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

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**FORM 8-K**

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**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 14, 2022

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**AVALO THERAPEUTICS, INC.**

(Exact name of registrant as specified in its charter)

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Delaware

(State or other jurisdiction of incorporation)

001-37590  
(Commission File Number)

45-0705648  
(IRS Employer Identification No.)

540 Gaither Road, Suite 400, Rockville, Maryland 20850

(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (410) 522-8707

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 Par Value	AVTX	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 (§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.

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

(b)-(c) and (e) On February 14, 2022, the Board of Directors (the “Board”) of Avalo Therapeutics, Inc. (the “Company”) appointed Garry A. Neil as President and Chief Executive Officer of the Company and Christopher Sullivan as Chief Financial Officer, effective February 14, 2022.

Dr. Neil, 68 years old, has served as the Company’s Chief Scientific Officer since March 2020 and as the Company’s Chief Medical Officer from February 2020 to March 2020. Prior to joining the Company in connection with its merger with Aevi Genomic Medicine, Inc. (“Aevi”), Dr. Neil served as Chief Scientific Officer of Aevi from September 2012 to February 2020. From September 2012 to September 2013, Dr. Neil was a Partner at Apple Tree Partners, a life sciences private equity fund. From July 2002 to August 2012, he held a number of senior positions at Johnson & Johnson, including most recently as Corporate VP of Science & Technology from November 2007 to August 2012 and Group President at Johnson & Johnson Pharmaceutical Research and Development from September 2005 to November 2007. Prior to joining Johnson & Johnson, he held senior positions at AstraZeneca, EMD Pharmaceuticals Inc. and Merck KGaA. Under his leadership, a number of important new medicines for the treatment of cancer, anemia, infections, central nervous system and psychiatric disorders, pain, and genitourinary and gastrointestinal diseases gained initial or expanded approvals. Dr. Neil currently serves as chair of the board of directors of Arena Pharmaceuticals, Inc. (NASDAQ: ARNA). Dr. Neil previously served as a member of the board of directors of GTx, Inc. (previously NASDAQ: GTXI). Since February 2017, he has served on the board of directors of Arena Pharmaceuticals, Inc. (NASDAQ: ARNA), a publicly-traded biopharmaceutical company and in February 2021 he was named Chairman of Arena Pharmaceutical, Inc.’s Board. Dr. Neil also serves on the Board of Directors of the Reagan Udall Foundation and the Center for Discovery and Innovation. He is a past Chairman of the Pharmaceutical Research and Manufacturers Association (“PhRMA”) Science and Regulatory Executive Committee and the PhRMA Foundation Board, as well as a past member of the Foundation for the U.S. National Institutes of Health (“NIH”) and the Science Management Review Board of the NIH. Dr. Neil holds a B.S. from the University of Saskatchewan and an M.D. from the University of Saskatchewan College of Medicine. He completed postdoctoral clinical training in internal medicine and gastroenterology at the University of Toronto. Dr. Neil also completed a postdoctoral research fellowship at the Research Institute of Scripps Clinic.

Mr. Sullivan, 38 years old, has served as the Company’s Chief Accounting Officer since March 2021. From April 2020 to February 2021, Mr. Sullivan served as the Company’s Interim Chief Financial Officer and principal financial officer. Mr. Sullivan was the Vice President of Finance at the Company and served various other escalating roles since joining the Company in April 2018. Mr. Sullivan has a strong technical and SEC reporting background along with a wealth of financial knowledge, including experience with multiple forms of capital raises, based on leading accounting and finance functions at various health sciences, biotech and pharmaceutical companies. Prior to joining the Company, Mr. Sullivan was the Corporate Controller for Sucampo Pharmaceuticals, Inc., a global biopharmaceutical company, from August 2017 to April 2018, until it was acquired by Mallinckrodt plc for \$1.2 billion. From November 2015 to August 2017, Mr. Sullivan was the Corporate Controller for OpGen Inc. (NASDAQ: OPGN), a microbial genetics analysis company, and prior to that was a Senior Manager at Ernst & Young, LLP where he was employed from August 2005 to October 2015. Mr. Sullivan received his B.S. degrees in Accounting and Finance from the University of Maryland, College Park and is a Certified Public Accountant.

Neither Dr. Neil nor Mr. Sullivan has any familial relationships with any executive officer or director of the Company. Other than as disclosed below, there have been no transactions in which the Company has participated and in which either Dr. Neil or Mr. Sullivan had a direct or indirect material interest that would be required to be disclosed under Item 404(a) of Regulation S-K and there is no arrangement or understanding between either Dr. Neil or Mr. Sullivan and any other person pursuant to which they were selected to serve as Chief Executive Officer and Chief Financial Officer, respectively.

In July 2019, Aevi entered into a royalty agreement, and liabilities thereunder were assumed by the Company upon closing of its merger with Aevi, where certain investors, including LeoGroup Private Investment Access, LLC on behalf of Garry A. Neil (collectively, the “Investors”), in exchange for a one-time aggregate payment of \$2 million (the “Royalty Agreement”). Collectively, the Investors will be entitled to an aggregate amount equal to a low-single digit percentage of the aggregate net sales of Astellas’ second generation mTORC1/2 inhibitor, AVTX-006 (the “OSI Products”). At any time beginning three years after the date of the first public launch of an OSI Product, the Company may exercise, at its sole discretion, a buyout option that terminates any further obligations under the Royalty Agreement in exchange for a

payment to Investors of an aggregate of 75% of the net present value of the royalty payments. A majority of the independent members of the board of directors or the audit committee of Aevi approved the Royalty Agreement.

In connection with Dr. Neil's appointment as President and Chief Executive Officer, the Company and Dr. Neil entered into a letter agreement dated February 18, 2022 (the "Neil Letter Agreement"), which modifies his previously filed employment agreement dated January 30, 2020 (collectively with the Neil Letter Agreement, the "Neil Employment Agreement"). Pursuant to the Neil Letter Agreement, Dr. Neil's base salary was increased to \$475,000 per year, subject to review and adjustment by the Board from time to time, and he is eligible to receive a discretionary annual bonus as determined by the Board or the Compensation Committee of the Board, in its sole discretion, with a target amount of up to seventy percent (70%) of his base salary, and conditioned on Dr. Neil being employed by the Company on the applicable bonus payment date. Such annual discretionary bonus may be paid, in Dr. Neil's discretion, in the form of cash or equity award (which equity award, if elected, will be immediately vested), consistent with bonuses paid to executives of similar grade at similarly situated companies in the biotechnology industry, subject to corporate and individual performance. Dr. Neil will also be granted a stock option to purchase 1,000,000 shares of the Company's common stock, vesting over four years, with a 12-month cliff, such that the first 25% will vest on the first anniversary of such grant, and the remainder will vest in equal monthly installments over the following three years, in each case, subject to continued employment with the Company through the applicable vesting date.

In connection with Mr. Sullivan's appointment as Chief Financial Officer, the Company and Mr. Sullivan entered into a letter agreement dated February 18, 2022 (the "Sullivan Letter Agreement"), which modifies his previously filed employment agreement dated September 26, 2019, as amended by a previously filed letter agreement dated April 23, 2020 (collectively with the Sullivan Letter Agreement, the "Sullivan Employment Agreement"). Pursuant to the Sullivan Letter Agreement, Mr. Sullivan's base salary was increased to \$350,000 per year, subject to review and adjustment by the Board from time to time, and he is eligible to receive a discretionary annual bonus as determined by the Board or the Compensation Committee of the Board, in its sole discretion, with a target amount of up to forty percent (40%) of his base salary, and conditioned on Mr. Sullivan being employed by the Company on the applicable bonus payment date. Such annual discretionary bonus may be paid, in Mr. Sullivan's discretion, in the form of cash or equity award (which for equity award, if elected, will be immediately vested), consistent with bonuses paid to executives of similar grade at similarly situated companies in the biotechnology industry, subject to corporate and individual performance. Mr. Sullivan will also receive a one-time appointment bonus of \$50,000. Mr. Sullivan will also be granted a stock option to purchase 400,000 shares of the Company's common stock, vesting over four years, with a 12-month cliff, such that the first 25% will vest on the first anniversary of such grant, and the remainder will vest in equal monthly installments over the following three years, in each case, subject to continued employment with the Company through the applicable vesting date.

Pursuant to the Neil Letter Agreement and the Sullivan Letter Agreement, if either Dr. Neil's or Mr. Sullivan's employment is terminated by the Company without "Cause" or by either Dr. Neil or Mr. Sullivan for "Good Reason" (each as defined in the respective Employment Agreement), in each case subject to each of them timely entering into and not revoking a general release of claims in a form acceptable to the Company, Dr. Neil and Mr. Sullivan will be eligible to receive:

- certain "Accrued Benefits" (each as defined in the respective Employment Agreement);
- earned but unpaid bonus for the fiscal year preceding the year in which such termination occurs, based upon the achievement of Company goals as determined by the Compensation Committee of the Board, payable when such annual bonuses are paid to other executive employees of the Company;
- continued payment of his base salary as in effect immediately prior to his termination for eighteen consecutive months for Dr. Neil and twelve consecutive months for Mr. Sullivan following such termination;
- the annual bonus earned in the year in which the termination occurs, based upon the achievement of Company goals as determined by the Compensation Committee of the Board, prorated to reflect completed days of employment during such year, payable when such annual bonuses are paid to other executive employees of the Company;
- full vesting of options awarded by the Company, in which each will have twelve months from the date of his termination in which to exercise his options; and
- if he timely elects and remains eligible for continued coverage under federal COBRA law or, if applicable, state insurance laws, the Company will pay Dr. Neil's and Mr. Sullivan's COBRA or state continuation health

insurance premiums until the earliest of (x) the twelve-month anniversary of his termination, (y) expiration of his continuation coverage under COBRA, or (z) the date when he is eligible for substantially equivalent health insurance, in each case subject to certain specified payment practices.

The foregoing summaries of the material terms of the Neil Letter Agreement and the Sullivan Letter Agreement are qualified in their entirety by reference to the complete text of each agreement, a copy of which is filed as Exhibit 10.1 and Exhibit 10.2, respectively, hereto and are incorporated herein by reference.

On February 14, 2022, the Board of the Company terminated the employment of Michael Cola as Chief Executive Officer, and Schond Greenway as Chief Financial Officer, effective immediately. Each of Mr. Cola and Mr. Greenway will be entitled to the benefits provided in their respective employment agreements. Mr. Cola resigned from the Board effective February 16, 2022.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<b>Exhibit No.</b>	<b>Description</b>
10.1	<a href="#">Letter Agreement, dated February 18, 2022, by and between Avalo Therapeutics, Inc. and Garry Neil.</a>
10.2	<a href="#">Letter Agreement, dated February 18, 2022, by and between Avalo Therapeutics, Inc. and Christopher Sullivan.</a>
99.1	<a href="#">Press Release dated February 17, 2022.</a>
104	The cover pages of this Current Report on Form 8-K, formatted Inline XBRL.

**SIGNATURE**

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

**AVALO THERAPEUTICS, INC.**

Date: February 18, 2022

By: /s/ Christopher Sullivan

Christopher Sullivan  
Chief Financial Officer

February 18, 2022

Garry Neil  
[Intentionally Omitted]

Re: Changes to your Employment Agreement

Dear Garry,

I am writing to confirm our understanding regarding certain changes to the terms of your employment with Avalo Therapeutics, Inc. (the "Company"). This letter amends the existing employment letter agreement between you and the Company dated January 30, 2020 (the "Employment Agreement"), effective as of February 14, 2022 (the "Amendment Effective Date").

As of the Amendment Effective Date, you will serve as the Company's President and Chief Executive Officer ("CEO"), and you will report to the Company's Board of Directors. Therefore, Paragraph 2 of the Employment Agreement is hereby amended to read as follows:

2. Position. Effective as of February 14, 2022, (the "Effective Date"), you will serve as the Company's President and Chief Executive ("CEO") based in the Company's office in Wayne, Pennsylvania. You will report to the Company's Board of Directors ("Board"). During the Employment Term, you shall devote all your business time, energy and skill and your best efforts to the performance of your duties with the Company. You shall have the duties that are commensurate with your position and any other duties that may be assigned to you by the Board. You shall perform all such duties faithfully and efficiently in compliance with applicable law and the Company's policies as shall be in effect from time to time. Upon termination of your employment by either party for any reason, you agree to resign your position(s), if any, as an officer or director of the Company, as a member of any Board committees, as well as any other positions you may hold with or for the benefit of the Company and/or its affiliates.

Your Base Salary (as defined in Section 4 of the Employment Agreement) will increase to the rate of \$475,000.00 per year as of the Amendment Effective Date. In addition, subject to the approval of the Board and your execution of a separate grant document, at the time the Company makes its annual grant to employees, but in no event later than March 31, 2022, the Company will grant you additional stock options to purchase 1,000,000 shares of Company Common Stock. The stock options will vest over four (4) years, with a twelve-month cliff, such that the first 25% of such stock options will vest on the first anniversary of the grant date, and the remainder will vest in equal monthly installments, provided that you remain an employee of the Company as of each such vesting date, with an exercise price equal to the closing price of the common shares on the date of the grant on any exchange on which Company's shares are then traded.

In addition, Subparagraph 5(c) of the Employment Agreement is hereby amended to read as follows:

(c) Annual Bonus. During the Employment Term, you shall be eligible to receive an annual discretionary bonus of a target amount of up to seventy percent (70%) of your Base Salary as determined by the Board or the Compensation Committee of the Board, in its sole discretion, provided you are employed on the date such annual bonus is paid. Such bonus may consist of cash and/or, at your election, grants of additional equity awards in the Company, which shall be immediately vested, and is intended to be substantially consistent with cash bonuses and equity award bonuses paid to executives of similar grade in similarly situated companies in the

biotechnology industry, subject to the results of operations and financial condition of the Company and your level of individual performance.

In addition, Subparagraph 7(c) of the Employment Agreement is hereby amended to read as follows:

(c) Without Cause. Your employment may be terminated by the Company without Cause (other than for death or Disability) immediately upon written notice by the Company. Upon a termination without Cause, subject to your compliance with the obligations in Sections 8, 9 and 10 hereof, the Company shall pay to you the following payments and benefits: (i) the Accrued Benefits; (ii) if not yet paid, your earned but unpaid bonus for the fiscal year preceding the year in which such termination occurs, based upon the achievement of Company goals as determined by the Compensation Committee of the Company's Board, payable when such annual bonuses are paid to other executive employees of the Company; (iii) continued payment of your Base Salary as in effect immediately prior to your termination for eighteen (18) consecutive months following such termination; (iv) your annual bonus earned in the year in which the termination occurs, based upon the achievement of Company goals as determined by the Compensation Committee of the Company's Board, prorated to reflect your completed days of employment during such year, payable when such annual bonuses are paid to other executive employees of the Company; (v) full vesting of options awarded by the Company, which you will have twelve (12) months to exercise from the date of such termination; and (vi) if you timely elect and remain eligible for continued health insurance coverage under federal COBRA law or, if applicable, state insurance laws, the Company will pay your COBRA or state continuation health insurance premiums until the earliest of (x) the first anniversary of your termination; (y) expiration of your continuation coverage under COBRA; or (z) the date when you are eligible for substantially equivalent health insurance; provided, that the first payment pursuant to clause (iii) shall be made on the first payroll period after the sixtieth (60th) day following such termination and shall include payment of any amounts that would otherwise be due prior thereto. Provided, however, the Company has the right to terminate its payment pursuant to clause (vi) and instead pay you a lump sum amount equal to the applicable COBRA premium multiplied by the number of months remaining in the specified period if the Company determines in its discretion that continued payment of the COBRA premiums is or may be discriminatory under Section 105(h) of the Internal Revenue Code. In the event of your termination by the Company without Cause (other than for Death or Disability) within 6 months of a Change in Control, as defined in the Company's Amended and Restated 2016 Equity Incentive Plan, the payments pursuant to clauses (i)-(iii) shall be made promptly after its closing or your termination, whichever is later.

You hereby acknowledge and agree that the foregoing amendments to the Employment Agreement will not constitute a material diminution in your duties, authorities or responsibilities amounting to "Good Reason" as described in Section 7(d) of your Employment Agreement.

Except as expressly provided in this letter amendment, the terms of the Employment Agreement remain in effect without modification. Neither this letter, nor the Employment Agreement itself, may be modified except by a written document signed by both you and an authorized representative of the Company. Capitalized terms not otherwise defined in this letter have the meanings provided for such terms in the Employment Agreement.

Please sign below to confirm your understanding and acceptance of the amendments set forth in this letter. Thank you for your continued efforts on behalf of Avalo, and I look forward to continuing to work with you in your new role.



Sincerely,

Avalo Therapeutics, Inc.

/s/ Steven Boyd

Name: Steven Boyd

Title: Chairman of the Board

Consented to and agreed by:

/s/ Garry A. Neil

Garry A. Neil

2/18/2022

Date

February 18, 2022

Christopher Sullivan  
[Intentionally Omitted]

Re: Changes to your Employment Agreement

Dear Chris,

I am writing to confirm our understanding regarding certain changes to the terms of your employment with Avalo Therapeutics, Inc. (the "Company"). This letter amends the existing employment letter agreement between you and the Company dated September 26, 2019 (the "Employment Agreement"), effective as of February 14, 2022 (the "Amendment Effective Date").

As of the Amendment Effective Date, you will serve as the Company's Chief Financial Officer ("CFO"), and you will report to the Company's Chief Executive Officer. Therefore, Paragraph 2 of the Employment Agreement is hereby amended to read as follows:

2. Position. Effective as of February 14, 2022, (the "Effective Date"), you will serve as the Company's Chief Financial Officer ("CFO"). You will report to the Company's Chief Executive Officer ("CEO"). During the Employment Term, you shall devote all your business time, energy and skill and your best efforts to the performance of your duties with the Company.

Your Base Salary (as defined in Section 4 of the Employment Agreement) will increase to the rate of \$350,000.00 per year as of the Amendment Effective Date. You will also receive an Appointment Bonus of \$50,000.00, payable within thirty (30) days of the Amendment Effective Date. In addition, subject to the approval of the Board and your execution of a separate grant document, at the time the Company makes its annual grant to employees, but in no event later than March 31, 2022, the Company will grant you additional stock options to purchase 400,000 shares of Company Common Stock. The stock options will vest over four (4) years, with a twelve-month cliff, such that the first 25% of such stock options will vest on the first anniversary of the grant date, and the remainder will vest in equal monthly installments, provided that you remain an employee of the Company as of each such vesting date, with an exercise price equal to the closing price of the common shares on the date of the grant on any exchange on which Company's shares are then traded.

Subparagraph 5(c) of the Employment Agreement is hereby amended to read as follows:

(c) Annual Bonus. During the Employment Term, you shall be eligible to receive an annual discretionary bonus of a target amount of up to forty percent (40%) of your Base Salary as determined by the Board or the Compensation Committee of the Board, in its sole discretion, provided you are employed on the date such annual bonus is paid. Such bonus may consist of cash and/or, at your election, grants of additional equity awards in the Company, which shall be immediately vested, and is intended to be substantially consistent with cash bonuses and equity award bonuses paid to executives of similar grade in similarly situated companies in the biotechnology industry, subject to the results of operations and financial condition of the Company and your level of individual performance.

In addition, Subparagraph 7(c) of the Employment Agreement is hereby amended to read as follows:

(c) Without Cause. Your employment may be terminated by the Company without Cause (other than for death or Disability) immediately upon written notice by the Company. Upon a termination without Cause, subject to your compliance with the obligations in Sections 8, 9 and 10 hereof, the Company shall pay to you the following payments and benefits: (i) the Accrued Benefits; (ii) if not yet paid, your earned but unpaid bonus for the fiscal year preceding the year in which such termination occurs, based upon the achievement of Company goals as determined by the Compensation Committee of the Company's Board, payable when such annual bonuses are paid to other executive employees of the Company; (iii) continued payment of your Base Salary as in effect immediately prior to your termination for twelve (12) consecutive months following such termination; (iv) your annual bonus earned in the year in which the termination occurs, based upon the achievement of Company goals as determined by the Compensation Committee of the Company's Board, prorated to reflect your completed days of employment during such year, payable when such annual bonuses are paid to other executive employees of the Company; (v) full vesting of options awarded by the Company, which you will have twelve (12) months to exercise from the date of such termination; and (vi) if you timely elect and remain eligible for continued health insurance coverage under federal COBRA law or, if applicable, state insurance laws, the Company will pay your COBRA or state continuation health insurance premiums until the earliest of (x) the first anniversary of your termination; (y) expiration of your continuation coverage under COBRA; or (z) the date when you are eligible for substantially equivalent health insurance; provided, that the first payment pursuant to clause (iii) shall be made on the first payroll period after the sixtieth (60th) day following such termination and shall include payment of any amounts that would otherwise be due prior thereto. Provided, however, the Company has the right to terminate its payment pursuant to clause (vi) and instead pay you a lump sum amount equal to the applicable COBRA premium multiplied by the number of months remaining in the specified period if the Company determines in its discretion that continued payment of the COBRA premiums is or may be discriminatory under Section 105(h) of the Internal Revenue Code. In the event of your termination by the Company without Cause (other than for Death or Disability) within 6 months of a Change in Control, as defined in the Company's Amended and Restated 2016 Equity Incentive Plan, the payments pursuant to clauses (i)-(iii) shall be made promptly after its closing or your termination, whichever is later.

In addition, Subparagraph 7(d) of the Employment Agreement is hereby amended to read as follows:

(d) By Employee: For Good Reason. Your employment shall terminate upon your written notice to the Company of a termination for any reason. "Good Reason" shall mean, without your written consent, (i) a material diminution in your duties, authorities or responsibilities (other than temporarily while physically or mentally incapacitated), (ii) a material diminution of your Base Salary hereunder except in conjunction with a reduction in base salary affecting all similarly-situated employees, (iii) a permanent change, without your consent, in the principal geographic location at which you must perform services for the Company that is more than fifty (50) miles from Rockville, Maryland, or (iv) a material breach of this Agreement by the Company. Notwithstanding the foregoing, any reasonable actions taken by the Company to accommodate a disability of Employee or pursuant to the Family and Medical Leave Act shall not constitute Good Reason for purposes of this Agreement. You shall provide the Company with a written notice detailing the specific circumstances alleged to constitute Good Reason within thirty (30) days after the first occurrence of such circumstances, and the Company shall have thirty (30) days following the receipt of such notice to cure such alleged "Good Reason" event. If the Company does not cure such event within the cure period, you must terminate your employment within ten (10) days following the end of such cure period, and if you do not do so, any claim of such circumstances as "Good Reason" will be deemed irrevocably waived by you. Upon a termination for Good Reason, you shall be entitled to the payments and benefits described in Section 7(c)

above, and you will not be bound by Section 9(b) hereof. Upon a termination by you other than for Good Reason, the Company shall pay to you only the Accrued Benefits.

You hereby acknowledge and agree that the foregoing amendments to the Employment Agreement will not constitute a material diminution in your duties, authorities or responsibilities amounting to “Good Reason” as described in Section 7(d) of your Employment Agreement.

Except as expressly provided in this letter amendment, the terms of the Employment Agreement remain in effect without modification. Neither this letter, nor the Employment Agreement itself, may be modified except by a written document signed by both you and an authorized representative of the Company. Capitalized terms not otherwise defined in this letter have the meanings provided for such terms in the Employment Agreement.

Please sign below to confirm your understanding and acceptance of the amendments set forth in this letter. Thank you for your continued efforts on behalf of Avalo, and I look forward to continuing to work with you in your new role.

Sincerely,

Avalo Therapeutics, Inc.

/s/ Garry A. Neil

Name: Garry A. Neil

Title: President and Chief Executive Officer

Consented to and agreed by:

/s/ Christopher Sullivan

Christopher Sullivan

2/18/2022

Date



## **Avalo Therapeutics Announces Leadership Transition**

### **Promotes Dr. Garry Neil to Chief Executive Officer Promotes Chris Sullivan to Chief Financial Officer**

WAYNE, PA AND ROCKVILLE, MD, February 17, 2022 — Avalo Therapeutics, Inc. (Nasdaq: AVTX), a leading clinical-stage precision medicine company that discovers, develops, and commercializes targeted therapeutics for patients with significant unmet clinical need in immunology and rare genetic diseases, announced today a leadership transition.

On February 14, 2022 and effective immediately, the Company's Board of Directors appointed Garry Neil, Chief Scientific Officer, as Chief Executive Officer and Chris Sullivan, Chief Accounting Officer, as Chief Financial Officer. The Company's research and development group will continue to report to Dr. Neil. Mike Cola and Schond Greenway have stepped away from their prior roles as Chief Executive Officer and Chief Financial Officer, respectively, to pursue other interests.

*"On behalf of the Board, we would like to express our appreciation and gratitude to both Mike and Schond for their contributions while at Avalo Therapeutics,"* said Steven Boyd, Chairman of the Board of Avalo Therapeutics. *"The Company made substantial progress under their leadership and it is now reaching an exciting inflection point given the recent and upcoming data readouts. Looking at the future of Avalo, we believe that Garry and Chris will be the right team to execute an optimal strategy focused on prioritizing our most promising programs allowing for greater operational achievement, opportunities for business development, and ultimately increased shareholder value."*

*"It has been a pleasure to work with Mike over the past 2 years building Avalo Therapeutics,"* said Garry Neil, Chief Executive Officer of Avalo Therapeutics. *"I am honored to step into the role as the chief executive officer, to lead our strong and dynamic team. I'm particularly excited about pursuing the development of AVTX-002, which has now shown proof of concept in multiple acute and chronic inflammatory diseases and the value a positive outcome in NEA could unlock for the Company. We remain excited about our mission to treat patients with significant unmet clinical needs and to work on advancing our targeted therapies through the pipeline while increasing value driving opportunities."*

Dr. Garry Neil also serves as the Chairman of the Board of Directors of Arena Pharmaceuticals, an approximately \$6 billion Nasdaq-listed biotechnology company. He is a member of the Board of the Center for Discovery and Innovation at Hackensack Meridian Health. Prior to joining Avalo, Dr. Neil served as Chief Scientific Officer of Aevi Genomic Medicine and held a number of senior positions in the pharmaceutical industry, academia, and venture capital. These include Corporate VP of Science & Technology at Johnson & Johnson and Group President at Johnson & Johnson Pharmaceutical Research and Development, VP of R&D at Merck KGaA/EMD Pharmaceuticals, and VP of Clinical Research at AstraZeneca and Astra Merck. He is founding and past Chairman of the Pharmaceutical Industry R&D Consortium, TransCelerate Biopharmaceuticals Inc., past Chairman of the Pharmaceutical Research and Manufacturers Association (PhRMA) Science and Regulatory Executive Committee and the PhRMA Foundation Board. He is also a former member of the Board of the Reagan Udall Foundation for the FDA. He is a past member of the Board of GTX Pharmaceuticals, the Foundation for the National Institutes of Health (FNIH), and the Science Management Review Board of the NIH. Dr. Neil holds a BS from the University of Saskatchewan and an MD from the University of Saskatchewan College of Medicine.

Mr. Sullivan most recently served as the Company's Chief Accounting Officer and prior to that as Interim Chief Financial Officer, during which time the Company raised approximately \$80 million in gross proceeds. Prior to joining Avalo, Mr. Sullivan was the Corporate Controller for Sucampo Pharmaceuticals, a Nasdaq-listed specialty pharmaceuticals company, when it was merged with Mallinckrodt in a \$1.2 billion transaction. He also served as the Corporate Controller for OpGen, a Nasdaq-listed diagnostic company, and prior to that was a Senior Manager at Ernst & Young. Mr. Sullivan has a strong public company and life science background, along with his wealth of financial knowledge, including significant experience with equity and debt capital raises, acquisitions, divestitures, in and out-license transactions, enterprise resource planning implementations, and financial planning and analysis from leading finance and accounting functions at various public biotechnology, molecular diagnostic, and pharmaceutical companies. Mr. Sullivan received his BS in Accounting and Finance from the University of Maryland, College Park where he graduated magna cum laude, and he is a Certified Public Accountant.

### **About Avalo Therapeutics**

Avalo Therapeutics is a leading clinical-stage precision medicine company that discovers, develops, and commercializes targeted therapeutics for patients with significant unmet clinical need in immunology and rare genetic diseases. The Company has built a diverse portfolio of innovative therapies to deliver meaningful medical impact for patients in urgent need. The Company's clinical candidates commonly have a proven mechanistic rationale, biomarkers and/or an established proof-of-concept to expedite and increase the probability of success.

For more information about Avalo, please visit [www.avalotx.com](http://www.avalotx.com).

### **Forward-Looking Statements**

This press release may include forward-looking statements made pursuant to the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts. Such forward-looking statements are subject to significant risks and uncertainties that are subject to change based on various factors (many of which are beyond Avalo's control), which could cause actual results to differ from the forward-looking statements. Such statements may include, without limitation, statements with respect to Avalo's plans, objectives, projections, expectations and intentions and other statements identified by words such as "projects," "may," "might," "will," "could," "would," "should," "continue," "seeks," "aims," "predicts," "believes," "expects," "anticipates," "estimates," "intends," "plans," "potential," or similar expressions (including their use in the negative), or by discussions of future matters such as: the future financial and operational outlook; the development of product candidates or products; timing and success of trial results and regulatory review; potential attributes and benefits of product candidates; and other statements that are not historical. These statements are based upon the current beliefs and expectations of Avalo's management but are subject to significant risks and uncertainties, including: reliance on key personnel, including particularly through management transitions; drug development costs, timing and other risks, including reliance on investigators and enrollment of patients in clinical trials, which might be slowed by the COVID-19 pandemic; regulatory risks; Avalo's cash position and the potential need for it to raise additional capital; general economic and market risks and uncertainties, including those caused by the COVID-19 pandemic; and those other risks detailed in Avalo's filings with the SEC. Actual results may differ from those set forth in the forward-looking statements. Except as required by applicable law, Avalo expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Avalo's expectations with respect thereto or any change in events, conditions or circumstances on which any statement is based.

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