

**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): August 5, 2020

**APTEVO THERAPEUTICS INC.**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**  
(State or Other Juris-  
diction of Incorporation)

**001-37746**  
(Commission  
File Number)

**81-1567056**  
(IRS Employer  
Identification No.)

**2401 4th Avenue, Suite 1050**  
**Seattle, Washington**  
(Address of Principal Executive Offices)

**98121**  
(Zip Code)

Registrant's telephone number, including area code: (206) 838-0500

**Not Applicable**  
(Former Name or Former Address, if Changed Since Last Report)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.001 par value	APVO	The Nasdaq Stock Market LLC

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  x

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.  x

**Item 1.01 Entry Into a Material Definitive Agreement.**

On August 5, 2020 (the “Closing Date”), Aptevo Therapeutics Inc. (“Aptevo”) entered into a \$25 million Credit and Security Agreement (the “Credit Agreement”) by and among Aptevo and its subsidiary, as borrowers, MidCap Financial Trust, as agent, and the lenders from time to time party thereto. The Credit Agreement provides Aptevo and the other borrower thereunder with a \$25 million term loan, which was provided in a single tranche on the Closing Date. The term loan will amortize on a monthly basis commencing in March 2022 and will mature on August 5, 2024. Amounts drawn under the Credit Agreement bear interest at a rate of LIBOR plus 6.25% per annum, subject to a 1.50% LIBOR floor and a LIBOR cap of 2.50%.

The Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants, in each case applicable to Aptevo and its subsidiaries. The negative covenants include restrictions on, among other things, indebtedness, liens, dividends and other distributions, repayment of subordinated indebtedness (if any), mergers, dispositions, investments (including licensing), acquisitions, transactions with affiliates and modification of organizational documents or certain other agreements. The Credit Agreement contains mandatory prepayment provisions that require Aptevo and its subsidiaries to prepay the term loan with the proceeds of sales of certain contractual payment streams.

The Credit Agreement also contains customary events of default, including, among other things, failure to pay principal or interest due under the Credit Agreement, default of covenants, a cross-default to Aptevo’s or its subsidiary’s other material indebtedness, breach of material contracts by Aptevo or its subsidiaries, commencement of liquidation, reorganization or similar relief, or termination or loss of right to certain contractual payments. The obligations of Aptevo and the other borrowers under the Credit Agreement are secured by all of their assets other than (1) certain voting shares of future foreign subsidiaries of Aptevo if granting security over such shares would result in an adverse tax event, and (2) any lease, license or other contract where the grant of a security interest would constitute a default, be prohibited by applicable law, or would require certain third-party consents, except to the extent the anti-assignment override provisions of the Uniform Commercial Code apply.

The related financing documents contain (1) a customary agency fee, (2) an origination fee of \$125,000, (3) a termination fee (payable on a total or partial prepayment of the term loan, in respect of the portion of the term loan prepaid) in an amount that would be necessary to generate (i) a 10% return on invested capital during the first 6 months following the Closing Date, (ii) a 12% return on invested capital during months 7, 8, or 9 following the Closing Date, and (iii) a 13% return on invested capital during months 10, 11, or 12 following the Closing Date, whether such prepayment is voluntary or by reason of the occurrence of an event of default or acceleration of the loan, and (4) an exit fee (payable on a total or partial prepayment of the term loan, in respect of the portion of the term loan prepaid) in an amount equal to 6% of the amount prepaid at any time following the first anniversary of the Closing Date, whether such prepayment is voluntary or by reason of the occurrence of an event of default or acceleration of the loan.

The foregoing description of the Credit Agreement and related financing documents is a summary, is not complete, and is qualified in its entirety by the full text of the Credit Agreement, a copy of which the Company intends to file as an exhibit to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2020.

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The disclosure set forth under Item 1.01 is incorporated herein by reference.

**Item 7.01 Regulation FD Disclosure.**

On August 6, 2020, the Company issued a press release announcing the transaction described above. The full text of the press release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibit

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Press Release dated August 6, 2020</a>

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**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.

APTEVO THERAPEUTICS INC.

Date: August 6, 2020

By: /s/ Marvin L. White  
Marvin L. White  
President and Chief Executive Officer

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## APTEVO THERAPEUTICS SECURES \$25 MILLION NON-DILUTIVE FINANCING FROM MIDCAP FINANCIAL TRUST

*Extends Cash Runway into Q3 2021*

*The Current Cash Balance is Anticipated to Create a Sufficient Timeline to Complete the APVO 436 Phase I(a) Dosing Cohorts Which Pre-Clinical Modelling Predicts May Deliver an Efficacious Dose*

**Seattle, WA – August 6, 2020** – Aptevo Therapeutics Inc. (Nasdaq: APVO), a biotechnology company focused on developing novel immuno-oncology therapeutics based on its proprietary ADAPTIR™ bispecific technology platform, announced today that it has reached agreement with MidCap Financial Trust (“MidCap”) for a \$25 million term loan facility. The loan was fully funded at closing.

Jeff Lamothe, Chief Financial Officer of Aptevo stated: “We have built a strong partnership with MidCap over the past four years and are pleased to once again partner with them. The size and structure of this non-dilutive loan was positively influenced by our RUXIENCE™ and IXINITY® royalty streams. We believe this financing, along with anticipated quarterly royalty payments from Pfizer and Medexus, related to RUXIENCE and IXINITY respectively, provide Aptevo with a solid cash position to continue development of APVO 436 and our preclinical candidates. This financing extends our cash runway into the third quarter of 2021, which, based on pre-clinical modelling, is beyond the currently anticipated time required to achieve a potentially efficacious dose level in our APVO 436 Phase I(a) clinical trial. Our previously announced process with Piper Sandler to sell our RUXIENCE royalty stream and our IXINITY royalty stream and milestones is underway.”

The MidCap loan has a 48 month term, is interest-only for the first 18 months, with straight-line amortization for the remaining 30 months and bears interest at a rate of one month LIBOR plus 6.25% per annum, subject to a 1.50% LIBOR floor. The loan includes additional repayment provisions should either or both of the royalties or milestones related to IXINITY or royalties related to RUXIENCE be sold during the term of the loan. See the 8-K, which will be filed within the next four business days, for additional details related to the loan agreement.

### **About Aptevo Therapeutics Inc.**

Aptevo Therapeutics Inc. is a clinical-stage biotechnology company focused on developing novel immunotherapies for the treatment of cancer. The Company’s lead clinical candidate, APVO436, and preclinical candidates, ALG.APV-527 and APVO603, were developed based on the Company’s versatile and robust ADAPTIR™ modular protein technology platform. The ADAPTIR platform is capable of generating highly differentiated bispecific antibodies with unique mechanisms of action for the treatment of different types of cancer. For more information, please visit [www.aptevotherapeutics.com](http://www.aptevotherapeutics.com)

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## Safe Harbor Statement

This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements, other than statements of historical fact, including, without limitation, statements regarding potential royalty and milestone payments, Aptevo's ability to successfully sell rights to such payments on terms acceptable to Aptevo, Aptevo's outlook, financial performance or financial condition, estimated cash burn, Aptevo's technology and related pipeline, collaboration and partnership opportunities, milestones, and any other statements containing the words "believes," "expects," "anticipates," "intends," "plans," "forecasts," "estimates," "will" and similar expressions are forward-looking statements. These forward-looking statements are based on Aptevo's current intentions, beliefs and expectations regarding future events. Aptevo cannot guarantee that any forward-looking statement will be accurate. Investors should realize that if underlying assumptions prove inaccurate or unknown risks or uncertainties materialize, actual results could differ materially from Aptevo's expectations. Investors are, therefore, cautioned not to place undue reliance on any forward-looking statement. Any forward-looking statement speaks only as of the date of this press release, and, except as required by law, Aptevo does not undertake to update any forward-looking statement to reflect new information, events or circumstances.

There are a number of important factors that could cause Aptevo's actual results to differ materially from those indicated by such forward-looking statements, including a deterioration in Aptevo's business or prospects; adverse developments in research and development; adverse developments in the U.S. or global capital markets, credit markets or economies generally; and changes in regulatory, social and political conditions. Additional risks and factors that may affect results are set forth in Aptevo's filings with the Securities and Exchange Commission, including its most recent Annual Report on Form 10-K, as filed on March 25, 2020 and its subsequent reports on Form 10-Q and current reports on Form 8-K. The foregoing sets forth many, but not all, of the factors that could cause actual results to differ from Aptevo's expectations in any forward-looking statement.

### Source:

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