

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 8-K/A  
(Amendment No. 2)

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 9, 2023

AVALON GLOBOCARE CORP.  
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction  
of incorporation)

001-38728

(Commission File Number)

47-1685128

(I.R.S. Employer  
Identification No.)

4400 Route 9 South, Suite 3100  
Freehold, NJ

(Address of principal executive offices)

07728

(Zip Code)

(732) 780-4400

(Registrant's telephone number, including area code)

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 Symbols	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	ALBT	The 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.

### Explanatory Note

Unless otherwise stated or unless the context otherwise requires, the terms “we,” “us,” “our,” “Avalon,” and the “Company” refer to Avalon GloboCare Corp., a Delaware corporation.

On February 9, 2023 (the “Closing Date”), the Company entered into and closed on an Amended and Restated Membership Interest Purchase Agreement (the “Amended MIPA”), by and among Avalon Laboratory Services, Inc., a wholly-owned subsidiary of the Company (the “Buyer”), SCBC Holdings LLC (the “Seller”), the Zoe Family Trust, Bryan Cox and Sarah Cox as individuals and Laboratory Services MSO, LLC (“Laboratory Services MSO”). Pursuant to the terms and conditions set forth in the Amended MIPA, Buyer acquired, on the Closing Date, forty percent (40%) of all the issued and outstanding equity interests of Laboratory Services MSO from the Seller, free and clear of all liens (the “Transaction”).

The Amended MIPA was filed as Exhibit 2.1 to the Current Report on Form 8-K with the Securities Exchange Commission (the “SEC”) on February 13, 2023 (the “Original Form 8-K”). The Original Form 8-K was filed with respect to the Amended MIPA, the Transaction and related matters contemplated therein.

Amendment No. 1 to the Original Form 8-K (“Amendment No. 1”) was filed on April 26, 2023 to include: (i) the audited consolidated financial statements of Laboratory Services MSO for the fiscal years ended December 31, 2022 and 2021, respectively, as Exhibit 99.1 and (ii) the unaudited pro forma condensed combined financial information of the Company and Laboratory Services MSO, as of and for the fiscal year ended December 31, 2022 as Exhibit 99.2.

This Amendment No. 2 is being filed solely to replace the unaudited pro forma condensed combined financial information of the Company and Laboratory Services MSO, as of and for the fiscal year ended December 31, 2022, included as Exhibit 99.2 to Amendment No 1.

**Item 9.01. Financial Statements and Exhibits.**

(b) Pro Forma Financial Information.

The unaudited pro forma consolidated financial information of the Company, as of and for the fiscal year ended December 31, 2022 are filed herewith as Exhibit 99.2, which is incorporated herein by reference.

This Amendment No. 2 is being filed solely to replace the unaudited pro forma financial information included in Amendment No. 1 as Exhibit 99.2. The unaudited pro forma condensed combined financial information previously reflected management's estimates based on its analysis and information at the consummation of the Transaction. The Company is updating the unaudited pro forma financial information upon completion of such analyses to reflect treatment of its investment in Laboratory Services MSO under the equity method instead of the acquisition method.

All other information contained in the Original Form 8-K and Amendment No 1. remains unchanged.

(d) Exhibits.

<b>Exhibit</b>	<b>Description</b>
99.2*	<a href="#">Unaudited pro forma consolidated financial information for the Company, as of and for the fiscal year ended December 31, 2022.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

\* Filed herewith.

**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.

Date: May 26, 2023

By: /s/ Luisa Ingargiola  
Name: Luisa Ingargiola  
Title: Chief Financial Officer

## UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

On February 9, 2023 (the “Closing Date”), Avalon GloboCare Corp. (the “Company”) entered into and closed an Amended and Restated Membership Interest Purchase Agreement (the “Amended MIPA”), by and among Avalon Laboratory Services, Inc., a wholly-owned subsidiary of the Company (the “Buyer”), SCBC Holdings LLC (the “Seller”), the Zoe Family Trust, Bryan Cox and Sarah Cox as individuals (each an “Owner” and collectively, the “Owners”), and Laboratory Services MSO, LLC. The Amended MIPA amends and restates, in its entirety, that certain Membership Interest Purchase Agreement, dated November 7, 2022 (the “Original MIPA”).

Pursuant to the terms and conditions set forth in the Amended MIPA, Buyer acquired from the Seller, forty percent (40%) of all the issued and outstanding equity interests of Laboratory Services MSO, LLC (the “Purchased Interests”), free and clear of all liens (the “Transaction”). The consideration paid by Buyer to Seller for the Purchased Interests consisted of \$21,000,000, which comprised of (i) \$9,000,000 in cash, (ii) \$11,000,000 pursuant to the issuance of 11,000 shares of the Company’s newly designated Series B Convertible Preferred Stock (the “Series B Preferred Stock”), stated value \$1,000 (the “Series B Stated Value”), and (iii) a \$1,000,000 cash payment on February 9, 2024 (the “Anniversary Payment”). The Series B Preferred Stock will be convertible into shares of the Company’s common stock at a conversion price per share equal to \$3.78 or an aggregate of 2,910,053 shares of the Company’s common stock and are subject to the Lock Up Period. The Seller is also eligible, under the terms set forth in the Amended MIPA, to receive certain earnout payments upon achievement of certain operating results, which may be comprised of up to \$10,000,000 of which (x) up to \$5,000,000 will be paid in cash and (y) up to \$5,000,000 will be paid pursuant to the issuance of the number of shares of Company common stock valued at \$5,000,000, calculated using the closing price of the Company’s common stock on December 31, 2023, rounded down to the nearest whole share (collectively, the “Earnout Payments”).

In addition, at any time during the period beginning on the Closing Date and ending on the date nine (9) months after the Closing Date, the Buyer, or its designated affiliates under the Amended MIPA, may purchase from the Seller twenty percent (20%) of the total issued and outstanding equity interests of Laboratory Services MSO, LLC for the purchase price of (i) \$6,000,000 in cash and (ii) the issuance of an additional 4,000 shares of Series B Preferred Stock valued at \$4,000,000, in accordance with the terms and conditions set forth in the Amended MIPA.

The following unaudited pro forma consolidated financial statements present the historical consolidated financial statements of Avalon GloboCare Corp. and Subsidiaries (“Avalon”), adjusted as if Avalon had purchased 40% of Laboratory Services MSO, LLC.

The unaudited pro forma consolidated balance sheet reflects the historical consolidated balance sheet of Avalon, giving effect to the purchase as if it had been consummated on December 31, 2022. The unaudited pro forma consolidated statement of operations and comprehensive loss for the year ended December 31, 2022 reflect the historical consolidated statement of operations and comprehensive loss of Avalon, giving effect to the purchase as if it had been consummated on January 1, 2022, the beginning of the earliest period presented. The historical financial statements have been adjusted in the unaudited pro forma consolidated financial statements to give pro forma effect to events that are: (1) directly attributable to the investment; (2) factually supportable; and (3) with respect to the statement of operations, expected to have a continuing impact on Avalon’s results following the completion of the purchase.

The unaudited pro forma consolidated financial statements have been developed from and should be read in conjunction with:

- The accompanying notes to the unaudited pro forma consolidated financial statements; and
- The historical consolidated financial statements and related notes of Avalon as of December 31, 2022, and for the year ended December 31, 2022, as well as “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” included in Avalon’s Annual Report on Form 10-K for the year ended December 31, 2022, which were filed with the Securities and Exchange Commission.

AVALON GLOBOCARE CORP. AND SUBSIDIARIES  
 UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET  
 As of December 31, 2022

	Historical Avalon GloboCare Corp. and Subsidiaries	Pro Forma		Pro Forma Combined
		Pro Forma Adjustments		
		Dr.	Cr.	
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash	\$ 1,990,910	\$ -	\$ 278 a	\$ 1,990,632
Rent receivable	60,526	-	-	60,526
Rent receivable - related party	74,100	-	-	74,100
Other current assets	247,990	-	-	247,990
<b>Total Current Assets</b>	<b>2,373,526</b>	<b>-</b>	<b>278</b>	<b>2,373,248</b>
<b>NON-CURRENT ASSETS:</b>				
Operating lease right-of-use assets, net	10,885	-	-	10,885
Property and equipment, net	138,294	-	-	138,294
Investment in real estate, net	7,360,087	-	-	7,360,087
Equity method investment	485,008	23,537,253 a, c	-	24,022,261
Advances for equity interest purchase	8,999,722	-	8,999,722 a	-
Other non-current assets	384,383	-	-	384,383
<b>Total Non-current Assets</b>	<b>17,378,379</b>	<b>23,537,253</b>	<b>8,999,722</b>	<b>31,915,910</b>
<b>Total Assets</b>	<b>\$ 19,751,905</b>	<b>\$ 23,537,253</b>	<b>\$ 9,000,000</b>	<b>\$ 34,289,158</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>CURRENT LIABILITIES:</b>				
Accrued professional fees	\$ 1,673,411	\$ -	\$ 950,000 b	\$ 2,623,411
Accrued research and development fees	838,001	-	-	838,001
Accrued payroll liability and directors' compensation	223,722	-	-	223,722
Accrued litigation settlement	450,000	-	-	450,000
Accrued liabilities and other payables	283,234	-	1,000,000 a	1,283,234
Accrued liabilities and other payables - related parties	100,000	-	-	100,000
Operating lease obligation	11,437	-	-	11,437
<b>Total Current Liabilities</b>	<b>3,579,805</b>	<b>-</b>	<b>1,950,000</b>	<b>5,529,805</b>
<b>NON-CURRENT LIABILITIES:</b>				
Accrued litigation settlement - noncurrent portion	450,000	-	-	450,000
Note payable, net	4,563,152	-	-	4,563,152
<b>Total Non-current Liabilities</b>	<b>5,013,152</b>	<b>-</b>	<b>-</b>	<b>5,013,152</b>
<b>Total Liabilities</b>	<b>8,592,957</b>	<b>-</b>	<b>1,950,000</b>	<b>10,542,957</b>
<b>SHAREHOLDERS' EQUITY:</b>				
Preferred stock, \$0.0001 par value; 10,000,000 shares authorized; Series A Convertible Preferred Stock, \$0.0001 par value; 9,000 shares issued and outstanding. Liquidation preference \$9 million	9,000,000	-	-	9,000,000
Series B Convertible Preferred Stock, \$0.0001 par value; 11,000 pro forma shares issued and outstanding. Liquidation preference \$11 million	-	-	11,000,000 a	11,000,000
Common stock, \$0.0001 par value; 490,000,000 shares authorized; 10,013,576 shares issued and 9,961,576 shares outstanding; 10,013,576 pro forma shares issued and 9,961,576 pro forma shares outstanding;	1,005	-	-	1,005
Additional paid-in capital	65,949,723	-	-	65,949,723
Less: common stock held in treasury, at cost; 52,000 shares	(522,500)	-	-	(522,500)
Accumulated deficit	(63,062,721)	950,000 b	2,537,253 c	(61,475,468)
Statutory reserve	6,578	-	-	6,578
Accumulated other comprehensive loss	(213,137)	-	-	(213,137)
<b>Total shareholders' equity</b>	<b>11,158,948</b>	<b>950,000</b>	<b>13,537,253</b>	<b>23,746,201</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 19,751,905</b>	<b>\$ 950,000</b>	<b>\$ 15,487,253</b>	<b>\$ 34,289,158</b>

AVALON GLOBOCARE CORP. AND SUBSIDIARIES  
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS  
 Year Ended December 31, 2022

	Historical Avalon GloboCare Corp. and Subsidiaries	Pro Forma		Pro Forma Combined
		Pro Forma Adjustments		
		Dr.	Cr.	
RENTAL REVENUE	\$ 1,202,169	\$ -	\$ -	\$ 1,202,169
OPERATING EXPENSES	929,441	-	-	929,441
OPERATING INCOME	272,728	-	-	272,728
OTHER OPERATING EXPENSES:				
Advertising and marketing	1,325,313	-	-	1,325,313
Professional fees	2,909,652	-	-	2,909,652
Compensation and related benefits	1,863,188	-	-	1,863,188
Research and development expenses	731,328	-	-	731,328
Litigation settlement	1,350,000	-	-	1,350,000
Other general and administrative	886,142	-	-	886,142
Total Other Operating Expenses	9,065,623	-	-	9,065,623
LOSS FROM OPERATIONS	(8,792,895)	-	-	(8,792,895)
OTHER (EXPENSE) INCOME				
Interest expense - amortization of debt discount and debt issuance cost	(3,310,684)	-	-	(3,310,684)
Interest expense - other	(185,751)	-	-	(185,751)
Interest expense - related party	(79,898)	-	-	(79,898)
Conversion inducement expense	(344,264)	-	-	(344,264)
(Loss) income from equity method investment	(41,863)	-	2,537,253	2,495,390
Change in fair value of derivative liability	600,749	-	-	600,749
Other income	223,759	-	-	223,759
Total Other Expense, net	(3,137,952)	-	2,537,253	(600,699)
LOSS BEFORE INCOME TAXES	(11,930,847)	-	2,537,253	(9,393,594)
INCOME TAXES	-	-	-	-
NET LOSS	\$ (11,930,847)	\$ -	\$ 2,537,253	\$ (9,393,594)
LESS: NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTEREST	-	-	-	-
NET LOSS ATTRIBUTABLE TO AVALON GLOBOCARE CORP. COMMON SHAREHOLDERS	\$ (11,930,847)	\$ -	\$ 2,537,253	\$ (9,393,594)
COMPREHENSIVE LOSS:				
NET LOSS	\$ (11,930,847)	\$ -	\$ 2,537,253	\$ (9,393,594)
OTHER COMPREHENSIVE LOSS				
Unrealized foreign currency translation loss	(47,871)	-	-	(47,871)
COMPREHENSIVE LOSS	(11,978,718)	-	2,537,253	(9,441,465)
LESS: COMPREHENSIVE LOSS ATTRIBUTABLE TO NON-CONTROLLING INTEREST	-	-	-	-
COMPREHENSIVE LOSS ATTRIBUTABLE TO AVALON GLOBOCARE CORP. COMMON SHAREHOLDERS	\$ (11,978,718)	\$ -	\$ 2,537,253	\$ (9,441,465)
NET LOSS PER COMMON SHARE:				
Basic and diluted	\$ (1.28)			\$ (1.01)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic and diluted	9,328,609			9,328,609

## [1] Basis of Pro Forma Presentation

The unaudited pro forma consolidated financial statements have been prepared assuming the purchase is accounted for as equity method investment. For equity method investment, purchase-related transaction costs are not included as a component of consideration given but are accounted for as expenses in the periods in which such costs are incurred. Purchase-related transaction costs include advisory, legal, accounting fee and others.

The unaudited pro forma consolidated financial statements reflect adjustments, based on available information and certain assumptions that Avalon believes are reasonable, attributable to the following:

- The purchase of 40% of Laboratory Services MSO, LLC, which will be accounted for as equity method investment; and
- The incurrence of purchase-related expenses.

The pro forma adjustments represent management's estimates based on information available as of the date of this filing and are subject to change as additional information becomes available and additional analyses are performed. The pro forma financial statements are provided for illustrative purposes only and are not intended to represent what Avalon's financial position or results of operations would have been had the purchase actually been consummated on the assumed dates nor do they purport to project the future operating results or financial position of Avalon following the purchase. The pro forma financial statements do not reflect future events that may occur after the purchase, including, but not limited to, the anticipated realization of ongoing savings from potential operating efficiencies, cost savings, or economies of scale that Avalon may achieve with respect to the combined operations. Specifically, the pro forma statements of operations do not include the synergies expected to be achieved as a result of the purchase and any associated costs that may be incurred to achieve the identified synergies. Additionally, Avalon cannot assure that additional charges will not be incurred in excess of those included in the pro forma additional legal, accounting, and advisory fees of \$950,000 related to the purchase, Avalon's efforts to achieve operational synergies, or that management will be successful in its efforts to integrate the operations. The pro forma statement of operations also excludes the effects of costs associated with any restructuring and integration activities that may result from the purchase. Further, the pro forma financial statements do not reflect the effect of any regulatory actions that may impact the results of Avalon following the purchase.

Assumptions and estimates underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the unaudited pro forma consolidated financial statements. In Avalon's opinion, all adjustments that are necessary to present fairly the pro forma information have been made. The historical financial statements have been adjusted in the unaudited pro forma consolidated financial statements to give effect to the purchase. These adjustments are directly attributable to the purchase, factually supportable and, with respect to the unaudited pro forma consolidated statements of operations, expected to have a continuing impact on Avalon following the purchase.

## [2] Pro Forma Adjustments and Assumptions

*Pro Forma Adjustments to the Consolidated Balance Sheet at December 31, 2022:*

- Reflects the issuance of 11,000 shares of Avalon series B convertible preferred stock at a stated value of \$1,000 per share. A summary of the fair value of the consideration given in the purchase is as follows:

### Preliminary consideration:

Cash	\$ 9,000,000
Value of Avalon series B preferred stock issued to Seller	11,000,000
Payable	1,000,000
<b>Total consideration</b>	<b>\$ 21,000,000</b>

The estimated earnout liability amounted to \$0 since the minimum thresholds as defined in the agreement are unlikely to be met.



- b. Represents the accrual of \$950,000 in estimated legal, accounting, and advisory fees that are payable as a result of the purchase of Laboratory Services MSO, LLC, which were not reflected in Avalon's historical financial statements.
- c. Represents Avalon's share of Laboratory Services MSO, LLC's net income for the year ended December 31, 2022 as a result of the purchase of 40% of Laboratory Services MSO, LLC, which was not reflected in Avalon's historical financial statements.

*Pro Forma Adjustments to the Consolidated Statement of Operations and Comprehensive Loss for the Year Ended December 31, 2022:*

- a. Represents Avalon's share of Laboratory Services MSO, LLC's net income for the year ended December 31, 2022.

**[3] Unaudited Pro Forma Adjustment Reflects the Following Three Transactions:**

*Transaction 1:*

Equity method investment	21,000,000	
Advances for equity interest purchase		9,000,000
Payable		1,000,000
Series B convertible preferred stock		11,000,000

*Transaction 2:*

Accumulated deficit	950,000	
Accrued professional fee		950,000

To accrue \$950,000 estimated additional legal, accounting, and advisory fees that are payable as a result of the purchase of Laboratory Services MSO, LLC, which were not reflected in Avalon's historical financial statements.

*Transaction 3:*

Equity method investment	2,537,253	
Income from equity method investment		2,537,253

To reflect 40% of Laboratory Services MSO, LLC's net income for the year ended December 31, 2022 of \$6,343,133.