

**ECONOMIC DEVELOPMENT AGREEMENT  
BETWEEN KIROMIC, INC. AND  
THE SAN ANTONIO ECONOMIC DEVELOPMENT CORPORATION**

THIS ECONOMIC DEVELOPMENT AGREEMENT (the “**Agreement**”) is entered into as of this \_\_ day of \_\_\_\_\_, 2018 (the “**Effective Date**”), by and between KIROMIC, INC., a Delaware corporation (hereinafter referred to as the “**Company**”) and the SAN ANTONIO ECONOMIC DEVELOPMENT CORPORATION, a Type B corporation created pursuant to the authority of the Development Corporation Act, Title 12, Subtitle C1, as amended, Texas Local Government Code (hereinafter referred to as the “**SAEDC**”).

**RECITALS**

**WHEREAS**, SAEDC is a Type B corporation created pursuant to the authority of the EDC Act (as hereinafter defined); and

**WHEREAS**, it has been determined that the Act authorizes SAEDC to use funds in connection with land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements that the board of directors of SAEDC believes would promote new or expanded business development and the creation and/or retention of jobs in the City of San Antonio; and

**WHEREAS**, the Company desires to relocate to San Antonio and conduct its Business Activities in the City of San Antonio (the “**Project**”); and

**WHEREAS**, pursuant to the EDC Act, SAEDC seeks to assist the Company in relocating to, and operating the Project in, the City of San Antonio.

**NOW, THEREFORE**, upon and in consideration for the mutual promises and covenants contained herein and for other valuable consideration, the receipt, adequacy, and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

**ARTICLE I  
DEFINITIONS**

1.1 “**Affiliate**” means any Person directly or indirectly controlling or controlled by or under direct or indirect common control of another Person, and in the case of the Company, shall include any Person directly or indirectly controlling or controlled by or under direct or indirect control of the Company. For purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

1.2 “**Business Activities**” means the executive offices and corporate headquarters of the Company, together with research, development, sales, marketing and manufacturing of Company’s therapeutic products.

1.3 **“Business Commencement Date”** means the date upon which the Company relocates its executive offices and headquarters to the Facility and commences substantive Business Activities in the Facility as provided in Section 3.1(b) below.

1.4 **“Change of Control”** shall mean: (i) the acquisition of the Company by another entity by means of any transaction or series of related transactions to which the Company is party (including, without limitation, any stock acquisition, reorganization, merger or consolidation, but excluding any sale of stock for capital raising purposes) other than a transaction or series of related transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction continue to retain (either by such voting securities remaining outstanding or by such voting securities being converted into voting securities of the surviving entity), as a result of shares in the Company held by such holders prior to such transaction, at least a majority of the total voting power represented by the voting securities of the Company or such other surviving or resulting entity outstanding immediately after such transaction or series of related transactions; or (ii) a sale, lease or other disposition of all or substantially all of the assets of the Company.

1.5 **“City”** means the City of San Antonio, Texas, a Texas municipal corporation.

1.6 **“Company”** shall have the meaning set forth in the introductory paragraph of this Agreement.

1.7 **“EDC Act”** means the Development Corporation Act, Title 12, Subtitle C1, of the Texas Local Government Code (Chapter 505), as amended from time-to-time.

1.8 **“Event of Default”** shall have the meaning ascribed to such term in Section 5.1 and Section 5.2 below.

1.9 **“Facility”** means the premises leased by the Company in the City in which is located the principal executive offices and headquarters of the Company and in which the Company conducts its Business Activities.

1.10 **“Force Majeure”** means labor disputes, casualty to the Facility, an act of God or natural disaster (which is outside of the norm for the San Antonio area or which could not be reasonably anticipated or avoided), riots, acts of war or terrorism, insurrection, sabotage, and civil disobedience, specifically excluding any event or delay which is directly or indirectly caused by the financial inability of the Company or is the result of the negligence, willful or intentional act or misconduct on the part of the Company or its Affiliate, or their officers, owners, agents, employees, or contractors, or any event or delay which is directly or indirectly caused or the result of an Event of Default by the Company under this Agreement.

1.11 **“Full-Time Employee Positions”** means any full-time or full-time equivalent job held by an individual working for and employed by the Company or an Affiliate of the Company in the conduct of substantive Business Activities at the Facility. For purposes hereof, a full-time or full-time equivalent job refers to a position held by an individual, whether such individual is salaried or paid hourly, working a total of at least thirty-five (35) hours per week, and who is paid an hourly wage of at least \$12.07 per hour throughout the Term.

1.12 **“Grant Funds”** shall have the meaning set forth in Section 4.1 below.

1.13 “**Interest Rate**” means the lesser of five percent (5%) per annum or the maximum rate permitted by applicable law, compounded monthly.

1.14 “**Lease**” has the meaning set forth in Section 3.1(b).

1.15 “**Person**” means an individual, a partnership, an association, corporation, a joint venture, an unincorporated organization, a trust, governmental agency, an administrative tribunal or any other form of business or legal entity.

1.16 “**Project**” has the meaning set forth in the Recitals.

1.17 “**Term**” means the period of time from the Effective Date of this Agreement until the date that is five (5) years following the Business Commencement Date.

## **ARTICLE II PURPOSE**

The purpose of this Agreement is for SAEDC to assist the Company through certain economic development grants to undertake the Project and establish the Business Activities at the Facility. The Project is anticipated to promote local economic development and stimulate business, commercial, and research activity in the City including, but not limited to, the creation and retention of primary jobs, and this Agreement and the grant of the Grant Funds to the Company pursuant hereto has been determined by the Board of Directors of SAEDC to be required for the implementation of the Project in San Antonio by the Company.

## **ARTICLE III OBLIGATIONS OF THE COMPANY**

3.1 **Company Obligations.** The Company covenants and agrees that:

(a) The Company is duly organized under the laws of the State of Delaware and is qualified to do business in the State of Texas.

(b) No later than December 31, 2018, the Company shall enter into a binding lease (the “**Lease**”) of space within City for the Facility. The Lease shall be for a term of at least five (5) years from the Business Commencement Date and will include a sufficient amount of space for the Company to conduct its Business Activities at the Facility throughout the Term of this Agreement.

(c) No later than December 31, 2018, the Company shall relocate its executive offices and headquarters to the Facility and commence conducting substantive Business Activities therein.

(d) From and after the Business Commencement Date, the Company shall diligently and continuously engage in substantive Business Activities at the Facility throughout the Term of this Agreement.

(e) Not later than the expiration of eighteen (18) months following the Effective Date, the Company shall relocate to and/or create at the Facility not less than ten (10) Full-Time Employee Positions, and thereafter the Company shall maintain such Full-Time Employee Positions at the Facility throughout the remainder of the Term. No later than December 31, 2021, the Company shall create not less than an additional ten

(10) Full-Time Employee Positions at the Facility, for a total of at least twenty (20) Full-Time Employee Positions at the Facility, and thereafter the Company shall maintain such Full-Time Employee Positions at the Facility throughout the remainder of the Term. The Full-Time Employee Positions shall pay an average annual salary of at least \$50,000.00 throughout the Term. The Full-Time Employee Positions described in the preceding sentences must simultaneously exist and be filled by different individuals at the Facility, subject to temporary, reasonable delays in replacing employees, provided that diligent, continuous efforts are being made to replace any such employees (the requirements of the preceding four sentences being collectively referred to herein as the “**Employment Requirement**”).

(f) From and after the Business Commencement Date, the Company shall continuously conduct substantive Business Activities at the Facility and cause its Chief Executive Officer or President to permanently reside in City or its metropolitan area throughout the Term.

(g) The Company shall provide SAEDC with annual compliance reports before January 30 of each year of the Term in a form reasonably acceptable to SAEDC as it may determine to be necessary to establish the Company’s compliance or non-compliance with the terms, provisions and conditions of this Agreement, together with annual reports, unaudited financial statements and operating statements in the form provided by the Company to its investors. The annual compliance reports shall be certified and attested as being true and accurate by an authorized officer of the Company and shall provide sufficient information such that SAEDC may reasonably determine whether the Company has complied with the terms, conditions, and provisions of this Agreement.

(h) The Company shall only use the Grant Funds for the purpose of the Company’s Business Activities at the Facility.

(i) In accordance with Texas Government Code, Chapter 2264, during the term of this Agreement, the Company agrees not to knowingly employ any undocumented workers at the Project.

(j) The Company shall provide the SAEDC notice of any pending Change of Control contemporaneously with the Company’s providing such similar notification to other investors in the Company, but in every event not less than ten (10) business days prior to the Change of Control.

#### **ARTICLE IV OBLIGATIONS OF SAEDC**

4.1 **Grant Funds.** Provided that at the time of and as a condition precedent to each such disbursement the Company is in compliance with all material terms, conditions, provisions and obligations of this Agreement, SAEDC shall disburse the total sum of Two Hundred Thousand and No/100 Dollars (\$200,000.00) (collectively, the “**Grant Funds**”) to or for the benefit of the Company as follows:

(a) Within ten (10) business days following the latest to occur of (i) the full execution and delivery of this Agreement by Company and SAEDC; (ii) Company’s delivery to SAEDC of a corporate resolution of the Board of Directors of Company

authorizing (A) the execution of this Agreement by an officer of the Company, and (B) the relocation of the Company's headquarters to the City and the commencement of its primary Business Activities in the City no later than December 31, 2018, (iii) SAEDC's receipt of written certification from an authorized officer of the Company that the Company has entered into the Lease and that all conditions to the effectiveness of such Lease have been satisfied, accompanied by a copy of the fully-executed Lease, (iv) Company's establishing its headquarters at the Facility and commencing substantive Business Activities at the Facility, and (v) SAEDC's receipt of written certification from an authorized officer of the Company that the CEO or President of the Company now permanently resides in the City or the City's metropolitan area, SAEDC shall provide to the Company an economic development grant in the amount of Two Hundred Thousand and No/100 Dollars (\$200,000.00).

4.2 Notwithstanding any provisions contained herein to the contrary, if the conditions to disbursement of the Grant Funds set forth in Section 4.1 above have not been satisfied by the Company on or before December 31, 2018, such failure shall constitute a default by Company hereunder and SAEDC shall be entitled to exercise its rights under Section 6.3(a) following the expiration of any applicable notice and cure periods.

## **ARTICLE V SAEDC RIGHTS AND OWNERSHIP**

5.1 **Equity Interest.** In consideration of SAEDC's agreement to pay the Grant Funds to the Company pursuant to this Agreement, contemporaneously with the disbursement to the Company of the Grant Funds pursuant to Section 4.1(a) above, the Company shall cause to be transferred or issued to SAEDC \$200,000.00 of its Series A Preferred Shares calculated at the price per share and on the same terms being offered by the Company in the April 2018 Series A round of financing as described in **Exhibit A** to this Agreement. In connection with the issuance of the Series A Preferred Shares to SAEDC, SAEDC agrees to execute appropriate and reasonable agreements and documentation with respect to the receipt of such Series A Preferred Shares as may be executed by the holders of all Series A Preferred Shares.

## **ARTICLE VI DEFAULT AND REMEDIES**

6.1 **Company Events of Default.** Any one of the following events which occurs and is continuing shall constitute an "Event of Default" by the Company under this Agreement:

(a) The dissolution or liquidation of the Company or the filing by the Company of a voluntary petition in bankruptcy, or failure by the Company to promptly cause to be lifted any execution, garnishment or attachment of such consequence as will impair the Company's ability to carry on its obligations under this Agreement;

(b) The commission by the Company of any act of voluntary or involuntary bankruptcy under any state or federal law;

(c) The admittance of the Company, in writing, of its inability to pay its debts generally as they become due, or a receiver, trustee or liquidator of the Company shall be

appointed in any proceeding brought against the Company and shall not be discharged within ninety (90) days after such appointment; and/or

(d) The Company's failure to perform, observe and/or comply with any of the terms, conditions, provisions, obligations, or covenants set forth in this Agreement, including, without limitation, those obligations and covenants set forth in Article III hereof, and as to a monetary default such failure continues for more than thirty (30) days following written notice by SAEDC to the Company, and as to a non-monetary default such failure continues for more than ninety (90) days following written notice to the Company of such failure. Notwithstanding anything herein to the contrary, SAEDC shall extend such ninety (90) day cure period to cure a non-monetary default for a reasonable period, not to exceed thirty (30) days, if the Event of Default is not reasonably capable of being cured within ninety (90) days and the Company commences to cure the Event of Default within the 90-day cure period and thereafter diligently and continuously pursues such cure to completion.

6.2 **SAEDC Events of Default.** It shall constitute an "Event of Default" by SAEDC under this Agreement if SAEDC fails to pay the Grant Funds as set forth in Article IV, and such failure continues for more than ten (10) days following written notice by the Company to SAEDC of such failure.

### 6.3 **Remedies**

(a) Upon the occurrence of an Event of Default by the Company, SAEDC shall have the right, in addition to any other rights available to SAEDC at law or in equity, to terminate this Agreement and at its option either (1) retain all Series A Preferred Shares or other equity securities then owned by it in the Company or to which it may thereafter become entitled; or (2) surrender its Series A Preferred Shares or other equity securities and require that the Company repay the Grant Funds received by the Company as of such date plus interest at the Interest Rate from the date the Grant Funds are paid to the Company until the date of repayment, such repayment to be due and payable within five (5) days following written notice of the Event of Default by SAEDC to the Company.

SAEDC may take whatever action at law or in equity as may be necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Company under this Agreement.

(b) Upon the occurrence of an Event of Default by SAEDC, the Company may exercise any and all rights and remedies available at law or in equity; and enforce this Agreement in accordance with its terms.

Any sums due and payable by SAEDC to the Company hereunder shall bear interest at the Interest Rate from the date due until paid. The Company may take whatever action at law or in equity as may be necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of SAEDC under this Agreement.

(c) The remedies herein conferred upon or reserved to the parties are intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement. NOTWITHSTANDING ANY PROVISION OF THIS AGREEMENT TO THE CONTRARY, IN NO EVENT SHALL EITHER PARTY HERETO BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, PUNITIVE, EXEMPLARY, CONSEQUENTIAL, INCIDENTAL OR INDIRECT LOSSES OR DAMAGES (IN TORT, CONTRACT OR OTHERWISE) UNDER OR IN RESPECT OF THIS AGREEMENT.

## **ARTICLE VII MISCELLANEOUS**

### **7.1 Audit Rights.**

(a) SAEDC, at its expense, reserves the right to confirm the Company's compliance with the terms, conditions, provisions and obligations of this Agreement through a performance and/or a financial audit of the Company as reasonably required to determine such compliance, and, in connection therewith, SAEDC shall have access to and may inspect, examine and make copies of the relevant and applicable books and records of the Company not more often than once every six months. SAEDC's access to such information shall be limited to the information needed to verify compliance with the terms, provisions, conditions, and obligations hereof.

(b) The Company shall maintain the fiscal and financial records and supporting documentation for the expenditures of the Grant Funds and related to the performance of the obligations required under this Agreement for the greater of (i) three (3) years after the expiration of the Term or (ii) the period required by applicable law and regulations. The provisions of this Section shall survive any termination of this Agreement.

7.2 **Force Majeure.** In addition to relief expressly granted in this Agreement, the Company shall be granted a temporary relief from performance of its obligations under this Agreement if the Company is prevented from compliance or performance by an event of Force Majeure. In the event of such an event of Force Majeure, the Company shall promptly provide written notice to SAEDC of the event of Force Majeure, stating that the obligations it is unable to perform as a result and the anticipated length of the delay in performance. The burden of proof for establishing the need for such relief shall rest upon the Company. Notwithstanding anything herein to the contrary, an event of Force Majeure shall not excuse any monetary or repayment obligations of the Company hereunder. Upon the occurrence of an event of Force Majeure, the parties shall use good faith efforts to determine if the Force Majeure event is of sufficient magnitude and/or duration to warrant the withholding of the disbursement of Grant Funds until the resolution of the Force Majeure event and the resumption of the Company's performance of all its obligations hereunder. However, notwithstanding the foregoing, if the parties are unable to reach an agreement on the withholding of the disbursement of Grant Funds, SAEDC may withhold the disbursement of Grant Funds until the earlier of resolution of any dispute between SAEDC and the Company with respect to such withholding due to the Force Majeure event or the resumption by the Company of its performance hereunder,

following which payments shall resume over the remainder of the Term as extended due to the Force Majeure event, to the extent provided herein.

7.3 **Notice.** Any notice required or permitted to be given hereunder by one party to the other shall be in writing and the same shall be given and shall be deemed to have been served and given if: (a) delivered in person to the address set forth herein below for the party to whom the notice is given; (b) placed in the United States mail with postage prepaid, return receipt requested, properly addressed to such party at the address hereinafter specified; or (c) deposited, with fees prepaid, into the custody of a nationally recognized overnight delivery service such as FedEx, addressed to such party at the address hereinafter specified; or (d) by electronic transmissions, such as email, with confirmed receipt. Any notice mailed in the above manner shall be effective upon its deposit into the custody of the United States Postal Service or such nationally recognized delivery service, as applicable; all other notices shall be effective upon receipt. From time to time, either party may designate another address for all purposes under this Agreement by giving the other party no less than ten (10) calendar days advance written notice of such change of address in accordance with the provisions hereof.

7.4 **Counterparts.** This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

7.5 **Governing Law.** THE GOVERNING LAW OF THIS AGREEMENT SHALL BE THE LAW OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO ANY CHOICE-OF-LAW STANDARDS THAT MAY REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

7.6 **Venue.** Venue for any litigation under this Agreement shall be in the County of Bexar, State of Texas.

7.7 **Severability.** In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect and for any reason whatsoever, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. In the event any such provision is held to be invalid, illegal or unenforceable, the parties hereto shall make their best efforts to agree on a provision in substitution for such invalid, illegal or unenforceable provision that is as near in economic benefit as possible to the provision found to be invalid, illegal or unenforceable.

7.8 **Assignment.** Neither Party hereto may assign this Agreement without the express written consent of the other Party, which may be withheld in such Party's sole discretion. Any such assignment or attempted assignment without the consent of the other Party shall be null and void and not be effective.

7.9 **Representations and Warranties.** The representations, warranties and covenants made by each of the parties hereto and contained herein shall survive the performance of any obligations to which such representations, warranties and covenants relate.

7.10 **Binding Effect.** This Agreement and all terms, provisions and obligations set forth herein shall be binding upon and shall inure to the benefit of the parties and their



successors and assigns and all other state agencies and any other agencies, departments, divisions, governmental entities, public corporations and other entities which shall be successors to each of the parties or which shall succeed to or become obligated to perform or become bound by any of the covenants, agreements or obligations hereunder of each of the parties which are parties hereto.

7.11 **Non-Waiver**. Any failure by a party hereto to insist upon strict performance by the other party of any material provision of this Agreement shall not be deemed a waiver thereof or of any other provision hereof, and such party will have the right at any time thereafter to insist upon strict performance of any and all of the provisions of this Agreement.

7.12 **Entire Agreement**. This Agreement, together with any exhibits hereto and the documents referenced herein, constitute the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior written and oral agreements and understandings with respect to such subject matter. Neither this Agreement nor any of the terms, provisions or conditions hereof may be terminated, amended, supplemented, waived or modified orally, but only by an instrument in writing signed by the party against which the enforcement of the termination, amendment, supplement, waiver or modification shall be sought. SAEDC agrees that it has not relied on any promise, representation, commitment or agreement not included in this Agreement and the exhibits hereto and the documents referenced herein.

7.13 **Attorneys' Fees**. If any party to this Agreement defaults in the performance of any covenants or obligations of such party contained in this Agreement and the other party places the enforcement of this Agreement, or any part thereof, or the exercise of any other remedy herein provided for such default, in the hands of an attorney who files suit upon the same (either by direct action or counterclaim), the non-prevailing party shall pay to the prevailing party its reasonable attorneys' fees and costs of court. In addition to the foregoing award of attorneys' fees to the prevailing party, the prevailing party shall be entitled to its attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment.

IN WITNESS WHEREOF, the parties hereto have executed the Agreement this \_\_\_\_ day of \_\_\_\_\_, 2018.

**SAN ANTONIO ECONOMIC  
DEVELOPMENT CORPORATION**

**KIROMIC, INC.**, a Delaware  
corporation

\_\_\_\_\_  
Ed Davis  
Executive Director

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

**EXHIBIT A**  
**Series A Preferred Shares Terms**

**NON-BINDING SUMMARY OF TERMS**

**SERIES A PREFERRED FINANCING**

**Kiromic Inc. (the "Company") April 2018**

This Term Sheet summarizes the principal terms of the Series A Preferred financing of the Company, a Delaware corporation (the "Company"). This document does not detail every term of the financing, only the primary areas likely to require greater discussion. The other provisions in this Term Sheet are not binding, but set forth the principal terms that the parties intend to include in definitive binding agreements. This Term Sheet is not a commitment to invest, nor an offer to sell securities or a solicitation of an offer to buy securities.

Issuer:	Kiromic Inc. (the "Company"), is a Delaware corporation.
Investors	Investors must be Accredited Investors as defined by SEC Rule 501 of Regulation D.
Current Capitalization	See Cap Table in Appendix A
Security Offered:	Series A Preferred Shares
Dividends:	Holder of the Series A Preferred Shares will be entitled to receive cumulative dividends at an annual rate of 6.5% of the original Purchase Price per share. Holders of Common Stock may not receive dividends unless at the same time the same or higher dividend is paid to the holders of Series A Preferred Shares.
Size of Offering	\$12,000,000 (the "Series A Offering" or "Offering")
Pre-Money Valuation	\$60,000,000 (See current Cap Table in Appendix A)
Price per Share	\$0.50 per Series A Preferred Share  Minimum subscription, per Investor, shall be \$200,000 each.  Existing investors may, at the company's discretion, invest at \$100,000 each.

Initial Closing	The first closing (the "Initial Closing") shall occur at the discretion of the Company and be subject to the satisfaction of the conditions to closing, including the investment of at least \$6,000,000 (the "First Close Minimum") from Investors.																
Additional Closings	Following the Initial Closing, the Company will collect and hold funds and set additional closings at dates and in amounts to be determined by the Company in its sole discretion until the Series A Offering is complete (each an "Additional Closing").																
Early Investment Incentive, Award of Additional Series A Preferred Stock ("Additional Shares")	<p>The Investors who make early investments (described as Groupings) in the Series A Preferred as set forth in the schedule below shall be awarded Additional Shares as follows:</p> <table border="1" data-bbox="641 693 1380 924"> <thead> <tr> <th>Groupings</th> <th>Minimum</th> <th>Maximum</th> <th>PICU (%) Awarded</th> </tr> </thead> <tbody> <tr> <td>Group A</td> <td>\$0</td> <td>\$3,000,000</td> <td>1.50%</td> </tr> <tr> <td>Group B</td> <td>\$3,000,000</td> <td>\$4,500,000</td> <td>0.75%</td> </tr> <tr> <td>Group C</td> <td>\$4,500,000</td> <td>\$6,000,000</td> <td>0.35%</td> </tr> </tbody> </table> <p>PICU Awards (Profits Interest Common Units – "PICUs") shall be calculated by the following method:</p> $\text{Number of Series A Preferred Units purchased} \times \text{PICU Award (\%)} = \text{number of PICUs}$ <p>The following are examples of how the PICUs will be awarded:</p> <ol style="list-style-type: none"> <li>Investor 1 signs the subscription agreement, subscribes to the investment amount, and is included in the Initial Closing (Group A), Investor 1 will receive a 1.5% PICU Award.</li> <li>Investor 2 signs the subscription agreement, subscribes to the investment amount, and is included in Group B Closing, Investor 2 will receive a 0.75% PICU Award.</li> <li>Investor 3 signs the subscription agreement, subscribes to the investment amount, and is included in the Group C Closing, Investor 3 will receive a 0.35% PICU Award.</li> </ol> <p>All investments received prior to the Initial Closing or a subsequent Closing will be included as part of that Group.</p>	Groupings	Minimum	Maximum	PICU (%) Awarded	Group A	\$0	\$3,000,000	1.50%	Group B	\$3,000,000	\$4,500,000	0.75%	Group C	\$4,500,000	\$6,000,000	0.35%
Groupings	Minimum	Maximum	PICU (%) Awarded														
Group A	\$0	\$3,000,000	1.50%														
Group B	\$3,000,000	\$4,500,000	0.75%														
Group C	\$4,500,000	\$6,000,000	0.35%														

Series A Preferred Share Liquidation Preference and Distribution	<p>Series A Preferred Shareholders will have a liquidation preference and a priority position ("Liquidation Preference") in distributions until 100% (1X) of their investment is paid to them by the Company ("Distribution"). As such, Distributions will be made as follows:</p> <ol style="list-style-type: none"> <li>1. All Distributions will be distributed to the Series A Preferred Shareholders until they have received a total of 100% (1X) of their investment.</li> <li>2. After the Series A Preferred Shareholders have received a total of 100% (1X) of their investment, they will receive Distributions pro rata to their ownership percentage of the Company.</li> </ol>
Voting:	The Series A Preferred Shares will not have voting rights.
Use of Proceeds:	Clinical operations, reinforcement of intellectual property, and corporate overhead expenses.
Protective Provisions	<p><i>Board Approval of Certain Transactions.</i> Without the approval or written consent of a majority of the Board, the Company will not undertake any of the following:</p> <ol style="list-style-type: none"> <li>1. Approval of the Company's annual capital expenditure budget;</li> <li>2. Approval of the Company's annual operating budget;</li> </ol>
Legal Fees	The Company and the investor will each pay their own respective legal fees related to this Series A Preferred Offering.

Representations and Warranties	Sale of the Series A Preferred Shares will be pursuant to a Preferred Share Subscription Agreement that will contain standard representations and warranties of the Company for a business at this stage and in its industry. Investors will make representations in the Preferred Share Subscription Agreement with respect to their investor qualifications, <i>i.e.</i> accredited investor status.
Governing Law	The transaction documents will be governed by Delaware law.
Other Rights and Terms	<p>The Series A Offering documents will contain typical security transfer restrictions, non-disclosure requirements.</p> <p>Transfers of the Series A Preferred Shares shall be restricted except for (i) Board approval, (ii) bona fide gifts, sales or other dispositions of Series A Preferred Shares in each case that are made exclusively between and among the Investor or members of the Investor's family (iii) transfers to any trust for the direct or indirect benefit of the Investor or a member of the immediate family of the Investor, or (iv) transfers by will, other testamentary document or intestate succession to the legal representative, heir, beneficiary, or a member of the immediate family of the Investor; <u>provided</u> that in the case of any transfer or distribution pursuant to clause (ii), (iii) and (iv) (1) each donee or distributee shall execute and deliver to the Company a restricted transfer letter with the same restrictions as set forth in herein and (2) any such transfer shall not involve a disposition for value.</p>
Capitalization Table for Kiromic	

The parties to this Term Sheet acknowledge their agreement to the terms contained herein by signing below:

### Kiromic Inc.

### Investor

\_\_\_\_\_  
 Scott Dahlbeck, MD, PharmD  
 President and COO

\_\_\_\_\_

\_\_\_\_\_  
 Date (mm/dd/yyyy)

\_\_\_\_\_  
 Date (mm/dd/yyyy)

**Kiromic, Inc.**  
**Capitalization Summary**

	Shares Authorized	Shares Outstanding	% of Fully Diluted Capitalization
<b>Stock</b>			
Common (\$0.00001 par value)	600,000,000	100,000,000	<b>83.33%</b>
<b>Total Stock:</b>	<u>600,000,000</u>	<b>100,000,000</b>	<b>83.33%</b>
<b>2016 Equity Incentive Plan</b>			
Reserved for Issuance		20,000,000	
Granted		18,993,484	
Exercised		0	
Cancelled		2,626,375	
Repurchased		0	
Outstanding		16,367,109	
Remaining Available for Grant		<u>3,632,891</u>	
<b>Total Common Stock Issuable:</b>		<b>20,000,000</b>	<b>16.67%</b>
<b>Fully Diluted Capitalization:</b>		<b>120,000,000</b>	<b>100.00%</b>