

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 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 27, 2022

Athira Pharma, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-39503
(Commission
File Number)

45-3368487
(IRS Employer
Identification No.)

18706 North Creek Parkway, Suite 104
Bothell, WA 98011
(Address of principal executive offices, including zip code)

(206) 221-8112
(Registrant's telephone number, including area code)

(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 (see General Instruction A.2. below):

- 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	ATHA	The Nasdaq Stock Market LLC (The Nasdaq Global Select Market)

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

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

Appointment of Grant Pickering to the Board of Directors

On January 27, 2022, the board of directors of Athira Pharma, Inc. (the “Company” or “Athira”), upon recommendation from the nominating and corporate governance committee of the Company’s board of directors (the “Board”), appointed Grant Pickering as a director of the Company, effective immediately. Mr. Pickering was appointed as a Class II director with a term expiring at the Company’s 2022 annual meeting of stockholders. Mr. Pickering was also appointed to the compensation committee of the Board.

There are no transactions and no proposed transactions between Mr. Pickering or any member of his immediate family and the Company or any of its subsidiaries, and there is no arrangement or understanding between Mr. Pickering and any other person or entity pursuant to which Mr. Pickering was appointed as a director of the Company.

Mr. Pickering will enter into the Company’s standard form of indemnification agreement for directors and executive officers and participate in the Company’s amended standard compensation plan for non-employee directors, including an initial stock option grant, which was granted to Mr. Pickering effective as of January 27, 2022. The terms of the standard compensation plan for non-employee directors, as amended, are described below in the section titled “Item 8.01 – Other Events” of this Current Report on Form 8-K.

A press release announcing Mr. Pickering’s appointment to the board of directors is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Executive Compensation Arrangements

On January 27, 2022, the Board, upon recommendation of the compensation committee of the Board, approved the Company’s entry into an Amended and Restated Change in Control and Severance Agreement with Dr. Mark Litton, Athira’s president and chief executive officer (the “Amended Litton Change in Control Agreement”). A summary of the Amended Litton Change in Control Agreement is set forth below.

Pursuant to the terms of the Amended Litton Change in Control Agreement, if Dr. Litton’s employment is terminated outside the period beginning one month prior to the date of a change in control and ending 12 months following that change in control (the “Change in Control Period”) either (1) by Athira without “cause” (excluding by reason of death or disability) or (2) by Dr. Litton for “good reason” (as such terms are defined in the Amended Litton Change in Control Agreement), Dr. Litton will receive the following benefits if he timely signs and does not revoke a release of claims in Athira’s favor:

- a lump-sum payment equal to 12 months of his annual base salary as in effect immediately prior to such termination (or if such termination is due to a resignation for good reason based on a material reduction in base salary, then as in effect immediately prior to the reduction);
- payment of premiums for coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (COBRA), for Dr. Litton and his eligible dependents, if any, for up to 12 months; and
- 25% accelerated vesting of the shares subject to Dr. Litton’s 2019 Company option award to the extent outstanding and unvested as of the date of the qualifying termination.

If, during the Change in Control Period, Dr. Litton’s employment is terminated either (1) by Athira without cause (excluding by reason of death or disability) or (2) by Dr. Litton for good reason, he will receive the following benefits if he timely signs and does not revoke a separation agreement and release of claims in Athira’s favor:

- a lump-sum payment equal to 18 months of his annual base salary as in effect immediately prior to such termination (or if such termination is due to a resignation for good reason based on a material reduction in base salary, then as in effect immediately prior to the reduction) or if greater, at the level in effect immediately prior to the change in control;
- a lump-sum payment equal to 150% of Dr. Litton’s target annual bonus as in effect for the fiscal year in which such termination occurs or if greater, at the level in effect, immediately prior to the change in control;
- payment of premiums for coverage under COBRA for Dr. Litton and his eligible dependents, if any, for up to 18 months; and

- 100% accelerated vesting and exercisability of all Athira equity awards with service-based vesting (but that are not subject to performance-based vesting) that are outstanding and unvested as of the date of the qualifying termination.

In addition, the Amended Litton Change in Control Agreement provides for 100% accelerated vesting and exercisability of Athira equity awards granted under its 2014 Equity Incentive Plan and held by Dr. Litton to the extent such awards are not assumed or substituted for by the successor corporation in a change in control.

If any of the amounts provided for under the Amended Litton Change in Control Agreement would constitute “parachute payments” within the meaning of Section 280G of the Internal Revenue Code and could be subject to the related excise tax, Dr. Litton would be entitled to receive either full payment of benefits or such lesser amount which would result in no portion of the benefits being subject to the excise tax, whichever results in the greater amount of after-tax benefits to Dr. Litton. The agreement does not require Athira to provide any tax gross-up payments.

Pursuant to the terms of the Amended Litton Change in Control Agreement, “cause” generally means Dr. Litton’s: indictment or conviction of any felony or any crime involving dishonesty or moral turpitude; participation in any fraud against Athira or other dishonesty which is not the result of an innocent or inadvertent mistake by Dr. Litton with respect to Athira; willful violation of Dr. Litton’s obligations to Athira after there has been delivered to Dr. Litton a written demand for performance from the board of directors; continued violation or breach of any material written company policy, agreement with Athira, or any statutory or fiduciary duty to Athira after Athira has delivered to Dr. Litton a written notification of such violation or breach; or damaging or misappropriating or attempting to damage or misappropriate any of Athira’s property, including intellectual property.

Pursuant to the terms of the Amended Litton Change in Control Agreement, “good reason” generally means that Dr. Litton resigns from Athira within 30 days following the end of Athira’s cure period as a result of any of the following that occurs without his consent: a material reduction in Dr. Litton’s duties or responsibilities that is inconsistent with his position, provided that a mere change of title alone will not constitute such a material reduction; the requirement that Dr. Litton change his principal office to a facility that increases his commute by more than 40 miles from his commute to the location at which Dr. Litton was employed prior to such change; or a material reduction in base salary or a material reduction in his employee benefits (other than (1) in connection with a general decrease in salary (or employee benefits, as applicable) of all similarly situated employees, and (2) following Athira’s change in control, to the extent necessary to make his salary (or employee benefits, as applicable) commensurate with those of Athira’s other employees or Athira’s successor entity or parent entity who are similarly situated with him). For a resignation to qualify as “good reason,” Dr. Litton also must provide written notice within 90 days following the initial existence of the good reason condition, and Athira must have failed to materially remedy such event within 30 days after receipt of such notice.

The foregoing description of the Amended Litton Change in Control Agreement is not complete and is qualified in its entirety by reference to the full text thereof, a copy of which is filed as exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

On January 27, 2022, the Board, on recommendation of the compensation committee of the Board, also approved the 2022 base salary and 2022 bonus target pursuant to the Company’s Executive Incentive Compensation Plan (the “Bonus Plan”) for Dr. Litton, which consisted of an increase to Dr. Litton’s annual base salary from \$510,000 to \$543,400, effective as of January 1, 2022, as well as an increase to Dr. Litton’s target annual bonus amount under the Bonus Plan from 40% to 50% of Dr. Litton’s annual base salary. For additional information regarding the Company’s executive compensation matters, please see the section captioned “Executive Compensation” of Athira’s Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on April 16, 2021.

Item 8.01 Other Events.

Athira's standard compensation policy for non-employee directors was originally adopted in connection with the Company's initial public offering in September 2020. On January 27, 2022, upon recommendation of the compensation committee of the Board, the Board adopted certain amendments to the policy. A description of the policy, as amended (the "Outside Director Compensation Policy"), is set forth below. The following description of the Outside Director Compensation Policy is not complete and is qualified in its entirety by reference to the full text thereof, a copy of which is filed as exhibit 10.2 to this Current Report on Form 8-K and is incorporated herein by reference.

Cash Compensation

The Outside Director Compensation Policy provides for the following cash compensation program for Athira's non-employee directors:

- \$35,000 per year for service as a non-employee director;
- \$30,000 per year for service as chair of the board of directors;
- \$15,000 per year for service as chair of the audit committee;
- \$7,500 per year for service as a member of the audit committee;
- \$10,000 per year for service as chair of the compensation committee;
- \$5,000 per year for service as a member of the compensation committee;
- \$8,000 per year for service as chair of the nominating and corporate governance committee; and
- \$4,000 per year for service as a member of the nominating and corporate governance committee.

Each non-employee director who serves as a committee chair receives only the cash retainer fee as the chair of the committee but not the cash retainer fee as a member of that committee. These fees to Athira's non-employee directors are paid quarterly in arrears on a prorated basis. Under the Outside Director Compensation Policy, the Company also reimburses its non-employee directors for reasonable travel expenses to attend meetings of the board of directors and its committees. The above-listed fees for service as chair or members of committees are payable in addition to the non-employee director retainer.

Equity Compensation

Initial Award. Pursuant to Athira's Outside Director Compensation Policy, each person who first becomes a non-employee director will receive, on the first trading day on or after the date that the person first becomes a non-employee director, an initial award (or, the "Initial Award") of stock options to purchase 27,742 shares of Athira's common stock. The Initial Award vests in equal installments as to 1/36th of the shares of Athira's common stock subject to the Initial Award on a monthly basis following the Initial Award's grant date, on the same day of the month as the grant date, subject to continued services to Athira through the applicable vesting dates. If the person was a member of Athira's board of directors and also an employee, then becoming a non-employee director due to termination of employment will not entitle the person to an Initial Award.

Annual Award. Each non-employee director who, as of the date of each annual meeting of Athira's stockholders, has been in continuous service as a non-employee director since the date of the most recently preceding annual meeting, automatically will be granted an annual award of stock options to purchase 13,871 shares of Athira's common stock. Each non-employee director who, as of the date of such annual meeting, has not been in continuous service as a non-employee director since the date of the most recently preceding annual meeting, automatically will be granted a prorated award of options, with the number of options granted pursuant to such prorated award equal to the product of 13,871 multiplied by the quotient of (i) the number of whole months of continuous service as a non-employee director completed as of the date of such annual meeting divided by (ii) 12, rounded down to the nearest whole share. The awards described in this paragraph are each referred to as an "Annual Award." Each Annual Award vests on the earlier of the one-year anniversary of the grant date, or the day immediately before the day of the next annual meeting of Athira's stockholders that occurs after the grant date of the Annual Award, subject to continued services to the Company through the applicable vesting date.

Change in Control. In the event of a change in control of the Company, as defined in Athira's 2020 Equity Incentive Plan, each non-employee director's then outstanding equity awards covering shares of Athira's common stock will accelerate vesting in full, provided that he or she remains a non-employee director through the date of Athira's change in control.

Other Award Terms. Each Initial Award and Annual Award will be granted under the 2020 Equity Incentive Plan (or its successor plan, as applicable) and form of award agreement under such plan. These awards will have a maximum term to expiration of 10 years from their grant and a per share exercise price equal to 100% of the fair market value of a share of Athira's common stock on the award's grant date.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	<u>Amended and Restated Change in Control and Severance Agreement between the Company and Mark Litton, Ph.D.</u>
10.2	<u>Outside Director Compensation Policy, as amended</u>
99.1	<u>Athira Pharma, Inc. press release dated January 31, 2022</u>
104	Cover Page Interactive Data File (formatted as Inline XBRL)

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.

Athira Pharma, Inc.

Date: January 31, 2022

By: /s/ Mark Litton
Mark Litton
President and Chief Executive Officer

ATHIRA PHARMA, INC.

AMENDED AND RESTATED CHANGE IN CONTROL AND SEVERANCE AGREEMENT

This Amended and Restated Change in Control and Severance Agreement (the “Agreement”) is effective as of January 31, 2022 (the “Effective Date”), and amends and restates the Change in Control and Severance Agreement by and between Athira Pharma, Inc., a Delaware corporation (the “Company”), and Mark Litton (“Executive”), dated as of September 8, 2020 (the “Prior Agreement”).

This Agreement provides certain protections to Executive in connection with a change in control of the Company or in connection with the involuntary termination of Executive’s employment under the circumstances described in this Agreement. Certain capitalized terms used in this Agreement are defined in Section 7 below.

The Company and Executive agree as follows:

1. Term of Agreement. This Agreement will continue indefinitely until terminated by written consent of the parties hereto, or if earlier, upon the date that all of the obligations of the parties hereto with respect to this Agreement have been satisfied.

2. At-Will Employment. The Company and Executive acknowledge that Executive’s employment is and will continue to be at-will, as defined under applicable law. No payments, benefits, or provisions under this Agreement will confer upon Executive any right to continue Executive’s employment with the Company, nor will they interfere with or limit in any way the right of the Company or Executive to terminate such relationship at any time, with or without cause, to the extent permitted by applicable laws.

3. Severance Benefits.

3.1. Qualifying Termination Outside of the Change in Control Period. In the event of a Qualifying Termination that occurs other than during the Change in Control Period, Executive will receive the following payments and benefits from the Company, subject to the requirements of this Agreement:

(a) Salary Severance. A single, lump sum, cash payment equal to one hundred percent (100%) of Executive’s Salary.

(b) COBRA Severance. Subject to Executive timely electing continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“COBRA”) and further subject to Section 5.3, Executive will receive Company-paid group health, dental and vision coverage for Executive and any of Executive’s eligible dependents, as applicable (the “COBRA Severance”), following the Qualifying Termination until the earliest of: (i) twelve (12) months following the date of the Qualifying Termination, (ii) the date on which Executive and Executive’s eligible dependents (as applicable) become covered under similar plans, or (iii) the expiration of Executive’s (and any of Executive’s eligible dependents’, as applicable) eligibility for continuation coverage under COBRA.

(c) Vesting Acceleration of Certain Equity Awards. Vesting acceleration of twenty-five percent (25%) of the shares subject to the stock option Award granted to Executive on August 15, 2019, that are outstanding and unvested as of the date of the Qualifying Termination.

3.2. Qualifying Termination During the Change in Control Period. In the event of a Qualifying Termination that occurs during the Change in Control Period, Executive will receive the following payments and benefits from the Company, subject to the requirements of this Agreement:

(a) Salary Severance. A single, lump sum, cash payment equal to one hundred fifty percent (150%) of Executive's Salary.

(b) Bonus Severance. A single, lump sum, cash payment equal to one hundred fifty percent (150%) of Executive's Target Bonus.

(c) COBRA Severance. Subject to Executive timely electing continuation coverage under COBRA and further subject to Section 5.3, Executive will receive COBRA Severance until the earliest of: (i) eighteen (18) months following the date of the Qualifying Termination, (ii) the date on which Executive and Executive's eligible dependents (as applicable) become covered under similar plans, or (iii) the expiration of Executive's (and any of Executive's eligible dependents, as applicable) eligibility for continuation coverage under COBRA.

(d) Vesting Acceleration of Service-based Awards. Vesting acceleration of one hundred percent (100%) of any Service-based Awards that are outstanding and unvested as of the date of the Qualifying Termination.

For the avoidance of doubt, in the event of Executive's Qualifying Termination that occurs prior to a Change in Control, any then outstanding and unvested portion of Executive's Awards will remain outstanding (and unvested) until the earlier of (x) one (1) month following the Qualifying Termination, or (y) a Change in Control that occurs within one (1) month following the Qualifying Termination, solely so that any benefits due on a Qualifying Termination can be provided if the Qualifying Termination occurs during the Change in Control Period (provided that in no event will Executive's stock option Awards or similar Awards remain outstanding beyond the Award's maximum term to expiration). If no Change in Control occurs within one (1) month following a Qualifying Termination, any unvested portion of Executive's Awards automatically and permanently will be forfeited on the date one (1) month following the date of the Qualifying Termination without having vested.

3.3. Termination Other Than a Qualifying Termination. If the termination of Executive's employment does not constitute a Qualifying Termination, then Executive will not be entitled to receive any severance or other benefits in connection with such termination except for those, if any, as may then be established under the Company's then existing severance and benefits plans or programs.

3.4. Non-duplication of Payment or Benefits. For purposes of clarity, in the event of a Qualifying Termination that occurs during the period within one (1) month prior to a Change in Control, any severance payments and benefits to be provided to Executive under Section 3.2 will be reduced by any amounts that already were provided to Executive under Section 3.1. Notwithstanding any provision of this Agreement to the contrary, if Executive is entitled to any cash severance, continued health coverage benefits, vesting acceleration of any Awards, or other severance or separation benefits similar to those provided under this Agreement, by operation of applicable law or under a plan, policy, contract, or arrangement sponsored by or to which the Company is a party other than this Agreement (“Other Benefits”), then the corresponding severance payments and benefits under this Agreement will be reduced by the amount of Other Benefits paid or provided to Executive.

3.5. Death of Executive. In the event of Executive’s death before all payments or benefits Executive is entitled to receive under this Agreement have been provided, the unpaid amounts will be provided to Executive’s designated beneficiary, if living, or otherwise to Executive’s personal representative in accordance with the terms of this Agreement.

3.6. Change in Control Vesting Acceleration. Notwithstanding anything to the contrary in this Agreement, in the event of a Change in Control in which the acquiring or succeeding corporation (or an affiliate thereof) does not assume or substitute for any of Executive’s Awards (or portions thereof) granted under the Company’s 2014 Equity Incentive Plan (the “2014 Plan”), (a) Executive will fully vest in and have the right to exercise such outstanding Awards (or portions thereof) not assumed or substituted for, including shares as to which such Award would not otherwise be vested or exercisable, and (b) the Company will notify Executive in writing or electronically that any such Award that is an option (or its applicable portion) will be exercisable for a period of time determined by the administrator of the 2014 Plan in its sole discretion, and the option Award (or its applicable portion) will terminate upon the expiration of such period.

4. Accrued Compensation. On any termination of Executive’s employment with the Company, Executive will be entitled to receive all accrued but unpaid vacation, expense reimbursements, wages, and other benefits due to Executive under any Company-provided plans, policies, and arrangements.

5. Conditions to Receipt of Severance.

5.1. Separation Agreement and Release of Claims. Executive’s receipt of any severance payments or benefits upon a Qualifying Termination under Sections 3.1 and 3.2 is subject to Executive signing and not revoking the Company’s then standard separation agreement and release of claims with the Company (the “Release”), which must become effective and irrevocable no later than the sixtieth (60th) day following the date of the Qualifying Termination (the “Release Deadline Date”). If the Release does not become effective and irrevocable by the Release Deadline Date, Executive will forfeit any right to severance payments or benefits under Section 3.

5.2. Payment Timing. Any lump sum cash severance payments under Section 3 relating to salary severance and any bonus severance will be provided to Executive on the first regularly scheduled payroll date of the Company following the date the Release becomes effective and irrevocable, provided that any additional amounts of such cash severance payments that become payable as a result of a Change in Control occurring within one (1) month after Executive's Qualifying Termination will be paid on the later of (x) the first regularly scheduled payroll date of the Company following the date the Release becomes effective and irrevocable, or (y) the date of the Change in Control, in each case subject to any delay required by Section 5.4 below. Any Service-based Awards that are restricted stock units, performance shares, performance units, and/or similar full value awards ("Full Value Awards") that accelerate vesting under Section 3.2(d) will be settled, subject to any delay required by Section 5.4 below (or the terms of the Full Value Award agreement or other Company plan, policy, or arrangement governing the settlement timing of the Full Value Award to the extent such terms specifically require any such delay in order to comply with the requirements of Section 409A, as applicable), (a) on a date within ten (10) days following the date the Release becomes effective and irrevocable, or (b) if later, in the event of a Qualifying Termination that occurs prior to a Change in Control, on a date on or before the date of completion of the Change in Control.

5.3. COBRA Severance Limitations. If the Company determines in its sole discretion that it cannot provide the COBRA Severance without potentially violating, or being subject to an excise tax under, applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then in lieu of such COBRA Severance, subject to any delay required by Section 5.4 below, the Company will provide to Executive a taxable monthly payment payable on the last day of a given month (except as provided below in this Section 5.3), in an amount equal to the monthly COBRA premium that Executive would be required to pay to continue Executive's group health coverage in effect on the date of the Qualifying Termination (which amount will be based on the premium rates applicable for the first month of COBRA Severance for Executive and any eligible dependents of Executive) (each, a "COBRA Replacement Payment"), which COBRA Replacement Payments will be made regardless of whether Executive elects COBRA continuation coverage and will end on the earlier of (a) the date upon which Executive obtains other employment, or (b) the date the Company has paid an amount totaling the number of COBRA Replacement Payments equal to the number of months in the applicable COBRA Severance period set forth in clause (i) of Section (b) or Section (c), as applicable. For the avoidance of doubt, the COBRA Replacement Payments may be used for any purpose, including, but not limited to continuation coverage under COBRA, and will be subject to any applicable withholdings. Notwithstanding the foregoing, any COBRA Replacement Payments that otherwise would be payable prior to the date that the Release becomes effective and irrevocable shall be paid in a single lump sum on the first regularly scheduled payroll date of the Company following the date the Release becomes effective and irrevocable, and any remaining COBRA Replacement Payments will be paid in accordance with the schedule described further above in this Section 5.3, in each case subject to any delay required by Section 5.4 below). Notwithstanding anything to the contrary under this Agreement, if the Company determines in its sole discretion at any time that it cannot provide the COBRA Replacement Payments without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), Executive will not receive the COBRA Replacement Payments or any further COBRA Severance.

5.4. Section 409A. The Company intends that all payments and benefits provided under this Agreement or otherwise are exempt from, or comply with, the requirements of Section 409A so that none of the payments or benefits will be subject to the additional tax imposed under Section 409A, and any ambiguities and ambiguous terms in this Agreement will be interpreted in accordance with this intent. No payments or benefits to be provided to Executive, if any, under this Agreement or otherwise, when considered together with any other severance payments or separation benefits that are considered deferred compensation under Section 409A (together, the “Deferred Payments”) will be paid or otherwise provided until Executive has a “separation from service” within the meaning of Section 409A. To the extent required to be exempt from or comply with Section 409A, references to the termination of Executive’s employment or similar phrases used in this Agreement will mean Executive’s “separation from service” within the meaning of Section 409A.

(a) Any payments or benefits paid or provided under this Agreement that satisfy the requirements of the “short-term deferral” rule under Treasury Regulations Section 1.409A-1(b)(4), or that qualify as payments made as a result of an involuntary separation from service under Treasury Regulations Section 1.409A-1(b)(9)(iii) that is within the limit set forth thereunder, will not constitute Deferred Payments for purposes of this Section 5.4.

(b) Notwithstanding any provisions to the contrary in this Agreement, if Executive is a “specified employee” within the meaning of Section 409A at the time of Executive’s separation from service (other than due to death), then any payments or benefits under this Agreement that constitute Deferred Payments payable within the first six (6) months after Executive’s separation from service instead will be payable on the date six (6) months and one (1) day after Executive’s separation from service; provided that in the event of Executive’s death within such six (6) month period, any payments delayed by this subsection (b) will be paid to Executive in a lump sum as soon as administratively practicable after the date of Executive’s death. To the extent that Executive is not a specified employee but Executive’s Qualifying Termination occurs at a time during the year whereby the Release Deadline Date will occur in the year immediately following the year in which the Qualifying Termination occurs, then any payments or benefits under this Agreement that constitute Deferred Payments that otherwise would be payable prior to the Release Deadline Date instead will be paid on the first regularly scheduled payroll date of the Company following the Release Deadline Date.

(c) The Company reserves the right to amend this Agreement as it considers necessary or advisable, in its sole discretion and without the consent of Executive or any other individual, to comply with any provision required to avoid the imposition of the additional tax imposed under Section 409A or to otherwise avoid income recognition under Section 409A prior to the actual payment of any benefits or imposition of any additional tax. Each payment, installment, and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Treasury Regulations Section 1.409A-2(b)(2). In no event will Executive have any discretion to choose Executive’s taxable year in which any payments or benefits are provided under this Agreement. In no event will the Company or any parent, subsidiary or other affiliate of the Company have any responsibility, liability or obligation to reimburse, indemnify or hold harmless Executive for any taxes, penalties or interest that may be imposed, or other costs that may be incurred, as a result of Section 409A.

6. Limitation on Payments.

6.1. Reduction of Severance Benefits. If any payment or benefit that Executive would receive from the Company or any other party whether in connection with the provisions in this Agreement or otherwise (the “Payments”) would (a) constitute a “parachute payment” within the meaning of Section 280G of the Code and (b) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then the Payments will be either delivered in full, or delivered as to such lesser extent that would result in no portion of the Payments being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in Executive’s receipt, on an after-tax basis, of the greatest amount of Payments, notwithstanding that all or some of the Payments may be subject to the Excise Tax. If a reduction in Payments is made in accordance with the immediately preceding sentence, the reduction will occur, with respect to the Payments considered parachute payments within the meaning of Code Section 280G, in the following order: (i) reduction of cash payments in reverse chronological order (that is, the cash payment owed on the latest date following the occurrence of the event triggering the Excise Tax will be the first cash payment to be reduced); (ii) cancellation of equity awards that were granted “contingent on a change in ownership or control” within the meaning of Section 280G of the Code in the reverse order of date of grant of the equity awards (that is, the most recently granted equity awards will be cancelled first); (iii) reduction of the accelerated vesting of equity awards in the reverse order of date of grant of the equity awards (that is, the vesting of the most recently granted equity awards will be cancelled first); and (iv) reduction of employee benefits in reverse chronological order (that is, the benefit owed on the latest date following the occurrence of the event triggering the Excise Tax will be the first benefit to be reduced). In no event will Executive have any discretion with respect to the ordering of Payment reductions. Executive will be solely responsible for the payment of all personal tax liability that is incurred as a result of the payments and benefits received under this Agreement, and neither the Company nor any parent, subsidiary or other affiliate of the Company have any responsibility, liability or obligation to reimburse, indemnify or hold harmless Executive for any of those payments of personal tax liability.

6.2. Determination of Excise Tax Liability. Unless the Company and Executive otherwise agree in writing, any determinations required under this Section 6 will be made in writing by a nationally recognized accounting or valuation firm (the “Firm”) selected by the Company, whose determinations will be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 6, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive will furnish to the Firm such information and documents as the Firm reasonably may request in order to make determinations under this Section 6. The Company will bear the costs and make all payments required to be made to the Firm for the Firm’s services that are rendered in connection with any calculations contemplated by this Section 6. The Company will have no liability to Executive for the determinations of the Firm.

7. Definitions. The following terms referred to in this Agreement will have the following meanings:

7.1. "Award" means stock options and other equity awards covering shares of Company common stock granted to Executive.

7.2. "Board" means the Company's Board of Directors.

7.3. "Cause" means Executive's: (a) indictment or conviction of any felony or any crime involving dishonesty or moral turpitude; (b) participation in any fraud against the Company or other dishonesty which is not the result of an innocent or inadvertent mistake by Executive with respect to the Company; (c) willful violation of Executive's obligations to the Company after there has been delivered to Executive a written demand for performance from the Board which describes the basis for the Board's belief that Executive has not substantially satisfied Executive's obligations to the Company; (d) continued violation or breach of any material written Company policy, agreement with the Company, or any statutory or fiduciary duty to the Company after there has been delivered to you a written notification of such violation or breach; or (e) damaging or misappropriating or attempting to damage or misappropriate any property, including intellectual property, of the Company.

7.4. "Change in Control" means the first occurrence of any of the following events on or after the Effective Date:

(a) Change in Ownership of the Company. A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection, the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change in Control; provided, further, that any change in the ownership of the stock of the Company as a result of a private financing of the Company that is approved by the Board also will not be considered a Change in Control. Further, if the stockholders of the Company immediately before such change in ownership continue to retain immediately after the change in ownership, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately prior to the change in ownership, direct or indirect beneficial ownership of fifty percent (50%) or more of the total voting power of the stock of the Company or of the ultimate parent entity of the Company, such event shall not be considered a Change in Control under this subsection (a). For this purpose, indirect beneficial ownership shall include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company, as the case may be, either directly or through one or more subsidiary corporations or other business entities; or

(b) Change in Effective Control of the Company. If the Company has a class of securities registered pursuant to Section 12 of the U.S. Securities Exchange Act of 1934, as amended, a change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this subsection (b), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(c) Change in Ownership of a Substantial Portion of the Company's Assets. A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (c), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (i) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (ii) a transfer of assets by the Company to: (A) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (B) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (C) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company, or (D) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (c)(ii)(C). For purposes of this subsection (c), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Section 409A. Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (x) its sole purpose is to change the jurisdiction of the Company's incorporation, or (y) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

7.5. "Change in Control Period" means the period beginning on the date one (1) month prior to a Change in Control and ending on (and inclusive of) the date that is the one (1) year anniversary of a Change in Control.

7.6. "Code" means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder will include such section or regulation, any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

7.7. "Confidentiality Agreement" means Executive's At-will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement entered into with the Company dated September 8, 2020.

7.8. “Director” means a member of the Board.

7.9. “Disability” means total and permanent disability as defined in Code Section 22(e)(3).

7.10. “Good Reason” means Executive’s termination of Executive’s employment with the Company within thirty (30) days following the end of the Company’s Cure Period (as defined below) as a result of the occurrence of any of the following without Executive’s written consent: (a) a material reduction in Executive’s duties or responsibilities that is inconsistent with Executive’s position, provided that a mere change of title alone shall not constitute such a material reduction; (b) the requirement that Executive change Executive’s principal office to a facility that increases Executive’s commute by more than forty (40) miles from Executive’s commute to the location at which Executive was employed prior to such change; or (c) a material reduction in Executive’s base salary or a material reduction in Executive’s employee benefits (e.g., medical, dental, insurance, short- and long-term disability insurance and 401(k) retirement plan benefits, collectively (the “Employee Benefits”) to which Executive is entitled immediately prior to such reduction (other than (x) in connection with a general decrease in the annual base salary or Employee Benefits of all similarly situated employees, and (y) following the Change in Control, to the extent necessary to make Executive’s annual base salary or Employee Benefits commensurate with those of other employees of the Company or its successor entity or parent entity who are similarly situated with Executive following such Change in Control); provided, however, that Executive must provide written notice to the Board of the condition that could constitute a “Good Reason” event within ninety (90) days following the initial existence of such condition and such condition must not have been remedied by the Company within thirty (30) days (the “Cure Period”) of such written notice. To the extent Executive’s primary work location is not the Company’s corporate offices due to a shelter-in-place order, quarantine order, or similar work-from-home requirement that applies to Executive, Executive’s primary office location, from which a change in location under the foregoing clause (b) will be measured, will be considered the Company’s office location where Executive’s employment with the Company primarily was based immediately prior to the commencement of such shelter-in-place order, quarantine order, or similar work-from-home requirement.

7.11. “Qualifying Termination” means a termination of Executive’s employment with the Company either (a) by the Company without Cause and other than due to Executive’s death or Disability, or (b) by Executive for Good Reason.

7.12. “Salary” means Executive’s annual base salary in effect immediately prior to Executive’s Qualifying Termination (or, if the termination is due to a resignation for Good Reason based on a material reduction in Executive’s base salary, then Executive’s annual base salary in effect immediately prior to the reduction) or, if Executive’s Qualifying Termination occurs during the Change in Control Period and the amount is greater, Executive’s annual base salary in effect immediately prior to the Change in Control.

7.13. “Section 409A” means Code Section 409A and the Treasury Regulations and guidance thereunder, and any applicable state law equivalent, as each may be promulgated, amended or modified from time to time.

7.14. “Service-based Awards” means Awards that, as of the date of the Qualifying Termination, or in the case of a Qualifying Termination during the Change in Control Period, the later of the date of the Qualifying Termination or immediately prior to the Change in Control, are held by Executive and subject to continued service-based vesting criteria, but not subject to the achievement of any performance-based or other similar vesting criteria.

7.15. “Target Bonus” means Executive’s annual (or annualized, if applicable) target bonus in effect immediately prior to Executive’s Qualifying Termination or, if Executive’s Qualifying Termination occurs during the Change in Control Period and the amount is greater, Executive’s annual (or annualized, if applicable) target bonus in effect immediately prior to the Change in Control.

8. Successors. This Agreement will be binding upon and inure to the benefit of (a) the heirs, executors, and legal representatives of Executive upon Executive’s death, and (b) any successor of the Company. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, “successor” means any person, firm, corporation, or other business entity which at any time, whether by purchase, merger, or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company. None of the rights of Executive to receive any form of compensation payable pursuant to this Agreement may be assigned or transferred except by will or the laws of descent and distribution. Any other attempted assignment, transfer, conveyance, or other disposition of Executive’s right to compensation or other benefits will be null and void.

9. Notice.

9.1. General. All notices and other communications required or permitted under this Agreement will be in writing and will be effectively given (a) upon actual delivery to the party to be notified, (b) upon transmission by email, (c) twenty-four (24) hours after confirmed facsimile transmission, (d) one (1) business day after deposit with a recognized overnight courier, or (e) three (3) business days after deposit with the U.S. Postal Service by first class certified or registered mail, return receipt requested, postage prepaid, addressed: (i) if to Executive, at the address Executive will have most recently furnished to the Company in writing, (ii) if to the Company, at the following address:

Athira Pharma, Inc.
18706 North Creek Parkway, Suite 104
Bothell, WA 98011
Attention: General Counsel

9.2. Notice of Termination. Any termination of Executive’s employment by the Company for Cause will be communicated by a notice of termination of Executive’s employment to Executive, and any termination by Executive for Good Reason will be communicated by a notice of termination to the Company, in each case given in accordance with Section 9.1. The notice will indicate the specific termination provision in this Agreement relied upon, will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and will specify the termination date (which will be not more than thirty (30) days after the later of (a) the giving of the notice or (b) the end of any applicable cure period).

10. Resignation. The termination of Executive's employment for any reason also will constitute, without any further required action by Executive, Executive's voluntary resignation from all officer and/or director positions held at the Company or any of its subsidiaries or affiliates, and at the Board's request, Executive will execute any documents reasonably necessary to reflect the resignations.

11. Miscellaneous Provisions.

11.1. No Duty to Mitigate. Executive will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any payment be reduced by any earnings that Executive may receive from any other source except as specified in Sections 3.4, 5.4 and 6.

11.2. Waiver; Amendment. No provision of this Agreement will be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by an authorized officer of the Company (other than Executive) and by Executive. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.

11.3. Headings. Headings are provided herein for convenience only, and will not serve as a basis for interpretation or construction of this Agreement.

11.4. Entire Agreement. This Agreement, together with the Confidentiality Agreement, Executive's confirmatory employment letter with the Company dated September 8, 2020, and the Company's 2014 Equity Incentive Plan, 2020 Equity Incentive Plan and award agreements thereunder governing Executive's outstanding Awards, constitutes the entire agreement of the parties and supersedes in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties with respect to the subject matter of this Agreement, including the Prior Agreement.

11.5. Governing Law. This Agreement will be governed by the laws of the State of Washington but without regard to the conflict of law provision. To the extent that any lawsuit is permitted with respect to any provisions under this Agreement, Executive hereby expressly consents to the personal and exclusive jurisdiction and venue of the state and federal courts located in the State of Washington for any lawsuit filed against Executive by the Company.

11.6. Severability. If any provision of this Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable for any reason, such invalidity, illegality, or unenforceability will not affect the remaining parts of this Agreement, and this Agreement will be construed and enforced as if the invalid, illegal, or unenforceable provision had not been included.

11.7. Withholding. The Company (and any parent, subsidiary or other affiliate of the Company, as applicable) will have the right and authority to deduct from any payments or benefits all applicable federal, state, local, and/or non-U.S. taxes or other required withholdings and payroll deductions (“Withholdings”). Prior to the payment of any amounts or provision of any benefits under this Agreement, the Company (and any parent, subsidiary or other affiliate of the Company, as applicable) is permitted to deduct or withhold, or require Executive to remit to the Company, an amount sufficient to satisfy any applicable Withholdings with respect to such payments and benefits. Neither the Company nor any parent, subsidiary or other affiliate of the Company will have any responsibility, liability or obligation to pay Executive’s taxes arising from or relating to any payments or benefits under this Agreement.

11.8. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[Signature page follows]

By her, his, or its signature below, each of the parties signifies its acceptance of the terms of this Agreement, in the case of the Company by its duly authorized officer.

COMPANY

ATHIRA PHARMA, INC.

By: /s/ Glenna Mileson

Title: Chief Financial Officer

Date: January 31, 2022

EXECUTIVE

/s/ Mark Litton

Date: January 31, 2022

ATHIRA PHARMA, INC.
OUTSIDE DIRECTOR COMPENSATION POLICY
As amended January 27, 2022

Athira Pharma, Inc. (the “Company”) believes that the granting of equity and cash compensation to members of the Company’s Board of Directors (the “Board,” and members of the Board, “Directors”) represents an effective tool to attract, retain and reward Directors who are not employees of the Company (“Outside Directors”). This Outside Director Compensation Policy (the “Policy”) is intended to formalize the Company’s policy regarding cash compensation and grants of equity awards to its Outside Directors. Unless otherwise defined herein, capitalized terms used in this Policy will have the meaning given such term in the Company’s 2020 Equity Incentive Plan, as amended from time to time, or if such plan no longer is in use at the time of the grant of an equity award, the meaning given such term or similar term in the equity plan then in place under which the equity award is granted (the “Plan”). Each Outside Director will be solely responsible for any tax obligations incurred by such Outside Director as a result of the equity awards and cash and other compensation such Outside Director receives under this Policy.

1. Effective Date. This Policy will be effective as of the day immediately prior to the effective date of the first registration statement that is filed by the Company and declared effective pursuant to Section 12(b) of the U.S. Securities Exchange Act of 1934, as amended, with respect to any class of the Company’s securities (the effective date of such registration statement, the “Registration Date,” and the effective date of this Policy, the “Effective Date”).

2. Cash Compensation

2.1 Board Member Annual Cash Retainer. Following the Effective Date, each Outside Director will be paid an annual cash retainer of \$35,000. There are no per-meeting attendance fees for attending Board meetings or meetings of any committee of the Board.

2.2 Additional Annual Cash Retainers. Following the Effective Date, each Outside Director who serves as the Chair of the Board, or the chair or a member of a committee of the Board, will be eligible to earn additional annual fees as follows:

Chair of the Board:	\$30,000
Audit Committee Chair:	\$15,000
Audit Committee Member:	\$ 7,500
Compensation Committee Chair:	\$10,000
Compensation Committee Member:	\$ 5,000
Nominating and Corporate Governance Committee Chair:	\$ 8,000
Nominating and Corporate Governance Committee Member:	\$ 4,000

For clarity, each Outside Director who serves as the chair of a committee will receive only the additional annual fee as the chair of the committee and not the additional annual fee as a member of such committee while serving as such chair, provided, that the Outside Director who serves as the Chair of the Board will receive the annual fee for services provided in such role as well as the annual fee as an Outside Director.

2.3 Payment Timing and Proration. Each annual cash retainer under this Policy will be paid quarterly in arrears on a prorated basis to each Outside Director who has served in the relevant capacity at any time during the immediately preceding fiscal quarter of the Company (“Fiscal Quarter”), and such payment will be made no later than thirty (30) days following the end of such immediately preceding Fiscal Quarter. For clarity, an Outside Director who has served as an Outside Director, as a member of an applicable committee (or chair thereof) during only a portion of the relevant Fiscal Quarter will receive a prorated payment of the quarterly installment of the applicable annual cash retainer(s), calculated based on the number of days during such Fiscal Quarter such Outside Director has served in the relevant capacities. For clarity, an Outside Director who has served as an Outside Director or as a member of an applicable committee (or chair thereof) from the Effective Date through the end of the Fiscal Quarter containing the Effective Date (the “Initial Period”), as applicable, will receive a prorated payment of the quarterly installment of the applicable annual cash retainer(s), calculated based on the number of days during the Initial Period that such Outside Director has served in the relevant capacities.

3. Equity Compensation. Outside Directors will be eligible to receive all types of Awards (except Incentive Stock Options) under the Plan, including discretionary Awards not covered under this Policy. All grants of Awards to Outside Directors pursuant to Sections 3.2, 3.3, and 3.4 of this Policy will be automatic and nondiscretionary, except as otherwise provided herein, and will be made in accordance with the following provisions:

3.1 No Discretion. No person will have any discretion to select which Outside Directors will be granted Awards under this Policy or to determine the number of Shares to be covered by such Awards (except as provided in Sections 3.5.4 and 10 below).

3.2 Initial Awards. Each individual who first becomes an Outside Director following the Effective Date automatically will be granted an award of Options (an “Initial Award”) to purchase 27,742 Shares. The grant date of the Initial Award will be the first Trading Day on or after the date on which such individual first becomes an Outside Director (such first date as an Outside Director, the “Initial Start Date”), whether through election by the stockholders of the Company or appointment by the Board to fill a vacancy. If an individual was an Inside Director, becoming an Outside Director due to termination of the individual’s status as an Employee will not entitle the Outside Director to an Initial Award. Each Initial Award will be scheduled to vest as to one thirty-sixth (1/36th) of the Shares subject to the Initial Award on a monthly basis following the Initial Award’s grant date on the same day of the month as such grant date (or on the last day of the month, if there is no corresponding day in such month), subject to the Outside Director remaining a Service Provider through the applicable vesting date.

3.3 Annual Award. On the first Trading Day immediately following each Annual Meeting of the Company's stockholders (an "Annual Meeting"), each Outside Director who, as of the date of such Annual Meeting, has been in continuous service as an Outside Director since the date of the most recently preceding Annual Meeting, automatically will be granted an award of Options to purchase 13,871 Shares. An Outside Director who, as of the date of such Annual Meeting, has not been in continuous service as an Outside Director since the date of the most recently preceding Annual Meeting, automatically will be granted a prorated award of Options, with the number of Options granted pursuant to such prorated award equal to the product of 13,871 multiplied by the quotient of (i) the number of whole months of continuous service as an Outside Director completed as of the date of such Annual Meeting divided by (ii) twelve (12), rounded down to the nearest whole share (up to a maximum of 13,871 shares) (the awards described in this Section 3.3, each, an "Annual Award"). The Annual Award will be scheduled to vest as to all of the Shares subject to the Annual Award on the earlier of (i) the one (1) year anniversary of the date the Annual Award is granted or (ii) the day immediately before the date of the next Annual Meeting that occurs after the Annual Award's grant date, subject to the Outside Director remaining a Service Provider through the applicable vesting date.

3.4 IPO Award. Effective as of the Registration Date, each Outside Director will be granted an award of Options (the "IPO Award") to purchase 27,742 Shares. Each IPO Award will be scheduled to vest as to one thirty-sixth (1/36th) of the Shares subject to the IPO Award on a monthly basis following the Vesting Commencement Date on the same day of the month as the Vesting Commencement Date (or the last day of the month, if there is no corresponding day in a given month) over a period of three (3) years from the Vesting Commencement Date, so that all of the Shares subject to the IPO Award will be scheduled to be vested by three-year anniversary of the Vesting Commencement Date, subject to the Outside Director remaining a Service Provider through the applicable vesting date. The Vesting Commencement Date of any IPO Award granted to each Outside Director other than James Johnson will be the Registration Date. The Vesting Commencement Date of any IPO Award granted to James Johnson will be August 26, 2020.

3.5 Additional Terms of Initial Awards, Annual Awards and IPO Awards. The terms and conditions of each Initial Award, Annual Award and IPO Award (each, a "Policy Award") will be as follows.

3.5.1 The term of each Policy Award will be ten (10) years, subject to earlier termination as provided in the Plan.

3.5.2 The per Share exercise price of each Policy Award will be equal to one hundred percent (100%) of the Fair Market Value per Share on such Policy Award's grant date. For purposes of clarity, the per Share exercise price of an IPO Award will be equal to the initial Share price to the public as set forth in the final prospectus included within the registration statement on Form S-1 filed with the Securities and Exchange Commission for the Company's initial public offering of its Common Stock.

3.5.3 Each Policy Award will be granted under and subject to the terms and conditions of the Plan and the applicable form of Award Agreement previously approved by the Board or its Committee, as applicable, for use thereunder.

3.5.4 The Board or its Committee, as applicable and in its discretion, may change and otherwise revise the terms of Policy Awards to be granted in the future pursuant to this Policy, including without limitation the number of Shares subject thereto and type of Award.

4. Change in Control. In the event of a Change in Control, each Outside Director will fully vest in his or her outstanding Company equity awards as of immediately prior to the Change in Control, including any Policy Award, provided that the Outside Director continues to be an Outside Director through the date of such Change in Control.

5. Annual Compensation Limit. No Outside Director may be granted, in any Fiscal Year, Awards with values (based on their grant date fair value determined in accordance with U.S. generally accepted accounting principles), and be provided any other compensation (including without limitation any cash retainers or fees) in amounts that, in any Fiscal Year, in the aggregate, exceed \$500,000, provided that such amount is increased to \$750,000 in the Fiscal Year of his or her initial service as an Outside Director. Any Awards or other compensation provided to an individual (a) for his or her services as an Employee, or for his or her services as a Consultant other than as an Outside Director, or (b) prior to the Registration Date, will be excluded for purposes of this Section 5.

6. Travel Expenses. Each Outside Director's reasonable, customary and properly documented travel expenses to meetings of the Board and any of its committees, as applicable, will be reimbursed by the Company.

7. Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, reclassification, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs (other than any ordinary dividends or other ordinary distributions), the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under this Policy, will adjust the number and class of the shares of stock issuable pursuant to Policy Awards.

8. Section 409A. In no event will cash compensation or expense reimbursement payments under this Policy be paid after the later of (a) the fifteenth (15th) day of the third (3rd) month following the end of the Company's taxable year in which the compensation is earned or expenses are incurred, as applicable, or (b) the fifteenth (15th) day of the third (3rd) month following the end of the calendar year in which the compensation is earned or expenses are incurred, as applicable, in compliance with the "short-term deferral" exception under Section 409A. It is the intent of this Policy that this Policy and all payments hereunder be exempt from or otherwise comply with the requirements of Section 409A so that none of the compensation to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities or ambiguous terms herein will be interpreted to be so exempt or comply. In no event will the Company or any of its Parents or Subsidiaries have any responsibility, liability, or obligation to reimburse, indemnify, or hold harmless an Outside Director (or any other person) for any taxes imposed, or other costs incurred, as a result of Section 409A.

9. Stockholder Approval. The initial adoption of this Policy will be subject to approval by the Company's stockholders prior to the Effective Date. Unless otherwise required by applicable law, following such approval, this Policy will not be subject to approval by the Company's stockholders, including, for clarity, as a result of or in connection with any action taken with respect to this Policy as contemplated in Section 10.

10. Revisions. The Board or any committee of the Board that has been designated appropriate authority with respect to Outside Director compensation (or with respect to any applicable element or elements thereof, authority with respect to such element or elements) (the "Committee") may amend, alter, suspend or terminate this Policy at any time and for any reason. Further, the Board may provide for cash, equity, or other compensation to Outside Directors in addition to the compensation provided under this Policy. No amendment, alteration, suspension or termination of this Policy will materially impair the rights of an Outside Director with respect to compensation that already has been paid or awarded, unless otherwise mutually agreed between the Outside Director and the Company. Termination of this Policy will not affect the Board's or the Committee's ability to exercise the powers granted to it with respect to Awards granted under the Plan pursuant to this Policy before the date of such termination, including without limitation such applicable powers set forth in the Plan.

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Athira Pharma Announces Appointment of Grant Pickering to its Board of Directors

BOTHELL, Wash., January 31, 2022 — Athira Pharma, Inc. (NASDAQ: ATHA), a late clinical-stage biopharmaceutical company focused on developing small molecules to restore neuronal health and stop neurodegeneration, today announced the appointment of Grant Pickering to its Board of Directors. Mr. Pickering is Chief Executive Officer, co-founder and member of the Board of Directors at Vaxcyte, Inc. (NASDAQ: PCVX), a vaccine innovation company engineering high-fidelity vaccines to protect humankind from the consequences of bacterial diseases.

“Grant is an accomplished life sciences leader with considerable experience across all stages of development and commercialization of new medicines,” said Mark Litton, Ph.D., President and Chief Executive Officer at Athira. “His deep experience in the biopharma industry provides a valuable resource to Athira as we advance the development of innovative therapies for neurological diseases.”

Mr. Pickering has over 30 years of experience across vaccines and immunotherapeutic drug development and commercialization, and has led the successful formation and financing of multiple platform companies.

Mr. Pickering commented, “Athira’s lead candidate ATH-1017 and drug discovery platform offers an innovative approach to the development of therapies designed to improve the outlook for those suffering from a range of neurological diseases, including Alzheimer’s Disease. I look forward to working with my fellow Board members and company management as we continue to advance Athira’s innovative pipeline.”

Mr. Pickering previously served as CEO of Mymetics Corporation and Juvaris BioTherapeutics. Prior to Juvaris, Mr. Pickering served as Senior Vice President, Operations at Dendreon Corporation and led marketing and business development for Algos Pharmaceutical Corporation. Mr. Pickering began his career at Glaxo and Johnson & Johnson in sales, marketing, and clinical research roles. Mr. Pickering earned his BS degree in marketing from The Pennsylvania State University and his MBA from Georgetown University with high honors.

About Athira Pharma, Inc.

Athira, headquartered in the Seattle area, is a late clinical-stage biopharmaceutical company focused on developing small molecules to restore neuronal health and stop neurodegeneration. Athira aims to provide rapid cognitive improvement and alter the course of neurological diseases with its novel mechanism of action. Athira is currently advancing its lead therapeutic candidate, ATH-1017, a novel small molecule for Alzheimer’s, Parkinson’s disease dementia and Dementia with Lewy bodies. For more information, visit www.athira.com. You can also follow Athira on [Facebook](#), [LinkedIn](#) and [@athirapharma](#) on [Twitter](#) and [Instagram](#).



Forward-Looking Statements

This release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not based on historical fact and include statements regarding ATH-1017 as a potential treatment for Alzheimer’s disease, Parkinson’s disease dementia, and other dementias; Athira’s platform technology and potential therapies; future development plans; and Athira’s ability to advance its product candidates into later stages of development. 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,” “plan,” “believe,” “intend,” “pursue,” “continue,” and other similar expressions, among others. Any forward-looking statements are based on management’s current expectations of future events and are subject to a number of risks and uncertainties that could cause actual results to differ materially and adversely from those set forth in or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, the preliminary data for Athira’s ATH-1017 product candidate from the Phase 1a/b trials will not continue or persist in current or planned clinical trials; cessation or delay of any of the ongoing clinical trials and/or Athira’s development of ATH-1017 and other product candidates may occur; the impact of the COVID-19 pandemic on Athira’s business, research and clinical development plans and timelines, and the regulatory process for Athira product candidates; the outcome of legal proceedings which have been or may in the future be instituted against us and certain of our directors and officers; clinical trials may not demonstrate safety and efficacy of any of Athira’s product candidates; Athira’s assumptions regarding the sufficiency of its cash, cash equivalents and investments to fund its planned operations may be incorrect; while P300 latency is a functional measure that is highly correlated with cognition, Athira may not successfully establish a connection between these P300 latency results and improved cognition; as well as the other risks detailed in Athira’s filings with the Securities and Exchange Commission. These forward-looking statements speak only as of the date hereof and Athira undertakes no obligation to update forward-looking statements. Athira may not actually achieve the plans, intentions, or expectations disclosed in its forward-looking statements, and you should not place undue reliance on the forward-looking statements.

Investor & Media Contact:

Julie Rathbun

Julie.rathbun@athira.com

206-769-9219