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

FORM 8-K

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

Date of Report (Date of earliest event reported): October 27, 2023

AVALO THERAPEUTICS, INC.
(Exact name of registrant as specified in its charter)

Delaware		
(State or other jurisdiction of incorporation)		
001-37590		**45-0705648**
(Commission File Number)		**(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

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. ☐

Item 2.01. Completion of Acquisition or Disposition of Assets.

As previously disclosed in the Current Report on Form 8-K filed by Avalo Therapeutics, Inc. (the "Company") on September 12, 2023 (the "Prior 8-K"), the Company entered into an Asset Purchase Agreement (the "Purchase Agreement") with AUG Therapeutics, LLC ("AUG") to sell the Company's rights, title and interest in, assets relating to AVTX-801 (D-galactose), AVTX-802 (D-mannose) and AVTX-803 (L-fucose).

On October 27, 2023, the Company closed the transaction under the Purchase Agreement.

For more information on the Purchase Agreement, see Item 1.01 in the Prior 8-K, which is incorporated into this Item 2.01 by reference.

Item 8.01. Other Evens.

On October 31, 2023, the Company issued a press release announcing the closing of the transaction under the Purchase Agreement described above in Item 2.01. A copy of the press release is filed herewith as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

Exhibit No.	Description
99.1	Press Release, dated October 31, 2023.
104	The cover pages of this Current Report on Form 8-K, formatted in 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: October 31, 2023

By: /s/ Christopher Sullivan
Christopher Sullivan
Chief Financial Officer

Avalo Completes Divestiture of AVTX-800 Series

WAYNE, PA AND ROCKVILLE, MD, October 31, 2023 — Avalo Therapeutics, Inc. (Nasdaq: AVTX), today announced it has completed the divestiture of its rights, title and interest in, assets relating to AVTX-801 (D-galactose), AVTX-802 (D-mannose) and AVTX-803 (L-fucose) (collectively, the 800 Series) to AUG Therapeutics, LLC (AUG). The Company previously announced it entered into a purchase agreement with AUG to divest the 800 Series on September 12, 2023 (the Purchase Agreement).

AUG paid an upfront payment of $150,000, as well as, for each compound, is obligated to make a contingent milestone payment of $15,000,000 (for a potential aggregate of $45 million) if the first Food and Drug Administration (FDA) approval is for an indication other than a Rare Pediatric Disease (as defined in the Purchase Agreement), or up to 20% of certain payments, if any, granted to AUG upon any sale of any priority review voucher (PRV) granted to AUG by the FDA, net of any selling costs. Additionally, AUG assumed $150,000 of certain liabilities incurred prior to the date of the Purchase Agreement and assumed all costs relating to the 800 Series from the date of the Purchase Agreement.

"We are excited to announce that we have closed the transaction with AUG to divest our 800 Series programs for the treatment of congenital disorders of glycosylation (CDGs). In AUG's hands, these programs could advance to provide reliable treatments for patients in need," stated Dr. Garry A. Neil, MD, Chief Executive Officer, and Chairman of the Board at Avalo Therapeutics. *"Our pipeline is now fully focused on our promising immunology assets, reaffirming Avalo's unwavering commitment to execute its strategy of addressing unmet medical needs to patients suffering from immunological diseases, which we believe will derive the greatest value and potential for our shareholders. This transaction has an immediate positive impact on our cash flow and focuses the team fully on our core immunology assets, while also maintaining substantial upside potential for Avalo upon program success."*

About Avalo Therapeutics

Avalo Therapeutics is a clinical stage biotechnology company focused on the treatment of immune dysregulation by developing therapies that target the LIGHT-signaling network.

LIGHT (**L**ymphotoxin-like, exhibits **I**nducible expression, and competes with HSV **G**lycoprotein D for **H**erpesvirus Entry Mediator (HVEM), a receptor expressed by **T** lymphocytes; also referred to as TNFSF14) is an immunoregulatory cytokine. LIGHT and its signaling receptors, HVEM (TNFRSF14), and lymphotoxin β receptor (TNFRSF3), form an immune regulatory network with two co-receptors of herpesvirus entry mediator, checkpoint inhibitor B and T Lymphocyte Attenuator (BTLA), and CD160 (the LIGHT-signaling network). Accumulating evidence points to the dysregulation of the LIGHT-signaling network as a disease-driving mechanism in autoimmune and inflammatory reactions in barrier organs. Therefore, we believe reducing LIGHT levels can moderate immune dysregulation in many acute and chronic inflammatory disorders.

For more information about Avalo, please visit 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: the Company's cash position and the need for it to raise additional capital in the near future; drug development costs, timing and other risks, including reliance on investigators and enrollment of patients in clinical trials, which might be slowed by COVID-19 or other widespread health events; reliance on key personnel; regulatory risks; general economic and market risks and uncertainties, including those caused by COVID-19 or other widespread health events; 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.

For media and investor inquiries

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