Capital Resources

Sources of Liquidity

Since inception, Palvella's operations have been financed primarily by aggregate net proceeds of $77.0 million from the issuance of convertible preferred stock and convertible notes, and $15.0 million received under the Ligand Agreements. Palvella will continue to be dependent upon equity and debt financings, collaborations or other sources of third-party capital at least until Palvella is able to generate positive cash flows from product sales, if ever.

Palvella incurred net losses of $6.8 million and $2.8 million for the three months ended September 30, 2024 and 2023, respectively. Palvella incurred net losses of $13.5 million and $1.8 million for the nine months ended September 30, 2024 and 2023, respectively. As of September 30, 2024, Palvella had an accumulated deficit of $89.8 million and cash and cash equivalents of $14.2 million. Palvella's primary use of cash is to fund operating expenses, which consist primarily of research and development expenditures, and, to a lesser extent, general and administrative expenditures. Cash used to fund operating expenses is impacted by the timing of when Palvella pays these expenses, as reflected in the change in accounts payable and accrued expenses.

Going Concern

Palvella's financial statements included elsewhere in the proxy statement/prospectus have been prepared on a basis which assumes Palvella does have sufficient funds to support operations through the one-year period from the issuance of the September 30, 2024 and 2023 financial statements. In December 2024, the Company closed the merger receiving $11.4 million of cash from the public company and an additional $66.0 million from the closing of the PIPE, $60.0 million from PIPE investors and $6.0 million received from convertible notes. The total PIPE was $78.4 million in total cash, of which $18.4 million was received under convertible notes, and $60.0 million received at the closing of the PIPE. As discussed in Note 1 to those financial statements, Palvella has incurred losses from operations and negative cash flows from operations, and does not expect to generate revenues or operating cash flows for the foreseeable future.

Future Funding Requirements

Palvella has not generated product revenue or achieved profitability since its inception and expects to continue to incur net losses for the foreseeable future. As of December 13, 2024, Palvella had approximately $80.0 million in cash and cash equivalents, net of deal expenses. Based on its current business plans, Palvella believes that its existing cash and cash equivalents will be sufficient to fund its planned operations for the one year period following the date of this filing. Moreover, Palvella expects its losses to increase as it continues to advance Palvella's product candidates through clinical trials and regulatory submissions. Palvella may also incur expenses in connection with the in-licensing or acquisition of additional product candidates. Furthermore, upon the closing of the Merger, Palvella expects to incur additional costs associated with operating as a public company, including significant legal, accounting, investor relations and other expenses that Palvella did not incur as a private company. Palvella's primary uses of capital have been, and Palvella expects will continue to be, compensation and related expenses, third-party clinical research, manufacturing and development services, license payments or milestone obligations that may arise, manufacturing costs, legal and other regulatory expenses and general overhead costs.

Based upon Palvella's operating plan, Palvella believes that the anticipated net proceeds from the PIPE Financing, together with Palvella's and Pieris' projected available cash and cash equivalents upon the closing of the Merger, will be sufficient to fund Palvella operating expenses into the second half of 2027. To continue to finance Palvella's operations beyond that point, Palvella may need to raise additional capital, the success of which cannot be assured. Palvella has based this estimate on assumptions that may prove to be wrong, and Palvella could exhaust its available capital resources sooner than Palvella currently expects. If Palvella receives regulatory approval for QTORIN rapamycin for the treatment of microcystic LM, or any of Palvella's future product candidates, Palvella expects to incur significant commercialization expenses related to manufacturing, sales, marketing, and distribution, or from any out licensing of the product. Palvella is also responsible for up to $5.0 million in milestone payments to Ligand under the Amended Ligand Agreement upon the achievement of certain regulatory milestones by Palvella related to QTORIN rapamycin, which may be triggered prior to the commercialization of any of Palvella's product candidates and ability to generate revenue. Please see "—*Critical Accounting Policies and Significant Judgments and Estimates—Ligand Agreement*" and "*Palvella's Business-Ligand Development Funding Agreement*".

Palvella will continue to require additional capital to advance its current product candidates through clinical development, to develop, acquire or in-license other potential product candidates and to fund Palvella's operations for the foreseeable future. Palvella may finance its cash needs through public or private equity or debt offerings or other third party sources such as strategic collaborations. However, Palvella may be unable to raise additional funds or enter into such other arrangements when needed or on terms that are acceptable to Palvella, or at all. To the extent that Palvella raises additional capital by issuing equity securities, Palvella's existing stockholders may experience substantial dilution, and the terms of these securities may include liquidation or other preferences detrimental to the rights of Palvella common stockholders. Any agreements for future debt or preferred equity financings, if available, may involve covenants limiting or restricting Palvella's ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If Palvella raises additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, Palvella may be required to relinquish valuable rights to its technologies, future revenue streams, research programs or product candidates, or grant licenses on terms that may not be favorable to Palvella. Palvella may seek additional capital due to favorable market conditions or strategic considerations even if Palvella believes it has sufficient funds for its current or future operating plans.

Palvella's future funding requirements depend on many factors, including, but not limited to:

- timing and outcome of regulatory review for QTORIN rapamycin for the treatment of microcystic LM, or Palvella's other product candidates;
- the cost of commercialization and manufacturing activities with respect to QTORIN rapamycin and Palvella's ability to successfully commercialize this product candidate, if approved;
- the scope, progress, results and costs of researching and developing QTORIN rapamycin, or any future product candidates, and conducting preclinical studies and clinical trials;
- the number and scope of clinical programs Palvella decides to pursue;
- the cost of manufacturing Palvella's product candidates and any products Palvella commercializes, including costs associated with developing Palvella's supply chain;

- the cost of commercialization activities if any of Palvella's product candidates are approved for sale, including marketing, sales and distribution costs;
- Palvella's ability to establish and maintain strategic collaborations, licensing or other arrangements and the financial terms of any such agreements that Palvella may enter into;
- the timing and sales of any future approved products, if any;
- the potential size of the markets for Palvella's approved products, if any;
- the timing and amount of milestone or royalty payments due under the Ligand Agreements or under similar arrangements with any future collaboration or licensing partners;
- the expenses needed to attract and retain skilled personnel;
- Palvella's need to implement additional internal systems and infrastructure, including financial and reporting systems, and other costs associated with being a public company; and
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing Palvella's intellectual property portfolio

Further, Palvella's development and commercialization operating plans may change, and Palvella may need additional funds to meet operational needs and capital requirements for clinical trials and other research and development activities and commercialization of QTORIN rapamycin, if approved. Because of the numerous risks and uncertainties associated with the development and commercialization of Palvella's product candidates, Palvella may be unable to estimate the amounts of increased capital outlays and operating expenditures associated with its current and anticipated product development programs.

Cash Flows

The following table summarizes Palvella's cash flows for the nine months ended September 30, 2024 and 2023:

	Nine Months Ended September 30,	
(in thousands)	**2024**	**2023**
Net cash (used in) provided by:		
Operating activities	$ (5,447)	(11,276)
Financing activities	12,304	-
Net increase (decrease) in cash and cash equivalents	$ 6,857	(11,276)

Net cash used in operating activities

Net cash used in operating activities for the nine months ended September 30, 2024 and September 30, 2023 consisted of net income for the period adjusted for non-cash items and changes in components of operating assets and liabilities. For the nine months ended September 30, 2024, a net loss of ($13.5) million was adjusted for non-cash items of $8.0 million, including non-cash interest expense of $2.8 million, change in fair value of derivative liabilities-royalty agreement of $0.4 million, change in fair value of convertible notes payable of $0.6 million, stock-based compensation expense of $0.6 million, and a net increase of $3.4 million due to changes in operating assets and liabilities. For the nine months ended September 30, 2023, net loss of ($1.8) million was adjusted for non-cash items of $9.4 million, including non-cash interest income of $7.4 million, change in fair value of derivative liabilities-royalty agreement of ($0.5) million, stock-based compensation expense of $0.5 million, and a net decrease of $1.9 million due to changes in operating assets and liabilities.

Net cash provided by financing activities

For the nine months ended September 30, 2024, net cash provided by financing activities were $12.3 million, entirely attributable to proceeds from issuance of convertible notes payable of $12.4 million less issuance costs of $0.1 million.

The following table summarizes Palvella's cash flows for the years ended December 31, 2023 and 2022:

	Year Ended December 31,	
(in thousands)	**2023**	**2022**
Net cash (used in) provided by:		
Operating activities	$ (13,703)	$ (14,840)
Financing activities	5,000	9,566
Net decrease in cash and cash equivalents	$ (8,703)	$ (5,274)

Net cash used in operating activities

Net cash used in operating activities for the years ended December 31, 2023 and December 31, 2022 consisted of net income for the period adjusted for non-cash items and changes in components of operating assets and liabilities. For the year ended December 31, 2023, a net income of $18.7 million was adjusted for non-cash items of $32.3 million, including gain on extinguishment of royalty agreement of ($23.1) million, non-cash interest income of ($6.3) million, change in fair value of derivative liabilities-royalty agreement of ($0.5) million, stock-based compensation expense of $0.6 million, and a net decrease of $3.1 million due to changes in operating assets and liabilities. For the year ended December 31, 2022, a net loss of $27.6 million was adjusted for non-cash items of $12.6 million, including non-cash interest expense of $10.4 million, change in fair value of derivative liabilities-royalty agreement of $0.3 million, stock-based compensation expense of $0.4 million, and a net increase of $1.6 million due to changes in operating assets and liabilities.

Net cash provided by financing activities

For the years ended December 31, 2023 and December 31, 2022, net cash provided by financing activities consisted of $5.0 million and $9.6 million, respectively, primarily attributable to proceeds from the Amended Ligand Agreement and issuance of Series D preferred stock, respectively.

Contractual Obligations and Commitments

Leases

Palvella leases office space in Wayne, Pennsylvania. Palvella's future lease payments for these facilities is $0.1 million for the remaining term, which shall automatically renew in October 2024.

Ligand Agreement

In December 2018, Palvella entered into the Original Ligand Agreement with Ligand, whereby Ligand agreed to make a one-time payment of $10.0 million to fund the development of QTORIN rapamycin. As partial consideration for the one-time payment, Palvella granted Ligand the right to receive up to $8.0 million in milestone payments upon the achievement of certain corporate, financing and regulatory milestones by Palvella related to QTORIN rapamycin for the treatment of any and all indications. The total amount of potential future milestone payments remaining under the arrangement were $5.0 million as of December 31, 2023. In addition, Palvella agreed to pay to Ligand tiered royalties from 5.0% to 9.8% based on any aggregate annual worldwide net product sales of any products based on QTORIN rapamycin. On a licensed product-by-licensed product and country-by-country basis, the royalty period is from the date of first commercial sale of such licensed product in a country until the latest of (i) the expiration of the last valid claim within the licensed patent rights covering such licensed product in the country in which such licensed product is made, used or sold, (ii) the expiration of the regulatory exclusivity term conferred by the applicable regulatory authority in such country with respect to such licensed product, and (iii) the fifteenth anniversary of the first commercial sale of such licensed product in such country.

In November 2023, Palvella and Ligand entered into the Amended Ligand Agreement, whereby Ligand paid Palvella an additional $5.0 million in return for an increase in the future tiered royalties to 8.0% to 9.8% of any aggregate annual worldwide net product sales of any products based on QTORIN rapamycin.

Other

Further, Palvella enters into contracts in the normal course of business with service providers for clinical trials, preclinical research studies and testing, manufacturing, and other services and products for operating purposes. Palvella's payment obligations under these contracts generally provide for termination upon notice and, therefore, Palvella believes that its non-cancelable obligations under these agreements are not material and Palvella cannot reasonably estimate the timing of any such payments or if and when they will occur.

Palvella may also enter into additional research, manufacturing, supplier and other agreements in the future, which may require up-front payments or long-term commitments of cash.

Critical Accounting Policies and Significant Judgments and Estimates

Management's discussion and analysis of Palvella's financial condition and results of operations is based on the audited financial statements included elsewhere in this proxy statement/prospectus, which have been prepared in accordance with GAAP in the United States. The preparation of these financial statements requires Palvella to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported expenses incurred during the reporting periods. Palvella's estimates are based on Palvella's historical experience and on various other factors that Palvella believes are 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. Palvella's actual results may differ from these estimates under different assumptions or conditions.

While Palvella's significant accounting policies are more fully described in the notes to the audited financial statements included elsewhere in this proxy statement/prospectus, Palvella believes that the accounting policies discussed below are critical to understanding Palvella's historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

Research and Development Expenses and Accruals

Palvella estimates costs of research and development activities conducted by service providers, which include, the conduct of sponsored research, preclinical studies and contract manufacturing activities. Palvella records the estimated costs of research and development activities based upon the estimated amount of services provided but not yet invoiced and include these costs in accrued expenses and other current liabilities or prepaid expenses and other current assets on the balance sheets and within research and development expense on the statements of operations.

Palvella estimates these costs based on factors such as estimates of the work completed and budget provided and in accordance with agreements established with Palvella's collaboration partners and third-party service providers. Palvella makes significant judgments and estimates in determining the accrued liabilities and prepaid expense balances in each reporting period. As actual costs become known, Palvella adjusts accrued liabilities or prepaid expenses. While Palvella's actual results could differ from their estimates, Palvella has not experienced any material differences between accrued costs and actual costs incurred since Palvella's inception.

Palvella's expenses related to clinical trials are based on estimates of patient enrollment and related expenses at clinical trial investigator sites as well as estimates for the services received and efforts expended pursuant to contracts with multiple research institutions that may be used to conduct and manage clinical trials on Palvella's behalf. Palvella generally accrues expenses related to clinical trials based on contracted amounts applied to the level of patient enrollment and activity. If timelines or contracts are modified based upon changes in the clinical trial protocol or scope of work to be performed, Palvella modifies estimates of accrued expenses accordingly on a prospective basis.

Ligand Agreement

Under the terms of the Ligand Agreements, Palvella received $15.0 million to fund the development of QTORIN rapamycin, in exchange for Ligand's right to receive future payments based on the development and commercialization of products covered under the Ligand Agreements. Ligand is entitled to receive up to an additional $5.0 million of milestone payments upon the achievement of certain regulatory milestones by Palvella related to QTORIN rapamycin for the treatment of any and all indications. Palvella's obligation to make milestone payments under the Ligand Agreements was determined to be a derivative liability, and Palvella's obligation to make future royalty payments was determined to be a debt instrument.

The accounting for liabilities under the Ligand Agreements requires Palvella to make certain estimates and assumptions about the timing and probability of FDA approval and commercialization, and the amount of future net sales for any product containing QTORIN rapamycin. The estimated future net sales are based on subjective assumptions that include the estimated size of the addressable patient population and the anticipated pricing of the Company's products. These assumptions are subject to significant variability, and are thus subject to significant uncertainty.

Royalty payments will be recorded as debt service payments on the royalty agreement liability. Interest expense is determined using the effective interest method based upon risk adjusted cash flow estimates of Palvella's expected future royalty payments, yielding an effective interest rate of 38.9% and 30.3% as of December 31, 2023 and 2022, respectively. The effective interest rate is estimated at each balance sheet date based on the rate that would enable the liability to be repaid in full over the anticipated life of the arrangement. This effective interest rate will likely be subject to variability as Palvella continues the development and commercialization of Palvella's products. The derivative liabilities — royalty agreement is classified as long term on Palvella's balance sheet according to the estimated timing of the occurrence of potential payments.

The fair value of the derivative liabilities — royalty agreement with respect to the potential milestone payments is determined based upon the estimated probabilities and timing of the achievement of milestones, discounted to present value using Palvella's estimated weighted average cost of capital. The assumptions used to determine the fair value of the derivative liabilities — royalty agreement at December 31, 2023 and 2022 were (a) weighted cost of capital of 25%; and (b) 50% probability of achieving regulatory approval of a product by the FDA with a term of 3.5 and 1.75 years, respectively. Gains and losses arising from changes in fair value of the derivative liabilities — royalty agreement are recognized within Palvella's statements of operations as fair value adjustments on the derivative liabilities — royalty agreement and in the balance sheet as a non-current liability for each financial reporting period.

Palvella's estimates and assumptions with respect to the royalty agreement liability and derivative liabilities — royalty agreement are likely to change as Palvella develops and commercializes QTORIN rapamycin, if approved. Any such adjustments that may become necessary will impact the recorded value of the royalty agreement liability and the derivative liabilities — royalty agreement, the accretion of interest expense on the royalty agreement liability and the fair value adjustments on derivative liabilities — royalty agreement.

Stock-Based Compensation

Palvella accounts for stock-based compensation in accordance with Accounting Standards Codification, Compensation-Stock Compensation, or ASC 718. In accordance with ASC 718, compensation cost is measured at estimated fair value and is included as compensation expense over the vesting period during which service is provided in exchange for the award.

Palvella uses the Black-Scholes option pricing model, or "Black-Scholes", to determine the fair value of Palvella's stock options. Black-Scholes utilizes various assumptions, including the fair value per share of the underlying common stock issuable upon exercise of the options, the expected life of the options, the expected stock price volatility from peer companies and the expected risk-free interest rate. These assumptions reflect Palvella's best estimates, but they involve inherent uncertainties based on market conditions generally outside Palvella's control.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option pricing model. Black-Scholes requires inputs based on certain subjective assumptions, including (i) the expected stock price volatility, (ii) the expected term of the award, (iii) the risk-free interest rate and (iv) expected dividends. Due to the lack of a public market for Palvella's common stock and lack of company-specific historical and implied volatility data, Palvella has based its computation of expected volatility on the historical volatility of a representative group of public companies with similar characteristics to Palvella, including stage of product development and life science industry focus. The historical volatility is calculated based on a period of time commensurate with the expected term assumption. Palvella used the simplified method to calculate the expected term for options granted whereby the expected term equals the arithmetic average of the vesting term and the original contractual term of the options due to its lack of sufficient historical data. The risk-free interest rate is based on U.S. Treasury securities with a maturity date commensurate with the expected term of the associated award. The expected dividend yield is assumed to be zero as Palvella has never paid dividends and has no current plans to pay any dividends on its common stock.

As a result, if other assumptions had been used, stock-based compensation cost could have been materially impacted. Furthermore, if Palvella uses different assumptions for future grants, stock-based compensation cost could be materially impacted in future periods.

Palvella will continue to use judgement in evaluating the assumptions utilized for its stock-based compensation expense calculations on a prospective basis. In addition to the assumptions used in the Black-Scholes, Palvella's policy is to account for forfeitures as they occur in accordance with ASC 718. Palvella reverses compensation expense cost previously recognized, in the period the award is forfeited, for an award that is forfeited before completion of the requisite service period.

Determination of Fair Value of Common Stock on Grant Date

As Palvella common stock has not been publicly traded, Palvella periodically estimated the fair value of the Palvella common stock considering, among other things, contemporaneous valuations of its common stock prepared by an unrelated third-party valuation firm in accordance with the guidance provided by the AICPA, Valuation of Privately-Held-Company Equity Securities Issued as Compensation. Palvella's stock valuations were prepared using either a hybrid method, where the equity value in one or more of the scenarios is calculated using an option-pricing method, or a probability-weighted expected return method, or "PWERM", where the fair value of common stock is estimated based upon an analysis of future values for Palvella, assuming various outcomes. Under the PWERM, the common stock value is based on the probability-weighted present value of expected future investment returns considering each of the possible outcomes available as well as the rights of each class of stock. The future value of the common stock under each outcome is discounted back to the valuation date at an appropriate risk-adjusted discount rate and probability weighted to arrive at an indication of value for the common stock. In addition to considering the results of these third-party valuations, Palvella considered various objective and subjective factors to determine the price of its common stock as of each grant date, which may be as of a date later than the most recent third-party valuation date.

Recently Adopted Accounting Pronouncements

Refer to Note 2, "*Summary of Significant Accounting Policies*," in the notes to Palvella's audited financial statements for the periods ended September 30, 2024 and December 31, 2023 appearing elsewhere in this proxy statement/prospectus for a discussion of recent accounting pronouncements.

Off-Balance Sheet Arrangements

During the periods presented, Palvella did not have, nor does it currently have, any off-balance sheet arrangements as defined in the rules and regulations of the SEC.

Quantitative and Qualitative Disclosures about Market Risk

Palvella is a smaller reporting company as defined by Item 10 of Regulation S-K and is not required to provide the information otherwise required under this item.

Exhibit 99.3

FINANCIAL STATEMENTS (UNAUDITED)

Palvella Therapeutics, Inc.
For the Quarterly Period Ended September 30, 2024

PALVELLA THERAPEUTICS, INC.

Table of Contents

PALVELLA THERAPEUTICS, INC.

BALANCE SHEETS

(in thousands, except share and per share amounts)

	September 30, 2024 *(unaudited)*	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 14,207	$ 7,350
Deferred transaction costs	1,673	—
Prepaid expenses and other current assets	441	198
Total current assets	16,321	7,548
Total assets	$ 16,321	$ 7,548
Liabilities and stockholders' deficit		
Current liabilities:		
Accounts payable	$ 3,130	$ 936
Accrued expenses and other current liabilities	4,505	1,424
Total current liabilities	7,635	2,360
Royalty agreement liability	10,819	8,054
Derivative liabilities – royalty agreement	1,418	1,014
Convertible notes payable	13,250	—
Total liabilities	33,122	11,428
Commitments and contingencies (Note 10)		
Convertible preferred stock, $0.00001 par value; 20,655,895 shares authorized; 15,360,787 shares issued and outstanding at September 30, 2024 and December 31, 2023; aggregate liquidation value of $66,063 at September 30, 2024	70,603	70,603
Stockholders' deficit:		
Common stock, $0.00001 par value; 29,000,000 (25,500,000 voting and 3,500,000 non-voting) shares authorized; 5,720,009 (5,050,000 voting and 670,009 non-voting) shares issued and outstanding at September 30, 2024 and December 31, 2023	—	—
Additional paid-in capital	2,380	1,818
Accumulated deficit	(89,784)	(76,301)
Total stockholders' deficit	(87,404)	(74,483)
Total liabilities, convertible preferred stock and stockholders' deficit	$ 16,321	$ 7,548

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

PALVELLA THERAPEUTCS, INC.

STATEMENTS OF OPERATIONS (UNAUDITED)

(in thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating expenses:				
Research and development	$ 3,182	$ 1,096	$ 5,608	$ 8,094
General and administrative	1,880	457	4,121	2,359
Total operating expenses	5,062	1,553	9,729	10,453
Operating loss	(5,062)	(1,553)	(9,729)	(10,453)
Other (expense) income:				
Interest (expense) income - royalty agreement	(1,017)	(1,298)	(2,764)	7,407
Interest expense – convertible notes payable	(220)	-	(249)	-
Fair value adjustments on derivative liabilities - royalty agreement	(75)	(52)	(404)	541
Fair value adjustments on convertible notes payable	(568)	-	(568)	-
Other (expense) income, net	167	71	231	657
Net loss	$ (6,775)	$ (2,832)	$ (13,483)	$ (1,848)
Net loss per share:				
Basic and diluted	$ (1.22)	$ (0.53)	$ (2.46)	$ (0.42)
Weighted-average shares used in computing net loss per share:				
Basic and diluted	5,720,009	5,720,009	5,720,009	5,720,009

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

PALVELLA THERAPEUTICS, INC.

STATEMENTS OF CHANGES IN CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT (UNAUDITED)

(in thousands, except share amounts)

For the Three Months Ended September 30, 2024 and 2023

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balance at June 30, 2023	15,360,787	$ 70,603	5,720,009	$ —	$ 1,515	$ (94,008)	$ (92,493)
Stock-based compensation	—	—	—	—	154	—	154
Net loss	—	—	—	—	—	(2,832)	(2,832)
Balance at September 30, 2023	15,360,787	$ 70,603	5,720,009	$ —	$ 1,669	$ (96,840)	$ (95,171)
Balance at June 30, 2024	15,360,787	$ 70,603	5,720,009	$ —	$ 2,181	$ (83,009)	$ (80,828)
Stock-based compensation	—	—	—	—	199	—	199
Net loss	—	—	—	—	—	(6,775)	(6,775)
Balance at September 30, 2024	15,360,787	$ 70,603	5,720,009	$ —	$ 2,380	$ (89,784)	$ (87,404)

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

PALVELLA THERAPEUTICS, INC.

STATEMENTS OF CHANGES IN CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT (UNAUDITED)

(in thousands, except share amounts)

For the Nine Months Ended September 30, 2024 and 2023

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balance at January 1, 2023	15,360,787	$ 70,603	5,720,009	$ —	$ 1,215	$ (94,992)	$ (93,777)
Stock-based compensation	—	—	—	—	454	—	454
Net loss	—	—	—	—	—	(1,848)	(1,848)
Balance at September 30, 2023	15,360,787	$ 70,603	5,720,009	$ —	$ 1,669	$ (96,840)	$ (95,171)
Balance at January 1, 2024	15,360,787	$ 70,603	5,720,009	$ —	$ 1,818	$ (76,301)	$ (74,483)
Stock-based compensation	—	—	—	—	562	—	562
Net loss	—	—	—	—	—	(13,483)	(13,483)
Balance at September 30, 2024	15,360,787	$ 70,603	5,720,009	$ —	$ 2,380	$ (89,784)	$ (87,404)

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

PALVELLA THERAPEUTICS, INC.

STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities		
Net loss	$ (13,483)	$ (1,848)
Adjustments to reconcile net loss to net cash used in operating activities:		
Non-cash interest (income) expense – royalty agreement	2,764	(7,407)
Non-cash interest expense – convertible notes payable	249	—
Change in fair value of derivative liabilities - royalty agreement	404	(541)
Change in fair value of convertible notes payable	568	—
Stock-based compensation	562	454
Costs to issue convertible notes payable	129	—
Change in operating assets and liabilities:		
Prepaid expenses and other current assets	(243)	290
Accounts payable	2,195	(1,184)
Accrued expenses and other current liabilities	1,408	(1,040)
Net cash used in operating activities	(5,447)	(11,276)
Cash flows from financing activities		
Proceeds from the issuance of convertible notes payable	12,433	—
Costs to issue convertible notes payable	(129)	—
Net cash provided by financing activities	12,304	—
Net increase (decrease) in cash and cash equivalents	6,857	(11,276)
Cash and cash equivalents at beginning of year	7,350	16,053
Cash and cash equivalents at end of period	$ 14,207	$ 4,777
Supplementary schedule of non-cash financing activities:		
Deferred transaction costs, accrued but not paid	$ 1,673	$ —

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

1. Description of Business, Organization and Liquidity

Business Risks and Liquidity

Palvella Therapeutics, Inc. (the "Company") is a late clinical-stage biopharmaceutical company committed to serving individuals suffering from serious, rare genetic skin diseases without approved therapies. The Company's lead product candidate, QTORIN 3.9% rapamycin anhydrous gel ("QTORIN rapamycin"), is based on the Company's patented QTORIN platform. QTORIN rapamycin is in clinical development for two rare genetic skin disorders. Since inception, the Company has devoted substantially all of its time to identifying, researching and conducting preclinical and clinical activities for its product candidates, acquiring and developing its platform technology, organizing and staffing the Company, business planning, raising capital and establishing its intellectual property portfolio. The Company's principal executive offices are located in Wayne, Pennsylvania.

Liquidity

Since inception, the Company has incurred net losses and negative cash flows from operations. During the three and nine months ended September 30, 2024, the Company reported net loss of $6.8 million and $13.5 million, respectively, and net cash used in operating activities of $5.4 million. At September 30, 2024, the Company had an accumulated deficit of $89.8 million.

The Company has financed its operations to date primarily through the sale of its convertible preferred stock, funding received under a royalty agreement, and entering into a convertible note purchase agreement that are convertible into the Company's common stock based on certain conditions and events. $13.2 million of the convertible note purchase agreements has been issued as of September 30, 2024, which includes $12.4 million in principal and $0.8 million of accrued interest and other expense related to the fair value adjustment of the convertible notes. An additional $6.0 million in convertible notes has been issued in total through December 13, 2024. Management does not expect to generate commercial revenue or operating cash flows for at least the next several years. The Company's ability to continue as a going concern in the near term is largely dependent on its ability to obtain additional sources of financing in order to fund operating expenses, complete development of its product candidates, obtain regulatory approvals, launch, and commercialize its product candidates, and continue research and development programs. Assuming no additional fund raising, the Company's forecasted cash required to fund operations indicates that the Company does have sufficient funds to support operations through the one-year period from the issuance date of these financial statements. Accordingly, there is no doubt about the Company's ability to continue as a going concern within one year after the date that these financial statements are issued. In December 2024, the Company closed the merger receiving $11.4 million of cash from the public company and an additional $66.0 million from the closing of the PIPE, $60.0 million from PIPE investors and $6.0 million received from convertible notes. The total PIPE was $78.4 million in total cash, of which $18.4 million was received under convertible notes, and $60.0 million received at the closing of the PIPE.

The accompanying financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts of classification of liabilities that might result from the outcome of this uncertainty.

2. Summary of Significant Accounting Policies

Basis of presentation

The accompanying unaudited financial statements have been prepared in conformity with accounting principles generally accepted in the United States ("GAAP") for interim reporting. Any references in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASU") of the Financial Accounting Standards Board ("FASB").

Accordingly, these interim Financial Statements do not include all disclosures required by U.S. GAAP for annual financial statements pursuant to the rules and regulations of the U.S. Securities and Exchange Commission, or SEC. In management's opinion, the unaudited interim Financial Statements have been prepared on the same basis as the annual financial statements and include all adjustments, which include only normal recurring adjustments, necessary for the fair presentation of the Company's financial position as of September 30, 2024, the Company's results of operations for the three and nine months ended September 30, 2024 and 2023, and cash flows for the nine months ended September 30, 2024 and 2023. The results of operations for the three and nine months ended September 30, 2024 are not necessarily indicative of the results to be expected for the full fiscal year or any other future interim or annual periods.

The information contained within the unaudited interim financial statements should be read in conjunction with the audited financial statements and accompanying notes as of and for the year ended December 31, 2023.

Use of estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Management considers many factors in selecting appropriate financial accounting policies and controls and in developing the estimates and assumptions that are used in the preparation of these financial statements. Management must apply significant judgment in this process and actual results could differ materially from those estimates.

Concentration of credit risk and other risks and uncertainties

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents. The Company holds all cash at two accredited financial institutions in amounts that exceed federally insured limits. The Company does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships. The Company has not experienced any losses on its deposits of cash and cash equivalents.

The Company is dependent on contract manufacturing organizations ("CMOs") to supply products for research and development of its product candidates, including pre-clinical and clinical studies, and for commercialization of its product candidates, if approved. The Company's development programs could be adversely affected by any significant interruption in its CMOs' operations or by a significant interruption in the supply of active pharmaceutical ingredients and other components.

Products developed by the Company require approval from the U.S. Food and Drug Administration ("FDA") or other international regulatory agencies prior to commercial sales. There can be no assurance the Company's product candidates will receive the necessary approvals. If the Company is denied approvals, approvals are delayed, or it is unable to maintain approvals received, such events could have a materially adverse impact on the Company.

Cash and cash equivalents

Cash and cash equivalents are held in accounts at two independent financial institutions. Cash equivalents are defined as money market funds with maturity from date of purchase of 90 days or less that are readily convertible into cash.

Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.

- Level 2 – Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.

- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies, and similar techniques.

At September 30, 2024 and December 31, 2023, the carrying amounts of financial instruments, which include cash and cash equivalents, accounts payable, and accrued expenses and other liabilities, approximate their fair value due to their short maturities. The Company records its derivative liabilities and convertible notes payable at fair value. At September 30, 2024 and December 31, 2023, the fair value of the royalty agreement liability, which is based on Level 3 inputs (including probability-weighted cash flow estimates of the Company's potential future royalty payments and a weighted-average cost of capital of 24.0% and 24.5%, respectively) is approximately $11.9 million and $8.0 million, respectively.

Derivative instruments

The Company has milestone payments which may be required in connection with the royalty agreement (see Note 4) that were determined to be derivative liabilities. The valuation of the derivative liabilities is based on unobservable inputs and, therefore, represent Level 3 financial liabilities. The fair value of the derivative liabilities – royalty agreement was calculated using the present value of the potential payments using a weighted-average cost of capital and an assessment of the probability of the achievement of the milestones as well as an assessment of the timing of the potential milestone payments.

The derivative liabilities – royalty agreement was initially recorded at fair value, with gains and losses arising for changes in fair value of the derivative liabilities – royalty agreement recognized within the statements of operations as fair value adjustments on the derivative liabilities at each financial reporting period.

Convertible Notes

The fair value of the Convertible Notes was based on a probability-weighted expected return model ("PWERM"), which represents Level 3 measurements. The valuation utilized unobservable inputs, including estimates of the probability and timing of future commercialization of products not yet approved by the FDA or other regulatory agencies. Other significant assumptions include the discount rate, the fair value of our common stock, volatility, probability of the Convertible Notes being held to maturity, the probabilities of certain exit events, including a qualified financing, non-qualified financing, or corporate transaction.

As permitted under FASB ASC Topic 825, Financial Instruments ("ASC 825"), the Company elected the fair value option to account for its September 2024 convertible notes (collectively, the "Convertible Notes"). In accordance with ASC 825, the Company records these convertible notes at fair value with changes in fair value recorded in the Statement of Operations. As a result of applying the fair value option, direct costs and fees of $0.1 million related to the convertible notes were expensed as incurred and were not deferred. See Note 6.

Research and development expenses

Research and development costs are charged to expense as incurred. Research and development expenses include, among other costs, salaries and benefits of scientific personnel and the external cost of producing and testing the clinical material for clinical trials.

The Company has entered various research and development and clinical trial-related contracts. The Company defers and capitalizes prepaid nonrefundable advance research and development payments to third parties for goods and services to be used in future research and development activities and recognizes to research and development expense over the period that the research and development activities are performed or the services are provided. These agreements are generally cancelable, and related payments are recorded as research and development expenses as incurred. The Company records accruals for estimated ongoing research and clinical trial costs. When determining the accruals, at the end of a reporting period, the Company analyzes progress of its studies and clinical trials, including the phase or completion of events, invoices received and contracted costs. Actual results could differ from the Company's estimates.

Stock-based compensation

The Company measures all stock options and other stock-based awards granted to employees, directors, consultants, and other nonemployees based on the fair value on the date of the grant and recognizes compensation expense of those awards over the requisite service period on a straight-line basis, which is generally the vesting period of the respective award. The Company recognizes forfeitures at the time forfeitures occur.

The Company classifies stock-based compensation expense in its statements of operations in the same way the payroll costs or service payments are classified for the related stock-based award recipient.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option pricing model ("Black-Scholes"). Black-Scholes requires inputs based on certain subjective assumptions, including (i) the expected stock price volatility, (ii) the expected term of the award, (iii) the risk-free interest rate and (iv) expected dividends. Due to the lack of a public market for the Company's common stock and lack of company-specific historical and implied volatility data, the Company has based its computation of expected volatility on the historical volatility of a representative group of public companies with similar characteristics to the Company, including stage of product development and life science industry focus. The historical volatility is calculated based on a period of time commensurate with expected term assumption. The Company uses the simplified method to calculate the expected term for options granted whereby the expected term equals the arithmetic average of the vesting term and the original contractual term of the options due to its lack of sufficient historical data. The risk-free interest rate is based on U.S. Treasury securities with a maturity date commensurate with the expected term of the associated award. The expected dividend yield is assumed to be zero as the Company has never paid dividends and has no current plans to pay any dividends on its common stock.

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 recorded as a reduction of research and development costs in the statements of operations. In September 2024, the Company received a grant award notice from the Department of Health and Human Services in connection with its ongoing Phase 3 clinical trial, SELVA, whereby the Company expects to receive approximately $0.5 million through August 2025. For the quarter ended September 30, 2024, the Company recognized $14,000 of grant income as a reduction to research and development costs in the statements of operations.

Income taxes

The Company accounts for income taxes using the asset and liability method, which requires the recognition of deferred taxes using an asset and liability approach. The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred income tax assets and liabilities are determined based on differences between the financial statement reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred income tax assets are reduced, as necessary, by a valuation allowance when management determines it is more likely than not that some or all the tax benefits will not be realized. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the period that such tax rate changes are enacted.

The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not to be sustained upon examination based on the technical merits of the position. The amount of the accrued liability for which an exposure exists is measured as the largest amount of benefit determined on a cumulative probability basis that the Company believes is more likely than not to be realized upon ultimate settlement of the position. The Company has elected to treat interest and penalties, to the extent they arise, as a component of income taxes.

Related party transactions

The Company's board of directors reviews and approves transactions with directors, officers, and holders of 5% or more of its voting securities and their affiliates, each a related party. The material facts as to the related party's relationship or interest in the transaction are disclosed to its board of directors prior to their consideration of such transaction, and the transaction is not considered approved by its board of directors unless a majority of the directors who are not interested in the transaction approve the transaction.

Segments

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the chief operating decision maker ("CODM"), in deciding how to allocate resources to an individual segment and in assessing performance. The Company's CODM is its chief executive officer. The Company has determined it operates in one segment.

Net (loss) income per share

The Company's convertible preferred stock are participating securities. Accordingly, in any period in which the Company reports net income, basic earnings per share is computed using the "two-class" method which includes the weighted- average number of shares of common stock outstanding during the period and other securities that participate in dividends (a participating security). During the periods where the Company incurs net losses, the Company allocates no loss to participating securities because these securities have no contractual obligation to share in the losses of the Company.

Basic net loss per share of common stock is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during each period. Diluted net loss per share of common stock includes the effect, if any, from the potential exercise or conversion of securities, such as convertible preferred stock and stock options, which would result in the issuance of incremental shares of common stock. For diluted net loss per share, the weighted-average number of shares of common stock is the same for basic net loss per share due to the fact that when a net loss exists, dilutive securities are not included in the calculation as the impact is anti-dilutive. For the three and nine months ended September 30, 2024 and 2023 basic and diluted net loss per share are the same.

Recently issued accounting standards

In December 2023, the FASB issued ASU No. 2023-09, Improvements to Income Tax Disclosures which requires disclosure of disaggregated income taxes paid, prescribes standard categories for the components of the effective tax rate reconciliation, and modifies other income tax-related disclosures. ASU No. 2023-09 is effective for fiscal years beginning after December 15, 2024 for public companies and December 15, 2025 for private companies and allows for adoption on a prospective basis, with a retrospective option. Early adoption is permitted. The Company is currently evaluating the impact of the ASU on the income tax disclosures within its financial statements.

In November 2023, the FASB issued ASU No. 2023-07, Improvements to Reportable Segment Disclosures which requires that a public entity provide additional segment disclosures on an interim and annual basis. The amendments in this ASU should be applied retrospectively to all prior periods presented in the financial statements, unless impracticable. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. For public companies the ASU is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of the adoption on the Company's financial statements.

3. Fair Value Measurements

The following table presents information about the Company's financial assets and liabilities measured at fair value on a recurring basis and indicate the level of the fair value hierarchy utilized to determine such fair values (in thousands):

	September 30, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Current assets:				
Money market funds	$ 13,889	$ —	$ —	$ 13,889
Total assets measured at fair value	$ 13,889	$ —	$ —	$ 13,889
Liabilities:				
Derivative liabilities - royalty agreement	$ —	$ —	$ 1,418	$ 1,418
Convertible notes payable	—	—	13,250	13,250
Total liabilities measured at fair value	$ —	$ —	$ 14,668	$ 14,668

	December 31, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Current assets:				
Money market funds	$ 7,203	$ —	$ —	$ 7,203
Total assets measured at fair value	$ 7,203	$ —	$ —	$ 7,203
Liabilities:				
Derivative liabilities - royalty agreement	$ —	$ —	$ 1,014	$ 1,014
Total liabilities measured at fair value	$ —	$ —	$ 1,014	$ 1,014

Money market funds are highly liquid investments and are actively traded. The pricing information on the Company's money market funds is based on quoted prices in active markets for identical securities. This approach results in a classification of these securities as Level 1 of the fair value hierarchy. Money market funds are cash equivalents and are included in cash and cash equivalents on the Company's balance sheet as of September 30, 2024 and December 31, 2023.

The Company measures the Convertible Notes and warrant liabilities at fair value based on significant inputs not observable in the market, which causes them to be classified as a Level 3 measurement within the fair value hierarchy. These valuations use assumptions and estimates the Company believes would be made by a market participant in making the same valuation. The Company assesses these assumptions and estimates on an on-going basis as additional data impacting the assumptions and estimates are obtained. Changes in the fair value of the Convertible Notes and warrant liabilities related to updated assumptions and estimates are recognized within the statements of operations. There were no changes in instrument-specific credit risk for the Notes for the periods ended September 30, 2024.

The fair value of the Convertible Notes and warrant liabilities may change significantly as additional data is obtained, impacting the Company's assumptions regarding probabilities of outcomes used to estimate the fair value of the liabilities. The estimates of fair value may not be indicative of the amounts that could be realized in a current market exchange. Accordingly, the use of different market assumptions and/or different valuation techniques may have a material effect on the estimated fair value amounts, and such changes could materially impact the Company's results of operations in future periods.

The key assumptions used to determine the fair value of the derivative liabilities – royalty agreement at September 30, 2024 and December 31, 2023 are as follows:

	September 30, 2024	December 31, 2023
Discount rate	24.0%	25.0%
Probability rate of achieving FDA approval of a product	56.6%	50.0%
Expected term to FDA regulatory approval of a product (in years)	2.67	3.50

The following assumptions were used in determining the fair value of the Convertible Notes as of September 30, 2024:

	September 30, 2024
Risk-free interest rate	4.40%
Volatility	77.50%
Dividend yield	0.00%
Probability-weighted remaining term (years)	0.5
Stock price	$ 3.67

The following tables provide reconciliations of the liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at September 30, 2024 (in thousands):

Derivative Liabilities – Royalty Agreement

	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2024
Balance, beginning of period	$ 1,343	$ 1,014
Fair value adjustments	75	404
Balance, end of the period	$ 1,418	$ 1,418

Convertible Notes Payable

	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2024
Balance, beginning of period	$ 10,029	$ -
Initial fair value at issuance	-	10,000
Issuance of convertible notes during the period	2,433	2,433
Accrued interest expense	220	249
Fair value adjustments	568	568
Balance, end of the period	$ 13,250	$ 13,250

4. Strategic Agreements

Ligand Development Funding Agreement

In December 2018, the Company entered into the Ligand Agreement with Ligand, whereby Ligand agreed to make a one-time payment of $10.0 million to fund the development of QTORIN rapamycin. As partial consideration for the one-time payment, the Company granted Ligand the right to receive up to $8.0 million in milestone payments upon the achievement of certain corporate, financing and regulatory milestones by the Company related to QTORIN rapamycin for the treatment of any and all indications. In addition, the Company agreed to pay to Ligand tiered royalties from 5.0% to 9.8% based on any aggregate annual worldwide net product sales of any products based on QTORIN rapamycin. On a licensed product-by-licensed product and country-by-country basis, the royalty period is from the date of first commercial sale of such licensed product in a country until the latest of (i) the expiration of the last valid claim within the licensed patent rights covering such licensed product in the country in which such licensed product is made, used or sold, (ii) the expiration of the regulatory exclusivity term conferred by the applicable regulatory authority in such country with respect to such licensed product, and (iii) the fifteenth anniversary of the first commercial sale of such licensed product in such country. In certain circumstances, the agreement allowed the Company to reduce the royalty rates under the Ligand Agreement by making payments ("Royalty Buy Down Payments"). Specifically, once the Company has made royalty payments to Ligand equal to certain specified amounts in the mid eight figures, the Company has the option to make Royalty Buy Down Payments at any time during the remainder of the term of the Ligand Agreement to reduce its certain royalty tier percentages on annual worldwide net sales of any products by one or two percentage points. Such Royalty Buy Down Payments range in size from the low seven figures to the low eight figures.

Ligand may terminate the agreement for any or no reason upon a 90-day notice to the Company. Ligand may also terminate the agreement for cause in connection with a material breach that the Company does not cure within a certain period of time.

The total amount of potential future milestone payments remaining under the arrangement were $5.0 million as of September 30, 2024 and December 31, 2023. The potential future milestone payments represent derivative liabilities with a fair value of $1.4 million and $1.0 million as of September 30, 2024 and December 31, 2023, respectively, which are classified as derivative liabilities – royalty agreement on the accompanying balance sheets. See Note 3 for fair value measurements.

The Company's obligation to pay tiered royalties under the Ligand Agreement was determined to be a debt instrument based on the likelihood of repaying the amounts provided to fund the development of QTORIN rapamycin and that the Company has significant continuing involvement in the generation of the cash flows potentially due to Ligand. This obligation is reflected as royalty agreement liability which is classified as a long-term liability on the accompanying balance sheets. Interest expense with respect to the royalty agreement liability is determined using the effective interest method based upon probability-adjusted cash flow estimates of the Company's potential future royalty payments under the Ligand Agreement, yielding an effective interest rate of 39.9% and 20.2% for the three and nine months ended September 30, 2024 and 2023, respectively. Changes in these estimates impact the amount of interest expense recognized through the accompanying statements of operations. During the second quarter 2023, the Company received data from certain of its clinical trials that reduced the projected net product sales related to QTORIN rapamycin and the corresponding probabilities of successful commercialization resulting in a significant reduction in the future royalty agreement liability. In the second quarter of 2024, the Company received data that adjusted the projected net product sales related to QTORIN rapamycin resulting in an increase to the future royalty agreement liability. The Company incurred non-cash interest expense of $1.0 million and $1.3 million for the three months ended September 30, 2024 and 2023, respectively. The Company incurred non-cash interest expense of $2.8 million for the nine months ended September 30, 2024 and non-cash interest income of $7.4 million for the nine months ended September 30, 2023. Interest (expense) income is a component of the royalty agreement liability on the accompanying balance sheets.

In November 2023, the Ligand Agreement was amended (the "Amended Ligand Agreement"), whereby Ligand paid the Company an additional $5.0 million in return for an increase in the future tiered royalties to 8.0% to 9.8% of any aggregate annual worldwide net product sales of any products based on QTORIN rapamycin. The Royalty Buy Down Payments, and the associated rate modifications, in the original agreement were eliminated as part of the amendment. The Company determined that the original Ligand Agreement was extinguished with the newly Amended Ligand Agreement recorded at the estimated fair value of the royalty agreement liability on the date of the amendment. This resulted in a one-time, non-cash gain on extinguishment of approximately $23.1 million for the quarter ended December 31, 2023.

The Ligand Agreement requires the Company to make certain estimates and assumptions about the future development, FDA approval, commercialization, and net sales of any product containing QTORIN rapamycin. These estimates and assumptions are subject to significant variability and are thus subject to significant uncertainty. Therefore, these estimates and assumptions are likely to change as the Company develops and commercializes products containing QTORIN rapamycin that may result in future adjustments to the royalty agreement liability, the derivative liabilities, and the accretion of interest expense.

5. Accrued Expenses and Other Current Liabilities

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

	September 30, 2024	December 31, 2023
Professional fees	$ 2,343	$ 960
Compensation expense	1,462	175
Research and development expenses	418	120
Other	282	169
Total accrued expenses and other current liabilities	$ 4,505	$ 1,424

6. Convertible Notes Payable

To facilitate the ongoing operations of the Company, the Company entered into the following Convertible Notes during the periods ended September 30, 2024:

	Issuance Date	Original Issuance Amount	Maturity Date	Interest Rate	Fair Value as of September 30, 2024
Note 1	6/4/2024	$ 5,000,000	6/6/2027	SOFR + 2%	$ 5,348,754
Note 2	6/26/2024	2,500,000	6/6/2027	SOFR + 2%	2,662,842
Note 3	6/26/2024	2,500,000	6/6/2027	SOFR + 2%	2,662,842
Note 4	7/17/2024	50,000	6/6/2027	SOFR + 2%	53,037
Note 5	7/17/2024	50,000	6/6/2027	SOFR + 2%	53,036
Note 6	7/19/2024	20,000	6/6/2027	SOFR + 2%	159,047
Note 7	7/19/2024	143,000	6/6/2027	SOFR + 2%	151,624
Note 8	7/19/2024	100,000	6/6/2027	SOFR + 2%	106,031
Note 9	7/19/2024	70,000	6/6/2027	SOFR + 2%	74,222
Note 10	7/19/2024	150,000	6/6/2027	SOFR + 2%	21,206
Note 11	7/22/2024	700,000	6/6/2027	SOFR + 2%	741,776
Note 12	7/22/2024	500,000	6/6/2027	SOFR + 2%	529,840
Note 13	7/22/2024	150,000	6/6/2027	SOFR + 2%	158,952
Note 14	8/20/2024	500,000	6/6/2027	SOFR + 2%	526,791
		$ 12,433,000			$ 13,250,000

Total interest expense incurred on the Convertible Notes during the nine months ended September 30, 2024 totaled $249,000. As of and for the three and nine months ended September 30, 2024, the interest rate for the Convertible Notes was 6.80%.

Upon a Qualified Financing, defined as either the earlier to occur of a) issuance of shares of preferred stock resulting in aggregate gross proceeds of at least $20,000,000 or b) an initial public offering, in each case on or before the maturity date, the principal and accrued interest on the Convertible Notes shall automatically convert into shares of the Company. In the case of the Qualified Financing being an issuance of preferred stock resulting in aggregate gross proceeds of at least $20,000,000, the Convertible Notes shall convert into shares of preferred stock having identical rights, privileges, preferences and restrictions as those issued to the investors in the Qualified Financing. In the case of the Qualified Financing being an initial public offering, the Convertible Notes shall convert into shares of common stock.

The Qualified Financing Conversion Price is equal to the lesser of (a) 80% of the price paid per share by the investors in the Qualified Financing or (b) the price per share as calculated by dividing $126,188,357 by the number of shares of common stock outstanding on an as-converted basis immediately prior to the Qualified Financing. If the Company consummates a reverse merger within 12 months of the issuance date, then the Qualified Financing Conversion Price shall be equal to the lowest cash price per share paid by the purchasers of the equity securities in connection with the private investment in public entity (the "PIPE") or other related financing transaction consummated concurrently with the reverse merger.

Upon a Non-Qualified Financing, defined as any issuance of preferred stock to investors on or before the maturity date with the purpose of raising capital that does not meet the definition of a Qualified Financing, the holders of the Convertible Notes have the option to convert into shares of preferred stock having identical rights, privileges, preferences and restrictions as those issued to the investors in the Non-Qualified Financing.

The Non-Qualified Financing Conversion Price is equal to the lesser of (a) 80% of the price paid per share by the investors in the Non-Qualified Financing or (b) the price per share as calculated by dividing $126,188,357 by the number of shares of common stock outstanding on an as-converted basis immediately prior to the Non-Qualified Financing.

Upon a Corporate Transaction, as defined as a) the closing of the sale, transfer, or other disposition of all or substantially all of the Company's assets, b) the consummation of a merger with or into another entity (except for a reverse merger), or c) a liquidation or dissolution of the company, the holders will receive the greater of 1) 1.5 times the outstanding principal and accrued interest, 2) the amount the holders would have been entitled to receive had the outstanding principal and accrued interest been converted into shares of common stock at a price per share as calculated by dividing $126,188,357 by the number of shares outstanding on an as-converted basis immediately prior to the Corporate Transaction or 3) the amount the holders would have been entitled to receive had the outstanding principal and accrued interest been converted into shares of common stock immediately prior to the Corporate Transaction, at a price per share equal to 80% of the cash price per share paid or valued by the counterparty to the Company in a Corporate Transaction.

If the shares are neither repaid nor converted in connection with a Qualified Financing, Non-Qualified Financing, or Corporate Transaction, the outstanding principal and accrued interest of the Convertible Notes shall be due and payable within 30 days of the earlier of a) the date the Company receives approval of a new drug Application (NDA) by the United States Food and Drug Administration of QTORIN rapamycin b) September 6, 2027 or c) an event of default.

7. Convertible Preferred Stock

The Company amended and restated its certificate of incorporation (as amended, the "Amended Certificate") such that it is authorized to issue 29,000,000 shares of common stock (25,500,000 voting and 3,500,000 non-voting) and 20,655,895 shares of preferred stock, with 2,241,903 shares designated as Series A-1 Convertible Preferred stock ("Series A-1 Preferred"), 1,240,134 shares designated as Series A-2 Convertible Preferred stock ("Series A-2 Preferred"), 1,533,528 shares designated as Series B Convertible Preferred stock ("Series B Preferred"), 8,509,995 shares designated as Series C Convertible Preferred stock ("Series C Preferred") and 7,130,335 shares designated as Series D Preferred.

The following table summarizes outstanding convertible preferred stock (in thousands, except share and per share amounts):

	September 30, 2024 and December 31, 2023			September 30, 2024
	Original Issue Price Per Share	Authorized Shares	Issued and Outstanding Shares	Liquidation Preference
Series A-1 Preferred	$ 1.31	2,241,903	2,241,903	$ 2,937
Series A-2 Preferred	$ 1.64	1,240,134	1,240,134	2,034
Series B Preferred	$ 3.19	1,533,528	1,533,528	4,892
Series C Preferred	$ 5.29	8,509,995	8,509,995	45,000
Series D Preferred	$ 5.29	7,130,335	1,835,227	11,200
		20,655,895	15,360,787	$ 66,063

The rights and preferences of the Series A-1 Preferred, Series A-2 Preferred, Series B Preferred, Series C Preferred and Series D Preferred, collectively Preferred Stock, under the Amended Certificate are as follows:

Dividends

The Series D Preferred holders, in preference to holders of any other series of the Company's stock, are entitled to cumulative dividends in an amount in cash equal to 8% of the applicable Series D Preferred original issue price of $5.2879 per annum on each outstanding share of such Series D Preferred calculated from the date of issuance of such share, if and when declared by the Company's board of directors. The Series C Preferred holders, in preference to holders of any other series of the Company's stock other than the Series D Preferred, are entitled to non-cumulative dividends in an amount in cash equal to 8% of the applicable Series C Preferred original issue price of $5.2879 per annum on each outstanding share of such Series C Preferred calculated from the date of issuance of such share, if and when declared by the Company's board of directors. The holders of Preferred Stock and Common Stock are entitled to participate in the distribution of the dividend as they would have received if all outstanding shares of Preferred Stock had been converted into common stock on the date of such event, after all holders of the Series D Preferred and the Series C Preferred have received such dividend in full. No dividends were declared or paid as of September 30, 2024. The Series D Preferred cumulative preferred stock dividends in arrears were approximately $1.5 million and $0.8 million as of September 30, 2024 and December 31, 2023, respectively.

Liquidation

In the event of any voluntary or involuntary liquidation, dissolution, or winding up of the Company, holders of the Series D Preferred shall be entitled to be paid out of the assets of the Company available for distribution to its stockholders, and in the event of a deemed liquidation event, as defined in the Amended Certificate, the holders of Series D Preferred then outstanding shall be entitled to be paid out of the consideration payable to stockholders in such deemed liquidation event or out of the available proceeds, as applicable, before any payment shall be made to the holders of the Series A-1 Preferred, Series A-2 Preferred, Series B Preferred, Series C Preferred and Common Stock by reason of their ownership thereof, an amount per share equal to the greater of (i) the applicable original issue price plus and accrued but unpaid cumulative dividends, or (ii) such amount per share as would have been payable had all shares of Series D Preferred been converted into Common Stock immediately prior to such liquidation, dissolution, winding up, or deemed liquidation event ("Series D Liquidation Amount").

In the event of any voluntary or involuntary liquidation, dissolution, or winding up of the Company, holders of the Series C Preferred shall be entitled to be paid out of the assets of the Company available for distribution to its stockholders, and in the event of a deemed liquidation event, as defined in the Amended Certificate, the holders of Series C Preferred then outstanding shall be entitled to be paid out of the consideration payable to stockholders in such deemed liquidation event or out of the available proceeds, as applicable, before any payment shall be made to the holders of the Series A-1 Preferred, Series A-2 Preferred, Series B Preferred and Common Stock by reason of their ownership thereof, an amount per share equal to the greater of (i) the applicable original issue price, or (ii) such amount per share as would have been payable had all shares of Series C Preferred been converted into Common Stock immediately prior to such liquidation, dissolution, winding up, or deemed liquidation event ("Series C Liquidation Amount").

In the event of any voluntary or involuntary liquidation, dissolution, or winding up of the Company, after payment in full of the Series D Liquidation Amount to the holders of Series D Preferred and the Series C Liquidation Amount to the holders of the Series C Preferred, holders of shares of Series A-1 Preferred, Series A-2 Preferred, and Series B Preferred, then outstanding shall be entitled to be paid out of the assets of the Company available for distribution to its stockholders, and in the event of a deemed liquidation event, as defined in the Amended Certificate, the holders of shares of Series A-1 Preferred, Series A-2 Preferred, and Series B Preferred then outstanding shall be entitled to be paid out of the consideration payable to stockholders in such deemed liquidation event or out of the available proceeds, as applicable, before any payment shall be made to the holders of Common Stock by reason of their ownership thereof, an amount per share equal to the greater of (i) the applicable original issue price, or (ii) such amount per share as would have been payable had all shares of Series A-1 Preferred, Series A-2 Preferred, and Series B Preferred, been converted into common stock immediately prior to such liquidation, dissolution, winding up, or deemed liquidation event. If upon any such liquidation, dissolution, or winding up of the Company or deemed liquidation event, the assets of the Company available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series A-1 Preferred, Series A-2 Preferred, and Series B Preferred, the full amount to which they shall be entitled to the holders of shares of Series A-1 Preferred, Series A-2 Preferred, and Series B Preferred shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

Voting

The holders of outstanding shares of Preferred Stock are entitled to vote on all matters and shall be entitled to vote based on the number of shares of common stock into which each share of the preferred stock is convertible.

Redemption

Preferred Stock is not subject to mandatory redemption. The Preferred Stock is subject to redemption under certain deemed liquidation events not solely within the control of the Company, as defined, and as such are considered contingently redeemable for accounting purposes and are classified as temporary equity in the Company's balance sheets. As a result, the Preferred Stock is not currently redeemable and the Company has determined that the Preferred Stock is not considered probable to become redeemable.

Conversion

Preferred Stock is convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing (a) the applicable original issue price by (b) the applicable conversion price in effect at the time of conversion.

Preferred Stock automatically converts upon the closing of a firm commitment underwritten initial public offering of common stock, in which the price per share is at least two times the Series D original issue price, subject to adjustment, resulting in gross proceeds of at least $50.0 million to the Company.

Preferred Stock		Preferred Conversion Price to Common Stock
Series A-1 Preferred	$	1.31
Series A-2 Preferred	$	1.64
Series B Preferred	$	3.19
Series C Preferred	$	5.29
Series D Preferred	$	5.29

For Preferred Stock, the preferred conversion price and the rate at which applicable shares may be converted is subject to adjustment upon the occurrence of certain events. As of September 30, 2024 and December 31, 2023, the effective conversion ratio for all Preferred Stock is one for one.

8. 2019 Equity Incentive Plan

In March 2019, the Company adopted the 2019 Equity Incentive Plan (the "Plan"), which provides employees, consultants and advisors, and non-employee members of the Board of Directors and its affiliates with the opportunity to receive grants of incentive stock options, nonqualified stock options, and stock awards. In March 2024, the Company amended the 2019 Plan to include an additional 1,171,768 shares available for awards under the Plan. A total of 2,782,809 shares of the Company's non-voting common stock may be issued for grants under the Plan. As of September 30, 2024, there were 2,149,138 options granted and 633,671 were available for grant.

For incentive stock options and non-statutory stock options, the option exercise price may not be less than 100% of the estimated fair value on the date of grant. Options granted to employees typically vest over a four-year period but may be granted with different vesting terms. The options expire ten years from the grant date.

A summary of activity under the Plan for the nine months ended September 30, 2024 as follows:

	Common Shares Underlying Stock Options	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Life (Years)
Outstanding at December 31, 2023	1,581,041	$ 2.72	7.3
Granted	568,097	2.33	
Exercised	—		
Forfeited / Cancelled	—		
Outstanding at September 30, 2024	2,149,138	$ 2.62	7.4
Exercisable at September 30, 2024	1,287,990	$ 2.61	6.2

The aggregate intrinsic value for both options outstanding and options exercisable as of September 30, 2024 was $69,000.

During the three months ended September 30, 2024 and 2023, the Company recognized $199,000 and $154,000, respectively, of stock-based compensation expense, of which $52,000 and $13,000, respectively, was recorded as general and administrative expense and $147,000 and $141,000, respectively, was recorded as research and development expense in the accompanying statements of operations.

During the nine months ended September 30, 2024 and 2023, the Company recognized $562,000 and $454,000, respectively, of stock-based compensation expense, of which $126,000 and $42,000, respectively, was recorded as general and administrative expense and $436,000 and $412,000, respectively, was recorded as research and development expense in the accompanying statements of operations.

As of September 30, 2024, there was approximately $1.6 million of unrecognized compensation cost related to non-vested stock options, which is expected to be recognized over a remaining weighted-average service period of 3.0 years.

9. Income Taxes

The Company recorded no provision for income taxes for both the periods ended September 30, 2024 and 2023.

In assessing the realizability of the net deferred tax asset, the Company considers all relevant positive and negative evidence in determining whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The realization of the gross deferred tax assets is dependent on several factors, including the generation of sufficient taxable income prior to the expiration of the NOLs. Management believes that it is more likely than not that the Company's deferred income tax assets will not be realized. As such, there is a full valuation allowance against the net deferred tax assets as of September 30, 2024 and December 31, 2023.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of September 30, 2024 and December 31, 2023, the Company reported no liabilities for unrecognized tax benefits along with no related interest and penalty exposure as accrued income tax on the accompanying balance sheets. Income tax returns for the tax years 2020 and later remain subject to examination by the taxing authority jurisdictions.

10. Commitments and Contingencies

Lease

The Company leases office space in Wayne, Pennsylvania, under a lease agreement, as amended, expiring on October 31, 2025 that had an initial term of less than 12 months. The minimum lease payments due under this lease are as follows as of September 30, 2024 (in thousands):

Year ended December 31,	
2024	$ 20
2025	67
Total future minimum payments	$ 87

Rent expense recorded during the three months ended September 30, 2024 and 2023 was $20,000. Rent expense recorded during the nine months ended September 30, 2024, and 2023 was $60,000.

Litigation

Liabilities for loss contingencies arising from claims, assessments, ligation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. There are no matters currently outstanding.

11. Net Loss Per Share

Basic and diluted net loss per share is calculated as follows (in thousands, except share and per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Net loss per share of common stock				
Numerator:				
Net loss	$ (6,775)	$ (2,832)	$ (13,483)	$ (1,848)
Less cumulative preferred Series D dividends	(194)	(194)	(582)	(582)
Net loss available to common shareholders – basic and diluted	$ (6,969)	$ (3,026)	$ (14,065)	$ (2,430)
Denominator:				
Weighted-average number of shares outstanding used in computing net loss per share, basic and diluted	5,720,009	5,720,009	5,720,009	5,720,009
Net loss per share, basic and diluted	$ (1.22)	$ (0.53)	$ (2.46)	$ (0.42)

The following potentially dilutive securities have been excluded from the calculation of diluted weighted-average shares of common stock outstanding, as they would be anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Convertible preferred stock	15,360,787	15,360,787	15,360,787	15,360,787
Stock options to purchase common stock	2,149,138	1,611,041	2,149,138	1,611,041

Amounts in the above table reflect the common stock equivalent.

12. Subsequent Events

In December 2024, the Company received an additional $6.0 million in exchange for a convertible promissory note. The Convertible Note bears an annual interest of 2.0% plus SOFR and shall be due and payable upon the earlier to occur of September 2027 or certain events defined in the Convertible Note. Under certain circumstances, the Convertible Note is convertible at the option of requisite holders into the Company's equity securities at defined conversion prices.

In December 2024, the Company closed the merger receiving $11.4 million of cash from the public company and an additional $66.0 million from the closing of the PIPE, $60.0 million from PIPE investors and $6.0 million received from convertible notes. The total PIPE was $78.4 million in total cash, of which $18.4 million was received under convertible notes, and $60.0 million received at the closing of the PIPE.

Exhibit 99.4

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated combined financial information is provided to aid you in your analysis of the financial aspects of the Merger and related transactions and presents the combination of the financial information of Pieris and Palvella adjusted to give effect to the Merger and related transactions, or collectively, the Pro Forma Adjustments. Capitalized terms included but not defined below have the same meaning as defined elsewhere in this proxy statement/prospectus.

On July 23, 2024, Pieris, Merger Sub, and Palvella entered into the Merger Agreement, pursuant to which, and subject to the satisfaction or waiver of the conditions set forth in the Merger Agreement, Merger Sub will merge with and into Palvella, with Palvella continuing as a wholly- owned subsidiary of Pieris. After the completion of the Merger, Pieris will change its corporate name to "Palvella Therapeutics, Inc." The Merger is intended to qualify for federal income tax purposes as a tax-free reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended. If the Merger is completed, the business of Palvella will continue as the business of the combined company.

Subject to the terms and conditions of the Merger Agreement, at the effective time of the Merger, each outstanding share of Palvella capital stock (including shares of Palvella common stock and Palvella preferred stock) (excluding dissenting shares) will be converted solely into the right to receive a number of shares of Pieris common stock calculated in accordance with the Merger Agreement, equal to the exchange ratio calculated in accordance with the Merger Agreement. Based on Pieris' and Palvella's capitalization as of July 23, 2024, the date the Merger Agreement was executed, the exchange ratio is estimated to be approximately 0.315478222 shares of Pieris common stock for each share of Palvella common stock. Immediately after the Merger, but without giving effect to the PIPE Financing, Pieris securityholders as of immediately prior to the Merger are expected to own approximately 18% of the outstanding shares of capital stock of the combined company and Palvella securityholders as of immediately prior to the Merger are expected to own approximately 82% of the outstanding shares of capital stock of the combined company, in each case, on a fully-diluted basis, calculated using the treasury stock method, and subject to certain assumptions, including, but not limited to a valuation for Pieris equal to $21.0 million, provided, that (a) if Pieris' net cash as of the closing is greater than $11 million, then Pieris' valuation will be adjusted upwards on a dollar-for-dollar basis by the difference of: (i) Pieris' net cash, minus (ii) $11 million, and (b) if Pieris' net cash is less than $11 million, then Pieris' valuation will be adjusted downwards on a dollar-for-dollar basis by the difference of: (i) $11 million, minus (ii) Pieris' net cash, as further described in the Merger Agreement.

Because, among other factors, the number of shares of Pieris common stock issuable to Palvella's securityholders is determined based on Pieris' net cash balance as of the close of business on the last business day prior to the anticipated closing date of the Merger, Pieris cannot be certain of the exact number of shares that will be issued to (or reserved for issuance to) Palvella's stockholders. The exchange ratio referenced above is an estimate only and the final exchange ratio will be determined pursuant to a formula described in detail in the Merger Agreement and included elsewhere in this proxy statement/prospectus.

Each stock option granted under the Palvella Stock Plan that is outstanding immediately prior to the effective time of the Merger will be assumed by Pieris and will become an option to acquire, on the same terms and conditions as were applicable to such Palvella stock option immediately prior to the effective time of the Merger, a number of shares of Pieris common stock equal to the number of shares of Palvella's common stock subject to the unexercised portion of the Palvella stock option immediately prior to the effective time of the Merger, multiplied by the exchange ratio (rounded down to the nearest whole share number) with an exercise price per share for the options equal to the exercise price per share of such Palvella stock option immediately prior to the effective time of the Merger divided by the exchange ratio (rounded up to the nearest whole cent). Such assumed options will continue to be governed by the terms and conditions of the Palvella Stock Plan.

All outstanding Pieris stock options were canceled prior to the Merger for no consideration due to these awards being out of money. This decision aligns with Pieris' current stock compensation plan and reflects the financial strategy to streamline equity compensation amidst ongoing developments and collaborations.

The pre-Merger employment agreements for the two Pieris executives also included severance, bonus and retention payments, the aggregate of which will be treated as pre-combination compensation expense of Pieris and is included in the liabilities assumed by Palvella upon closing of the Merger. In addition, certain non-executive Pieris employees entered into separation agreements prior to Merger negotiations with Palvella, pursuant to which they are entitled to severance, bonus, and retention payments. These payments will be treated as pre-combination compensation expense of Pieris and will also be included in the liabilities assumed by Palvella upon closing of the Merger.

Contingent Value Rights Agreement

At or prior to the effective time of the Merger, Pieris will enter into a CVR Agreement with a rights agent (the "Rights Agent") and a CVR holder representative, pursuant to which each holder of record of shares of Pieris' common stock and preferred stock entitled to receive a dividend in accordance with the terms of such preferred stock will receive the right to one contingent value right (each, a "CVR") for each outstanding share of Pieris' common stock held by such stockholder, or share of common stock underlying such preferred stock, held by such stockholder, on such date. Each CVR will represent the contractual right to receive payments upon the receipt of payments by Pieris or any of its affiliates under certain strategic partner agreements, including existing collaboration agreements pursuant to which Pieris may be entitled to milestones and royalties in the future and other outlicensing agreements for certain of Pieris' legacy assets, and upon the receipt of certain research and development tax credits in favor of Pieris or any of its affiliates, in each case as set forth in, and subject to and in accordance with the terms and conditions of, the CVR Agreement.

Management concluded that the CVRs meet the definition of a derivative and will be initially measured at the aggregate estimated fair value of the CVRs and will be subsequently remeasured at estimated fair value on a recurring basis at each reporting period date. Changes in fair value of the CVR derivative are presented in the consolidated statements of operations and comprehensive income (loss). The derivative value is based on significant inputs not observable in the market such as estimated cash flows, estimated probabilities of success, and risk-adjustment discount rates, which represent a Level 3 measurement within the fair value hierarchy. Management has concluded that there is no value associated with the CVRs as the likelihood of any payments received in connection with Pieris' legacy assets is remote.

Palvella Private Financing and PIPE Financing

On June 6, 2024, Palvella initiated a sequence of convertible notes with certain investors via the Convertible Note Purchase Agreement, or the Note Purchase Agreement. Under the Note Purchase Agreement, the investors have committed to extend credit to Palvella, providing up to a total of $20 million, or the Authorized Principal Amount, via convertible promissory notes. Through the issuance date of this filing, the Company has received $18.4 million of gross proceeds in exchange for convertible promissory notes issued. The convertible note bears an annual interest of 2.0% plus SOFR and shall be due and payable upon the earlier to occur of June 2027 or certain events defined in the Note Purchase Agreement. Under certain circumstances, the convertible note is convertible at the option of requisite holders into the Company's equity securities at defined conversion prices. The terms of the convertible note specify that upon the consummation of the Merger, all outstanding principal and any unpaid accrued interest on the notes shall be automatically converted into common stock.

On July 23, 2024, concurrently with the execution and delivery of the Merger Agreement, the PIPE Investors entered into the Purchase Agreement with Pieris, pursuant to which such PIPE Investors have agreed to subscribe for and purchase (either for cash or in exchange for the termination and cancellation of outstanding convertible notes issued by Palvella), and Pieris has agreed to issue and sell to the PIPE Investors, an aggregate of up to 3,168,048 of shares of Pieris common stock at a price per share equal to the Purchase Price, subject to adjustment as set forth in the Purchase Agreement, and/or in lieu of Pieris common stock to certain purchasers who so choose, Pre-Funded Warrants to purchase up to 2,466,456 shares of Pieris common stock at a purchase price per Pre-Funded Warrant equal to the Purchase Price minus $0.001. The gross proceeds from the PIPE Financing are expected to be approximately $78.9 million, before paying estimated expenses.

The Merger is expected to be accounted for as a reverse recapitalization in accordance with GAAP. Under this method of accounting, Pieris, which is the legal acquirer, is treated as the "acquired" company for financial reporting purposes and Palvella is treated as the accounting acquirer. This determination was primarily due to Pieris being determined to be a shell company in that it did not meet the US GAAP definition of a business, did not have more than nominal assets, and does not have more than nominal operations at the time of the merger. Further, it is expected that, immediately following the Merger, Palvella's stockholders will have a majority of the voting power of the combined company, Palvella will control four of five seats on the board of directors of the combined company, and Palvella's senior management will comprise all of the senior management of the combined company. Accordingly, for accounting purposes, the Merger will be treated as the equivalent of a capital transaction in which Palvella is issuing stock for the net assets of Pieris. The net assets of Pieris will be stated at historical cost, with no goodwill or other intangible assets recorded.

The following unaudited pro forma condensed consolidated combined balance sheet as of September 30, 2024 combines the historical condensed consolidated balance sheet of Pieris as of September 30, 2024 with the historical balance sheet of Palvella as of September 30, 2024 giving further effect to the Pro Forma Adjustments, as if they had been consummated as of September 30, 2024.

The following unaudited pro forma condensed consolidated combined statements of operations for the year ended December 31, 2023 combine the historical condensed consolidated statement of operations of Pieris for the year ended December 31, 2023 and the historical statements of operations of Palvella for the year ended December 31, 2023, giving effect to the Pro Forma Adjustments as if they had been consummated on January 1, 2023, the beginning of the earliest period presented.

The following unaudited pro forma condensed consolidated combined statements of operations for the nine months ended September 30, 2024 combine the historical condensed consolidated statement of operations of Pieris for the nine months ended September 30, 2024 and the historical statements of operations of Palvella for the nine months ended September 30, 2024, giving effect to the Pro Forma Adjustments as if they had been consummated on January 1, 2023, the beginning of the earliest period presented.

The unaudited pro forma condensed consolidated combined financial statements have been derived from and should be read in connection with:

- the accompanying notes to the unaudited pro forma condensed consolidated combined financial statements;
- the historical unaudited condensed consolidated financial statements of Pieris as of and for the nine months ended September 30, 2024 and the related notes included elsewhere in this proxy statement/prospectus;
- the historical unaudited condensed financial statements of Palvella as of and for the nine months ended September 30, 2024 and the related notes included elsewhere in this proxy statement/prospectus;
- the historical audited consolidated financial statements of Pieris as of and for the year ended December 31, 2023 and the related notes included elsewhere in this proxy statement/prospectus;
- the historical audited financial statements of Palvella as of and for the year ended December 31, 2023 and the related notes included elsewhere in this proxy statement/prospectus;
- the sections entitled "Pieris Management's Discussion and Analysis of Financial Condition and Results of Operations," "Palvella Management's Discussion and Analysis of Financial Condition and Results of Operations," and other financial information relating to Pieris and Palvella included elsewhere in this proxy statement/prospectus.

The unaudited pro forma condensed consolidated combined financial information is based on the assumptions and adjustments that are described in the accompanying notes. The accounting for the Merger requires the financial calculation of Pieris' net cash. Accordingly, the pro forma adjustments are preliminary, subject to further revision as additional information becomes available and additional analyses are performed, and have been made solely for the purpose of providing unaudited pro forma condensed consolidated combined financial information. Differences between these preliminary estimates and the final accounting, expected to be completed after the closing of the Merger, will occur and these differences could have a material impact on the accompanying unaudited pro forma condensed consolidated combined financial information and the combined company's future results of operations and financial position.

The unaudited pro forma condensed combined consolidated financial information does not give effect to the potential impact of current financial conditions, regulatory matters, operating efficiencies or other savings or expenses that may be associated with the integration of the two companies. The unaudited pro forma condensed consolidated combined financial information is not necessarily indicative of the financial position or results of operations in the future periods or the result that actually would have been realized had Pieris and Palvella been a combined organization during the specified periods. The actual results reported in periods following the Merger may differ significantly from those reflected in the unaudited condensed consolidated combined pro forma financial information presented herein for a number of reasons, including, but not limited to, differences in the assumptions used to prepare this unaudited pro forma condensed consolidated combined financial information.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED COMBINED BALANCE SHEET AS OF SEPTEMBER 30, 2024
(in thousands)

	Historical						
	Palvella	Pieris	Private Financing Adjustments	Note 4	Transaction Accounting Adjustments	Note 4	Pro Forma Combined Total
Asset							
Current assets:							
Cash and cash equivalents	$ 14,207	$ 19,363	$ 6,000	(a)	$ 53,501	(b) (f)	$ 93,071
Accounts receivable	-	373	-		-		373
Other receivables	-	506	-		-		506
Deferred transaction costs	1,673	-	-		(1,673)	(f)	-
Prepaid expenses and other current assets	441	280	-		-		721
Total Current Assets	16,321	20,522	6,000		51,828		94,671
Total assets	$ 16,321	$ 20,522	$ 6,000		$ 51,828		$ 94,671
Liabilities, convertible preferred stock and stockholders' equity (deficit)							
Current liabilities:							
Accounts Payable	$ 3,130	$ 801	$ -		$ -		$ 3,931
Accrued expenses and other current liabilities	4,505	3,453	-		(1,124)	(c) (f)	6,834
Total Current Liabilities	7,635	4,254	-		(1,124)		10,765
Royalty agreement liability	10,819	-	-		-		10,819
Derivative liabilities – royalty agreement	1,418	-	-		-		1,418
Convertible promissory notes	13,250	-	6,000	(a)	(19,250)	(d)	-
Total liabilities	33,122	4,254	6,000		(20,374)		23,002
Palvella convertible preferred stock	70,603	-	-		(70,603)	(e)	-
Pieris convertible preferred stock	-	-	-		-		-
Stockholders' equity (deficit):							
Palvella common stock, $0.00001 par value	-	-	-		-		-
Pieris common stock	-	1	-		13	(b) (d) (e)	14
Additional paid-in capital	2,380	342,916	-		(183,057)	(b) (d) (e) (f) (g) (h)	162,239
Accumulated other comprehensive (loss) income	-	(316)	-		316	(g)	-
Accumulated deficit	(89,784)	(326,333)	-		325,533	(c) (f) (h)	(90,584)
Total stockholders' equity (deficit)	(16,801)	16,268	-		72,202		71,669
Total liabilities, convertible preferred stock and stockholders' equity	$ 16,321	$ 20,522	$ -		$ 51,828		$ 94,671

See accompanying notes to the unaudited pro forma condensed combined financial statements

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED COMBINED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(in thousands, except share and per share data)

	Historical						
	Palvella	Pieris	Private Financing Adjustments	Note 4	Transaction Accounting Adjustments	Note 4	Pro Forma Combined Total
Revenue:							
Customer revenue	$ -	$ 6	$ -		$ -		$ 6
Collaboration revenue	-	47	-		-		47
Total revenue	-	53	-		-		53
Operating expenses:							
Research and development	5,608	1,523	-		-		7,131
General and administrative	4,121	11,145	-		-		15,266
Total operating expenses	9,729	12,668	-		-		22,397
Operating loss	(9,729)	(12,615)	-		-		(22,344)
Other income (expense), net:							
Interest income (expense)	(2,764)	610	-		-		(2,154)
Interest income (expense) – convertible notes payable	(249)	-	-		249	(i)	-
Fair value adjustments on derivative liabilities	(404)	-	-		-		(404)
Fair value adjustments on convertible notes payable	(568)	-	-		568	(j)	-
Other income (loss)	231	636	-		-		867
Total other income (expense), net	(3,754)	1,246	-		817		(1,691)
Net Income (loss)	$ (13,483)	$ (11,369)	$ -		$ 817		$ (24,035)
Net profit (loss) per share							
Basic	$ (2.46)	$ (8.84)					$ (1.76)
Diluted	$ (2.46)	$ (8.84)					$ (1.76)
Weighted average number of common shares outstanding							
Basic	5,720,009	1,285,000				(k)	13,652,523
Diluted	5,720,009	1,285,000				(k)	13,652,523

See accompanying notes to the unaudited pro forma condensed combined financial statements

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(in thousands, except share and per share data)

	Historical						
	Palvella	Pieris	Private Financing Adjustments	Note 4	Transaction Accounting Adjustments	Note 4	Pro Forma Combined Total
Revenue:							
Customer revenue	$ -	$ 38,711	$ -		$ -		$ 38,711
Collaboration revenue	-	4,099	-		-		4,099
Total revenue	-	42,810	-		-		42,810
Operating expenses:							
Research and development	8,793	41,801	-		-		50,594
General and administrative	3,076	16,853	-		800	(f)	20,729
Asset impairment	-	13,912	-		-		13,912
Total operating expenses	11,869	72,566	-		800		85,235
Operating loss	(11,869)	(29,756)	-		-		(42,425)
Other income (expense), net:							
Interest income (expense)	6,265	1,851	-		-		8,116
Grant income	-	3,612	-		-		3,612
Gain on extinguishment – royalty agreement	23,098	-			-		23,098
Fair value adjustments on derivative liabilities	485	-	-		-		485
Other income (loss)	712	(250)	-		-		462
Total other income (expense), net	30,560	5,213	-		-		35,773
Net Income (loss)	$ 18,691	$ (24,543)	$ -		$ 800		$ (6,652)
Net profit (loss) per share							
Basic	$ 0.68	$ (21.80)					$ (0.49)
Diluted	$ 0.67	$ (21.80)					$ (0.49)
Weighted average number of common shares outstanding							
Basic	5,720,009	1,125,800				(k)	13,576,875
Diluted	5,796,956	1,125,800				(k)	13,576,875

See accompanying notes to the unaudited pro forma condensed combined financial statements

NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED COMBINED FINANCIAL INFORMATION

1. Description of the Transactions

The Merger

On July 23, 2024, Pieris, Merger Sub, and Palvella entered into the Merger Agreement, pursuant to which, and subject to the satisfaction or waiver of the conditions set forth in the Merger Agreement, Merger Sub will merge with and into Palvella, with Palvella continuing as a wholly- owned subsidiary of Pieris. After the completion of the Merger, Pieris will change its corporate name to "Palvella Therapeutics, Inc." The Merger is intended to qualify for federal income tax purposes as a tax-free reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended. If the Merger is completed, the business of Palvella will continue as the business of the combined company.

Subject to the terms and conditions of the Merger Agreement, at the effective time of the Merger, each outstanding share of Palvella capital stock (including shares of Palvella common stock and Palvella preferred stock) (excluding dissenting shares) will be converted solely into the right to receive a number of shares of Pieris common stock calculated in accordance with the Merger Agreement, equal to the exchange ratio calculated in accordance with the Merger Agreement. Based on Pieris' and Palvella's capitalization as of December 13, 2024, the exchange ratio is 0.309469242 shares of Pieris common stock for each share of Palvella common stock. Immediately after the Merger, but without giving effect to the PIPE Financing, Pieris securityholders as of immediately prior to the Merger are expected to own approximately 18.4% of the outstanding shares of capital stock of the combined company and Palvella securityholders as of immediately prior to the Merger are expected to own approximately 81.6% of the outstanding shares of capital stock of the combined company, in each case, on a fully-diluted basis, calculated using the treasury stock method, and subject to certain assumptions, including, a valuation for Pieris equal to $21.4 million.

Because, among other factors, the number of shares of Pieris common stock issuable to Palvella's securityholders is determined based on Pieris' net cash balance as of the close of business on the last business day prior to the anticipated closing date of the Merger, Pieris cannot be certain of the exact number of shares that will be issued to (or reserved for issuance to) Palvella's stockholders. The exchange ratio referenced above is an estimate only and the final exchange ratio will be determined pursuant to a formula described in detail in the Merger Agreement and included elsewhere in this proxy statement/prospectus.

Each stock option granted under the Palvella Stock Plan that is outstanding immediately prior to the effective time of the Merger will be assumed by Pieris and will become an option to acquire, on the same terms and conditions as were applicable to such Palvella stock option immediately prior to the effective time of the Merger, a number of shares of Pieris common stock equal to the number of shares of Palvella's common stock subject to the unexercised portion of the Palvella stock option immediately prior to the effective time of the Merger, multiplied by the exchange ratio (rounded down to the nearest whole share number) with an exercise price per share for the options equal to the exercise price per share of such Palvella stock option immediately prior to the effective time of the Merger divided by the exchange ratio (rounded up to the nearest whole cent). Such assumed options will continue to be governed by the terms and conditions of the Palvella Stock Plan.

All outstanding Pieris stock options were canceled prior to the Merger for no consideration due to these awards being out of money. This decision aligns with Pieris' current stock compensation plan and reflects the financial strategy to streamline equity compensation amidst ongoing developments and collaborations.

The pre-Merger employment agreements for the two Pieris executives also included severance, bonus and retention payments, the aggregate of which will be treated as pre-combination compensation expense of Pieris and is included in the liabilities assumed by Palvella upon closing of the Merger. In addition, certain non-executive Pieris employees entered into separation agreements prior to Merger negotiations with Palvella, pursuant to which they are entitled to severance, bonus, and retention payments. These payments will be treated as pre-combination compensation expense of Pieris and will also be included in the liabilities assumed by Palvella upon closing of the Merger.

Contingent Value Rights Agreement

At or prior to the effective time of the Merger, Pieris will enter into a CVR Agreement with a rights agent (the "Rights Agent") and a CVR holder representative, pursuant to which each holder of record of shares of Pieris' common stock and preferred stock entitled to receive a dividend in accordance with the terms of such preferred stock will receive the right to one contingent value right (each, a "CVR") for each outstanding share of Pieris' common stock held by such stockholder, or share of common stock underlying such preferred stock, held by such stockholder, on such date. Each CVR will represent the contractual right to receive payments upon the receipt of payments by Pieris or any of its affiliates under certain strategic partner agreements, including existing collaboration agreements pursuant to which Pieris may be entitled to milestones and royalties in the future and other outlicensing agreements for certain of Pieris' legacy assets, and upon the receipt of certain research and development tax credits in favor of Pieris or any of its affiliates, in each case as set forth in, and subject to and in accordance with the terms and conditions of, the CVR Agreement.

Management concluded that the CVRs meet the definition of a derivative and will be initially measured at the aggregate estimated fair value of the CVRs and will be subsequently remeasured at estimated fair value on a recurring basis at each reporting period date. Changes in fair value of the CVR derivative are presented in the consolidated statements of operations and comprehensive income (loss). The derivative value is based on significant inputs not observable in the market such as estimated cash flows, estimated probabilities of success, and risk-adjustment discount rates, which represent a Level 3 measurement within the fair value hierarchy. Management has concluded that there is no value associated with the CVRs as the likelihood of any payments received in connection with Pieris' legacy assets is remote.

Palvella Private Financing and PIPE Financing

On June 6, 2024, Palvella initiated a sequence of convertible notes with certain investors via the Convertible Note Purchase Agreement, or the Note Purchase Agreement. Under the Note Purchase Agreement, the investors have committed to extend credit to Palvella, providing up to a total of $20 million, or the Authorized Principal Amount, via convertible promissory notes. Through the issuance date of this filing, the Company has received $18.4 million of gross proceeds in exchange for convertible promissory notes issued. The convertible note bears an annual interest of 2.0% plus SOFR and shall be due and payable upon the earlier to occur of June 2027 or certain events defined in the Note Purchase Agreement. Under certain circumstances, the convertible note is convertible at the option of requisite holders into the Company's equity securities at defined conversion prices. The terms of the convertible note specify that upon the consummation of the Merger, all outstanding principal and any unpaid accrued interest on the notes shall be automatically converted into common stock.

On July 23, 2024, concurrently with the execution and delivery of the Merger Agreement, the PIPE Investors entered into the Purchase Agreement with Pieris, pursuant to which such PIPE Investors have agreed to subscribe for and purchase (either for cash or in exchange for the termination and cancellation of outstanding convertible notes issued by Palvella), and Pieris has agreed to issue and sell to the PIPE Investors, an aggregate of up to 3,154,241 of shares of Pieris common stock at a price per share equal to the Purchase Price, subject to adjustment as set forth in the Purchase Agreement, and/or in lieu of Pieris common stock to certain purchasers who so choose, Pre-Funded Warrants to purchase up to 2,592,585 shares of Pieris common stock at a purchase price per Pre-Funded Warrant equal to the Purchase Price minus $0.001. The gross proceeds from the PIPE Financing are expected to be approximately $78.9 million, before paying estimated expenses.

The Merger is expected to be accounted for as a reverse recapitalization in accordance with GAAP. Under this method of accounting, Pieris, which is the legal acquirer, is treated as the "acquired" company for financial reporting purposes and Palvella is treated as the accounting acquirer. This determination was primarily due to Pieris being determined to be a shell company in that it did not meet the US GAAP definition of a business, did not have more than nominal assets, and does not have more than nominal operations at the time of the merger. Further, it is expected that, immediately following the Merger, Palvella's stockholders will have a majority of the voting power of the combined company, Palvella will control four of five seats on the board of directors of the combined company, and Palvella's senior management will comprise all of the senior management of the combined company. Accordingly, for accounting purposes, the Merger will be treated as the equivalent of a capital transaction in which Palvella is issuing stock for the net assets of Pieris. The net assets of Pieris will be stated at historical cost, with no goodwill or other intangible assets recorded.

2. Basis of Pro Forma Presentation

The unaudited pro forma condensed consolidated combined financial information was prepared pursuant to the rules and regulations of Article 11 of Regulation S-X. The unaudited pro forma condensed consolidated combined balance sheet as of September 30, 2024 was prepared using the historical balance sheets of Pieris and Palvella as of September 30, 2024, and gives effect to the Merger and the PIPE Financing as if they occurred on September 30, 2024. The unaudited pro forma condensed consolidated combined statement of operations for the nine months ended September 30, 2024, and for the year ended December 31, 2023, were prepared using the historical statements of operations of Pieris and Palvella for the nine months ended September 30, 2024 and for the year ended December 31, 2023, respectively, and gives effect to the Merger and the PIPE Financing as if they occurred on January 1, 2023.

The Merger is expected to be accounted for as a reverse recapitalization in accordance with GAAP, which is the equivalent of a capital transaction in which Palvella has issued stock for the net assets of Pieris. As the operations of Pieris are in the process of being wound down leading up to the date of the Merger, the net assets of Pieris are expected to be nominal as of the date of the Merger, resulting in Pieris being a public shell company. Upon the Merger, the net assets of Pieris will be stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Merger are of Palvella.

Accounting rules require evaluation of certain assumptions, estimates, or determination of financial statement classifications. During preparation of the unaudited pro forma condensed consolidated combined financial information, management has performed a preliminary analysis and is not aware of any material differences, and accordingly, this unaudited pro forma condensed combined financial information assumes no material differences in accounting policies. Following the Merger and the PIPE Financing, management will conduct a final review of Pieris accounting policies in order to determine if differences in accounting policies require adjustment or reclassification of Pieris results of operations or reclassification of assets or liabilities to conform to Palvella's accounting policies and classifications. As a result of this review, management may identify differences that, when conformed, could have a material impact on this unaudited pro forma condensed consolidated combined financial information.

Palvella and Pieris may incur significant costs associated with integrating their operations after the Merger is completed. The unaudited pro forma condensed combined financial information does not reflect the costs of any integration activities or benefits that may result from realization of future cost savings from operating efficiencies, which may result from the Merger.

To the extent that there are significant changes to the business following completion of the Merger, the assumptions and estimates set forth in the unaudited pro forma condensed consolidated financial information could change significantly. Accordingly, the pro forma adjustments are subject to further adjustments as additional information becomes available and as additional analyses are conducted following the completion of the Merger. There can be no assurances that these additional analyses will not result in material changes to the estimates of fair value.

3. Shares of Pieris Common Stock Issued to Palvella's Stockholders Upon Closing of the Merger

At the effective time of the Merger, Pieris expects to issue 6,650,532 shares of common stock to the stockholders of Palvella in the Merger, determined as follows:

	Shares
Palvella shares of common stock outstanding	5,720,009
Shares of Palvella convertible preferred stock outstanding	15,360,787
Total Palvella common stock equivalent shares	21,080,796
Exchange ratio	0.309469242
Estimated shares of Pieris common stock to be issued to Palvella stockholders upon closing of the Merger	6,523,750

4. Pro Forma Adjustments

Adjustments included in the column under the heading "Transaction Accounting Adjustments" are primarily based on information contained within the Merger Agreement, the Note Purchase Agreement, and the PIPE. Adjustments included in the column under the heading "Private Financing Adjustments" are primarily based on information contained in the Note Purchase Agreement and the PIPE. Further analysis will be performed upon completion of the Merger to confirm these estimates.

Based on a review of Pieris' summary of significant accounting policies, the nature and amount of any adjustments to the historical consolidated financial statements of Pieris to conform to the accounting policies of Palvella are not expected to be significant.

Both Palvella and Pieris have a history of generating net operating losses and maintain a full valuation allowance against their net deferred tax assets. As a result, both entities have not reflected an income tax benefit or expense within the historical financial statement periods presented. Management has not identified any changes to the income tax positions due to the Merger that would result in an incremental tax expense or benefit. Accordingly, no tax-related adjustments have been reflected for the pro forma adjustments.

The pro forma adjustments, based on preliminary estimates that may change significantly as additional information is obtained, are as follows:

(a) To reflect $18.4 million in gross proceeds received pursuant to the Note Purchase Agreement as of the date of this filing, with $12.4 million of the proceeds already accounted for on Palvella's historical balance sheet as of September 30, 2024.

(b) To reflect the $60.0 million received in connection with the PIPE, for which approximately 4.3 million shares of Pieris common stock are to be issued, offset by $6.5 million in transaction costs incurred.

(c) To reflect Pieris' estimated compensation expense of $0.5 million related to severance, retention, and bonus payments that were negotiated pre-Merger but had not yet been paid or fully accrued for as of September 30, 2024. As such, the $0.5 million is recorded as an assumed liability within the unaudited combined pro forma balance sheet as of September 30, 2024, and offset to accumulated deficit. As it is considered a preacquisition expense, there is no related adjustment within the unaudited condensed consolidated combined pro forma statements of operations. This amount is offset by the payment at the closing of the merger of $1.7 million in transaction costs accrued as of September 30, 2024.

(d) To reflect the conversion of the $18.4 million issued under the Note Purchase Agreement, plus accrued interest for a total of $18.9 million to 1.3 million shares of Pieries common stock upon closing of the Merger.

(e) To reflect the exchange of 15,360,787 shares of Palvella convertible preferred stock into shares of Palvella common stock, which, together with the 5,720,009 shares of outstanding Palvella common stock, were then converted in aggregate into 6,523,750 shares of Pieris common stock based on the exchange ratio.

(f) To reflect Palvella's preliminary estimated transaction costs of $6.5 million in connection with the Merger, such as advisor fees, legal fees, printer fees, and accounting expenses, of which $1.7 million of the transaction costs already accrued and deferred on Palvella's historical balance sheet as of September 30, 2024. These transaction costs that are directly attributable to the transaction are recorded as an offset to additional paid-in capital. Based on the estimates of management, of the $6.5 million of transaction costs incurred, $5.7 million was offset against additional paid-in capital and $0.8 million was recorded to general and administrative expense in the unaudited condensed consolidated combined pro forma statement of operations.

(g) To reflect the reclassification of Pieris accumulated other comprehensive income (loss) into additional paid-in capital.

(h) To reflect the reclassification of historical accumulated deficit of Pieris into additional paid-in capital.

(i) To reflect the reversal of interest expense accrued on the convertible notes during the period ended September 30, 2024 that will be converted to shares of Pieris common stock upon closing of the Merger.

(j) To reflect the reversal of change in fair value of the convertible notes during the period ended September 30, 2024 that will be converted to share of Pieris common stock upon closing of the merger.

(k) The pro forma combined basic and diluted earnings per share have been adjusted to reflect the pro forma net income (loss) for the nine months ended September 30, 2024, and the year ended December 31, 2023. In addition, the number of shares used to calculate the pro forma combined basic and diluted net income (loss) per share has been adjusted to reflect the estimated total number of shares of common stock of the combined company that would be outstanding as of the Merger closing date, including the shares to be issued in the PIPE Financing, as if they have been outstanding for the entirety of the periods presented. For the nine months ended September 30, 2024, and the year ended December 31, 2023, the pro forma weighted average shares outstanding has been calculated as follows:

	September 30, 2024	December 31, 2023
Weighted-average Palvella common shares outstanding – basic and diluted	5,720,009	5,720,009
Palvella convertible preferred stock	15,360,787	15,360,787
Total	21,080,796	21,080,796
Application of exchange ratio	0.309469	0.309469
Adjusted Weighted-average Palvella common shares outstanding – basic and diluted	6,523,750	6,523,750
$18.9 million of Palvella convertible notes	1,347,666	1,347,666
$60.0 million of PIPE Financing	4,286,838	4,286,838
Weighted-average Pieris common shares outstanding	1,285,000	1,125,800
Pieris convertible preferred stock	208,331	208,331
Pieris reverse stock split adjustment	-	83,552
Pieris planned issuance of common shares	938	938
Pro forma combined weighted average number of shares of common stock – basic and diluted	13,652,523	13,576,875