

**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): January 26, 2021**

**AERPIO PHARMACEUTICALS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-38560**  
(Commission  
File Number)

**61-1547850**  
(I.R.S. Employer  
Identification No.)

**9987 Carver Road**  
**Cincinnati, OH**  
(Address of principal executive offices)

**45242**  
(Zip Code)

**Registrant's telephone number, including area code (513) 985-1920**

**Not Applicable**

(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, \$0.0001 par value per share	ARPO	Nasdaq Capital Market

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

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.

**Item 2.05 Costs Associated with Exit or Disposal Activities.**

On January 31, 2021, the Board of Directors (the “Board”) of Aerpio Pharmaceuticals, Inc. (the “Company”) approved a plan to reduce operating costs and better align its workforce with the needs of its ongoing business. The plan reduces its current workforce by 7 employees, representing approximately 58% of the Company’s workforce. This plan is expected to be substantially complete by March 31, 2021. As a result of this plan, the Company estimates that it will incur one-time employee related expenses of approximately \$1.2 million which includes severance benefits, payment of healthcare insurance premiums and outplacement assistance for specified periods. Each affected employee’s eligibility for such severance benefits is contingent upon such employee’s execution of a separation agreement, which includes a general release of claims against the Company. The Company anticipates that the majority of such employee related costs will be paid during the 2021 fiscal year. The costs that the Company expects to incur in connection with the plan are subject to a number of assumptions, and actual results may differ from the Company’s original estimate. The Company may also incur additional costs not currently contemplated due to events that may occur as a result of, or that are associated with, the plan. If the Company subsequently determines that it will incur additional significant costs associated with the plan, it will amend this Current Report on Form 8-K to disclose such information.

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.***Departure of Kevin Peters, M.D. as Chief Scientific Officer and Chief Medical Officer*

On January 26, 2021, we notified Kevin Peters, M.D., the Company’s Chief Scientific Officer and Chief Medical Officer, of the planned termination of his employment as part of the Company’s proposed reduction in force discussed above. It is anticipated that in connection with such termination, the Company and Dr. Peters will enter into a transition services agreement pursuant to which the effective date of Dr. Peters’ departure will be determined and certain other transitional services to be provided by Dr. Peters will be agreed upon.

*Amendment to Employment Agreement for Joseph Gardner, Ph.D., President and Founder*

On January 31, 2021, the Company also entered into the second amendment to its employment agreement with Joseph Gardner, Ph.D., the Company’s President and Founder. Subject to the terms and conditions of his employment agreement, as amended, certain severance terms applicable to Dr. Gardner were amended, and all other terms of Dr. Gardner’s employment agreement remained unmodified. Pursuant to the employment agreement, as amended, if Dr. Gardner’s employment ends for any reason, Dr. Gardner will receive any current base salary through the date of termination, unpaid expense reimbursements, unused vacation accrued through the date of termination, and any vested benefits under any employee benefit plan through the date of termination. If Dr. Gardner’s employment is terminated by the Company without cause (as defined in his employment agreement) or by Dr. Gardner for good reason (as defined in his employment agreement), then, in addition to the accrued benefits described in the preceding sentence, and subject to Dr. Gardner’s execution of a separation agreement containing, among other things, a release of claims against the Company, Dr. Gardner will be entitled to receive: (i) a lump sum in cash in an amount equal to 12 months of current base salary, (ii) a monthly cash payment for 12 months for medical

and dental benefits or Dr. Gardner's COBRA health continuation period, whichever ends earlier, and (iii) acceleration of vesting on any stock options in which Dr. Gardner would have vested if he had remained employed for an additional 12 months. However, in the event that Dr. Gardner's employment is terminated by the Company without cause, or Dr. Gardner terminates his employment with the Company for good reason, in either case within 15 months following the occurrence of a change in control (as defined in his employment agreement), in lieu of the severance payments and benefits described in the preceding sentence and subject to Dr. Gardner's execution of a release of potential claims against the Company, Dr. Gardner will be entitled to receive: (i) a lump sum in cash in an amount equal to 1.5 times the sum of Dr. Gardner's current base salary (as defined in his employment agreement) plus his target annual incentive compensation for the year in which the termination occurs, (ii) a monthly cash payment for 18 months for medical and dental benefits or Dr. Gardner's COBRA health continuation period, whichever ends earlier, and (iii) acceleration of vesting on any stock options subject to time-based vesting.

The foregoing description of the second amendment to employment agreement with Dr. Gardner is qualified in its entirety by reference to the complete text of such amendment, a copy of which is attached as Exhibit 10.1 to this Current Report on Form 8-K.

#### *Employee Retention Matters*

On January 31, 2021, the Board approved cash payments for the Company's remaining employees, including the Company's executive officers, in order to incentivize such employees to remain employed by the Company following the implementation of the Company's realignment plan described above. The Board approved cash retention payments to its salaried employees, with 50% payable upon shareholder approval of a strategic transaction and the remaining 50% payable at the end of the fiscal year, subject to such employee's continuing employment with the Company. If the employee is terminated without cause prior to December 31, 2021, 100% of the cash retention payments shall be payable upon such termination date. Joseph Gardner, Ph.D., the Company's President and Founder and principal executive officer, and Regina Marek, the Company's Vice President of Finance and principal financial and accounting officer, who are also named executive officers for the Company for fiscal year 2020, will receive cash payments of \$216,300 and \$139,050, respectively.

### **Item 9.01 Financial Statements and Exhibits.**

#### (d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	<a href="#"><u>Amendment No. 2 to Employment Agreement, entered into on January 31, 2021, by and between Aerpio Pharmaceuticals, Inc. and Joseph Gardner</u></a>

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**SIGNATURES**

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.

Date: February 1, 2021

**AERPIO PHARMACEUTICALS, INC.**

By: /s/ Joseph Gardner, Ph.D.

Joseph Gardner

President and Founder

**AMENDMENT NO. 2  
TO  
EMPLOYMENT AGREEMENT**

THIS AMENDMENT NO. 2 TO EMPLOYMENT AGREEMENT (this "Amendment") is made as of January 31, 2021 (the "Amendment Effective Date"), by and between Joseph Gardner (the "Executive") and Aerpio Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and together with the Executive, each, a "Party", and collectively, the "Parties"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Employment Agreement (as defined below).

WHEREAS, the Parties entered into an Employment Agreement dated March 15, 2017 (the "March 2017 Agreement"), which replaced a prior executive employment agreement between the Parties, dated September 16, 2013 (the "Prior Employment Agreement") except that the provisions of Section 6 of the Prior Employment Agreement (the "Restrictive Covenants") were not replaced but, rather, were specifically preserved and reaffirmed as material terms of the March 2017 Agreement;

WHEREAS, the Parties entered into Amendment No. 1 to Employment Agreement dated October 8, 2017 (together with the March 2017 Agreement, the "Employment Agreement"); and

WHEREAS, the Executive and the Company desire to amend certain provisions of the Employment Agreement as set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Executive and the Company hereby agree as follows:

1. Section 4(b) of the Employment Agreement is deleted in its entirety and replaced with the following:

(b) Termination by the Company Without Cause or by the Executive for Good Reason. During the Term, if the Executive's employment is terminated by the Company without Cause as provided in Section 3(d), or the Executive terminates his employment for Good Reason as provided in Section 3(e), then the Company shall pay the Executive his Accrued Benefit. In addition, subject to the Executive signing a separation agreement containing, among other provisions, a general release of claims in favor of the Company and related persons and entities, confidentiality, return of property and non-disparagement, in a form and manner satisfactory to the Company (the "Separation Agreement and Release") and the Separation Agreement and Release becoming irrevocable, all within 60 days after the Date of Termination:

(i) the Company shall pay the Executive a lump sum in cash in an amount equal to twelve (12) months' Base Salary (the "Severance Amount"); and

(ii) if the Executive was participating in the Company's group health plan immediately prior to the Date of Termination and elects COBRA health continuation, then the Company shall pay to the Executive a monthly cash payment for twelve (12) months or the Executive's COBRA health continuation period, whichever ends earlier, in an amount equal to the monthly employer contribution that the Company would have made to provide health insurance to the Executive if the Executive had remained employed by the Company; and

(iii) upon the Date of Termination, all stock options and other stock-based awards held by the Executive in which the Executive would have vested if he had remained employed for an additional twelve (12) months following the Date of Termination shall vest and become exercisable or nonforfeitable as of the Date of Termination; and

(iv) The amounts payable under this Section 4(b) shall be paid or commence to be paid within 60 days after the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, such payment shall be paid or commence to be paid in the second calendar year by the last day of such 60-day period. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2).

2. Each use of the phrase "twelve months" in the first paragraph of Section 5 of the Employment Agreement is deleted and replaced with "fifteen (15) months."

3. Section 5(a) of the Employment Agreement is deleted in its entirety and replaced with the following:

(a) Change in Control. During the Term, if within fifteen (15) months after a Change in Control, the Executive's employment is terminated by the Company without Cause as provided in Section 3(d) or the Executive terminates his employment for Good Reason as provided in Section 3(e), then, subject to the signing of the Separation Agreement and Release by the Executive and the Separation Agreement and Release becoming irrevocable and fully effective, all within 60 days after the Date of Termination:

(i) the Company shall pay the Executive a lump sum in cash in an amount equal to 1.5 times the sum of (A) the Executive's current Base Salary (or the Executive's Base Salary in effect immediately prior to the Change in Control, if higher) plus (B) the Executive's Target Annual Incentive Compensation; and

(ii) except as otherwise expressly provided in any applicable option agreement or other stock-based award agreement, all stock options and other stock-based awards held by the Executive subject to time-based vesting shall immediately accelerate and become fully exercisable or nonforfeitable as of the Date of Termination; and

(iii) if the Executive was participating in the Company's group health plan immediately prior to the Date of Termination and elects COBRA health continuation, then the Company shall pay to the Executive a monthly cash payment for eighteen (18) months or the Executive's COBRA health continuation period, whichever ends earlier, in an amount equal to the monthly employer contribution that the Company would have made to provide health insurance to the Executive if the Executive had remained employed by the Company; and

(iv) The amounts payable under this Section 5(a) shall be paid or commence to be paid within 60 days after the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, such payment shall be paid or commence to be paid in the second calendar year by the last day of such 60-day period.

4. Except to the extent expressly modified or amended by this Amendment, all terms and provisions of the Employment Agreement shall continue in full force and effect and shall remain enforceable and binding in accordance with their respective terms. For purposes of clarity, this Amendment is not intended to, and does not, supersede or negate or otherwise affect the Company's rights under the any pre-existing proprietary inventions assignment agreement or non-competition agreement that Executive had entered into prior to the Amendment Effective Date including the Restrictive Covenants which Executive hereby reaffirms as material terms of this Amendment. Neither Party has made any representation to the other regarding any of the subject matters hereof except as expressly set forth in this Amendment.

5. Any required notices, meetings or consents that are necessary to make an amendment to the Employment Agreement are hereby waived or satisfied.

6. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Amendment delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Amendment.

\* \* \* \* \*

IN WITNESS WHEREOF, the undersigned have executed this Amendment effective as of the date first set forth above.

**COMPANY:**

AERPIO PHARMACEUTICALS, INC.,  
a Delaware corporation

By: /s/ Steve Prelack  
Name: Steve Prelack  
Title: Director

**EXECUTIVE:**

By: /s/ Joseph Gardner  
Name: Joseph Gardner

*Signature Page to Amendment No. 2 to Employment Agreement*