
**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): **March 25, 2025**

AVALO THERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

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**

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

On March 25, 2025, the board of directors (the “*Board*”) of Avalo Therapeutics, Inc. (the “*Company*”) appointed Michael Heffernan to the Board, effective immediately. Mr. Heffernan is also being appointed Chairman of the Board. Mr. Heffernan will serve as a director until the Company’s 2025 Annual Meeting of Stockholders or until his successor is duly elected and qualified.

There are no arrangements or understandings between Mr. Heffernan and any other person pursuant to which the Mr. Heffernan was selected as a director of the Company, and there is no family relationship between Mr. Heffernan and any of the Company’s other directors or executive officers. Mr. Heffernan will be eligible for Board compensation pursuant to the Company’s Amended and Restated Non-Employee Director Compensation Plan (the “*A&R Non-Employee Director Compensation Plan*”), as discussed in more detail below under Item 8.01.

In connection with his appointment, Mr. Heffernan will enter into the Company’s standard form of indemnification agreement, a copy of which is filed as Exhibit 10.14 to the Company’s Annual Report on Form 10-K for the year ended December 31, 2024.

There are no related party transactions between Mr. Heffernan and the Company, and the Board believes that Mr. Heffernan satisfies the independence requirements of Rule 5605(a)(2) of the Nasdaq Stock Market listing rules and Rule 10A-3 under the Securities Exchange Act of 1934, as amended.

Item 8.01 Other Events.

In an effort to continue to attract and retain qualified members of the Board, after consultation with compensation consultants, the Board approved the A&R Non-Employee Director Compensation Plan, which provides annual cash and equity compensation for non-employee members of the Board (“*Non-Employee Directors*”), on the terms and conditions contained therein. The A&R Non-Employee Director Compensation Plan is intended to enable the Company to attract and retain qualified Non-Employee Directors, provide them with compensation at a level that is consistent with the Company’s compensation objectives, and in the case of equity-based compensation, align the Non-Employee Directors’ interests with those of the Company’s stockholders. The A&R Non-Employee Director Compensation Plan is effective as of March 25, 2025.

The foregoing description of the A&R Non-Employee Director Compensation Plan is not complete and is subject to and qualified in its entirety by reference to the A&R Non-Employee Director Compensation Plan, a copy of which is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

Exhibit No.	Description
10.1	Avalo Therapeutics, Inc. Amended and Restated Non-Employee Director Compensation Plan.
99.1	Press Release dated March 26, 2025.
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: March 26, 2025

By: /s/ Christopher Sullivan

Christopher Sullivan
Chief Financial Officer

Avalo Therapeutics, Inc.**Non-Employee Director Compensation Policy Amended Effective March 25, 2025**

Each member of the Board of Directors (the “Board”) who is not also serving as an employee of Avalo Therapeutics, Inc. (the “Company”) or any of its subsidiaries (each such member, an “Eligible Director”) will receive the compensation described in this Non-Employee Director Compensation Policy for his or her Board service on and following the date first written above (the “Effective Date”). An Eligible Director may decline all or any portion of his or her compensation by giving notice to the Company prior to the date cash is to be paid or equity awards are to be granted, as the case may be. This policy is effective as of the Effective Date and may be amended at any time in the sole discretion of the Board.

Annual Cash Compensation

The annual cash compensation amount set forth below is payable in equal quarterly installments, payable in arrears on the last day of each calendar quarter in which service occurred. If an Eligible Director joins the Board or a committee of the Board at a time other than effective as of the first day of a calendar quarter, each retainer set forth below for such quarter will be pro-rated based on days served in the applicable calendar quarter, with regular full quarterly payments thereafter. Likewise, if an Eligible Director ceases to serve on the Board or a committee of the Board at a time other than effective as of the last day of a calendar quarter, each retainer set forth below for such quarter will be pro-rated based on days served in the applicable calendar quarter. All annual cash fees are vested upon payment.

1. Annual Board Service Retainer:
 - a. All Eligible Directors: \$40,000
 - b. Chair of the Board Service Retainer (in addition to Eligible Director Service Retainer): \$40,000
2. Annual Committee Member Service Retainer:
 - a. Member of the Audit Committee: \$10,000
 - b. Member of the Compensation Committee: \$6,500
 - c. Member of the Nominating and Corporate Governance Committee: \$5,000
 - d. Member of the Science and Technology Advisory Committee: \$7,500
3. Annual Committee Chair Service Retainer (in addition to Committee Member Service Retainer):
 - a. Chair of the Audit Committee: \$10,000
 - b. Chair of the Compensation Committee: \$6,500
 - c. Chair of the Nominating and Corporate Governance Committee: \$5,000
 - d. Chair of the Science and Technology Advisory Committee: \$7,500

Election to Receive Stock Options in Lieu of Cash

An Eligible Director may make an election to receive all or a portion of his or her annual cash compensation described above in the form of stock options to purchase shares of the Company's common stock (the "Common Stock"). Elections must be made in multiples of 5% of an Eligible Director's aggregate cash retainer.

1. Timing of Elections:
 - a. *Current Eligible Directors:* Elections must be made prior to the beginning of each quarter.
 - b. *New Eligible Directors:* Elections for the first quarter of service must be made within 30 days of becoming an Eligible Director, provided that such election shall be applicable only to the portion of the cash retainers earned after the date of the election.
 - c. *New committee member or committee chair:* Elections for the first quarter of service must be made prior to the date that the Eligible Director becomes a committee member or committee chair (or, if a new Eligible Director, within 30 days of becoming a committee member or committee chair, provided that such election shall be applicable only to the portion of the cash retainer earned after the date of the election).
2. Description of Stock Options: The stock options will be granted under the Company's Fourth Amended and Restated 2016 Equity Incentive Plan, as further amended from time to time (the "Plan"). The stock options will be granted on the date on which the cash would otherwise have been paid (i.e. on the last day of each calendar quarter). All stock options granted will be nonqualified stock options using the Company's standard form of Nonqualified Stock Option Grant Agreement under the Plan, with an exercise price per share equal to the last reported sale price of the Common Stock on the NASDAQ Capital Market on the date of grant or, if such grant date is not a trading date, on the last trading date prior to the grant date, and with a term of ten years from the date of grant (subject to earlier termination in connection with a termination of service as provided in the Plan). The actual number of shares subject to the stock options will be determined so that the options have a "fair value" on the date of grant, using a Black-Scholes or binominal valuation model consistent with the methodology used by the Company in preparing its financial statements, equal to the amount of cash fees forgone. The stock options will immediately vest and become exercisable in full upon grant.

Equity Compensation

The equity compensation set forth below will be granted under the Plan. All stock options granted under this policy will be nonqualified stock options using the Company's standard form of Nonqualified Stock Option Grant Agreement under the Plan, with an exercise price per share equal to the last reported sale price of the Common Stock on the NASDAQ Capital Market on the date of grant or, if such grant date is not a trading date, on the last trading date prior to the grant date, and with a term of ten years from the date of grant (subject to earlier termination in connection with a termination of service as provided in the Plan).

1. Initial Grant for New Eligible Directors: For each Eligible Director who is first appointed or elected to the Board following the Effective Date, on the date of such election or appointment (or, if such date is not a market trading day, the first market trading day thereafter), such Eligible Director will be automatically, and without further action by the Board or the Compensation Committee of the Board, be granted a stock option for 34,100 shares of Common Stock, plus an additional 15,900 shares (for a total of 50,000 shares) for an Eligible Director serving as Board Chair. The stock options will vest and become exercisable in three substantially equal annual installments on the first, second and third anniversary of the date of grant, subject to the Eligible Director's continued service on each such vesting date.
2. Annual Grant: On the date of each annual stockholders meeting of the Company, each Eligible Director who continues to serve as a non-employee member of the Board following such stockholders meeting will be automatically, and without further action by the Board or the Compensation Committee of the Board, be granted a stock option for 17,050 shares of Common Stock, plus an additional 7,950 shares (for a total of 25,000 shares) for an Eligible Director serving as Board Chair. The stock options will vest and become exercisable in full on the first anniversary of the grant date, subject to the Eligible Director's continued service on such vesting date.



Avalo Therapeutics Appoints Michael Heffernan as Chairman of the Board

WAYNE, PA AND ROCKVILLE, MD, Mar. 26, 2025 — Avalo Therapeutics, Inc. (Nasdaq: AVTX), a clinical-stage biotechnology company dedicated to treating immune dysregulation, today announced the appointment of Michael Heffernan as Chairman of the Board of Directors ("Board"). Mr. Heffernan will succeed Dr. Garry Neil as Chairman of the Board. Dr. Neil will continue as a Board member and Chief Executive Officer (CEO) of the Company.

"We are thrilled to welcome Michael to Avalo's Board of Directors during this pivotal time in our Company's growth," said Dr. Garry Neil, CEO of Avalo Therapeutics. "Michael's extensive experience in building and leading biopharmaceutical companies, executing successful exits, and driving shareholder value will be invaluable as we advance our pipeline of targeted therapies for immune-mediated diseases, including our lead candidate, AVTX-009, currently in the Phase 2 LOTUS trial for hidradenitis suppurativa (HS). Additionally, I believe it is the right time to separate the role of Chairman and CEO as the Company continues to mature."

"I am honored to assume the role of Chairman as Avalo continues to advance its pipeline and considers indication expansion," said Mr. Heffernan. "Avalo is well-positioned for success with a strong management team, a promising mechanism of action in HS, and sufficient capital to achieve a potentially transformative data readout from the LOTUS trial next year. I look forward to working closely with Garry, the leadership team, and fellow board members to help guide the Company's future growth and strategic direction."

About Michael Heffernan

Michael Heffernan is a seasoned biopharmaceutical executive and entrepreneur with over 30 years of experience in the industry. He is the Founder and Chairman of Collegium Pharmaceutical (Nasdaq: COLL) and has previously served as its President and CEO. Mr. Heffernan has built and led multiple companies through numerous financings and successful exits. He has also held leadership positions at Onset Dermatologics, Clinical Studies Ltd., and Eli Lilly and Company. Currently, Mr. Heffernan serves as Chairman of the Board at Collegium, NMD Pharma and Aavantgarde Bio, and is a board member at Biohaven (NYSE: BHVN), Trevi Therapeutics (Nasdaq: TRVI), and K36 Therapeutics. He holds a Bachelor of Science in Pharmacy from the University of Connecticut and is a registered pharmacist.

About Avalo Therapeutics

Avalo Therapeutics is a clinical stage biotechnology company focused on the treatment of immune dysregulation. Avalo's lead asset is AVTX-009, an anti-IL-1 β mAb, targeting inflammatory diseases. For more information about Avalo, please visit www.avalotx.com.

About AVTX-009

AVTX-009 is a humanized monoclonal antibody (IgG4) that binds to interleukin-1 β (IL-1 β) with high affinity and neutralizes its activity. IL-1 β is a central driver in the inflammatory process. Overproduction or dysregulation of IL-1 β is implicated in many autoimmune and inflammatory diseases. IL-1 β is a major, validated target for therapeutic intervention. There is evidence that inhibition of IL-1 β could be effective in hidradenitis suppurativa and a variety of inflammatory diseases in dermatology, gastroenterology, and rheumatology.

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 intended use of the proceeds from the private placement; integration of AVTX-009 into our operations, including trial design and IND preparation and filing for the planned Phase 2 trial; drug development costs, timing of trials and trial results, and other risks, particularly for AVTX-009, including reliance on investigators and enrollment of patients in clinical trials; reliance on key personnel; regulatory risks; general economic and market risks and uncertainties, including those caused the war in Ukraine and the Middle East; and those other risks detailed in Avalo's filings with the Securities and Exchange Commission, available at www.sec.gov. 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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