

Evelo Biosciences Secures \$45 Million Debt Financing from K2 HealthVentures

July 25, 2019

CAMBRIDGE, Mass., July 25, 2019 (GLOBE NEWSWIRE) -- Evelo Biosciences, Inc. (Nasdaq: EVLO), a biotechnology company developing oral biologics that act on cells in the small intestine with systemic therapeutic effects, today announced that it has entered into a loan and security agreement for up to \$45 million with K2 HealthVentures (K2HV), a healthcare investment firm.

"We are pleased to announce this agreement, which increases our financial flexibility as we advance our clinical portfolio of oral biologics in inflammation and oncology," said Jonathan Poole, chief financial officer of Evelo. "Throughout their investment process and collaboration with us in structuring this transaction, the K2HV team has demonstrated a deep understanding of Evelo and our novel technology platform."

Upon closing, Evelo borrowed \$20 million; the funds were used to fully repay the Company's previous \$15 million loan facility and will be used for general corporate and working capital purposes, which includes funding the advancement of the Company's pipeline.

"We are excited to work with Evelo in support of the company's vision of harnessing its novel oral biologics platform to develop safe and affordable medicines across a variety of chronic diseases and cancer," said Parag Shah, founding managing director & chief executive officer of K2 HealthVentures. "This flexible and customized financing is aligned with our strategy of partnering with innovative private and public companies in the life sciences and healthcare industries."

About Evelo Biosciences

Evelo Biosciences, Inc. is a clinical stage biotechnology company developing oral biologics that act on cells in the small intestine with systemic therapeutic effects. These cells in the small intestine play a central role in governing the immune, metabolic and neurological systems. The company's first product candidates are monoclonal microbials, single strains of microbes selected for defined pharmacological properties. They have systemic dose-dependent effects, modulating multiple clinically validated pathways. Evelo's therapies have the potential to be effective, safe and affordable medicines to improve the lives of people with chronic disease and cancer.

Evelo currently has three product candidates, EDP1066 and EDP1815 for the treatment of inflammatory diseases and EDP1503 for the treatment of cancer, for which ten clinical readouts are expected during 2019 and 2020. Evelo is also advancing additional oral biologics through preclinical development in other disease areas.

For more information, please visit www.evelobio.com.

About K2 HealthVentures

K2 HealthVentures is an alternative investment firm focused on providing flexible, long-term financing solutions to innovative private and public companies in the life sciences and healthcare industries. The investment team is comprised of collaborative, experienced professionals with diverse backgrounds in finance and operations, as well as deep domain knowledge across various healthcare sectors. A uniquely flexible, permanent capital structure enables the firm to provide creative, adaptive financing solutions and meet the evolving capital needs of its portfolio companies as they grow. K2HV is driven by dual goals of Profit and Purpose – aiming to fuel the growth of innovative companies that will ultimately improve the lives of patients and giving a percentage of investment profits back to underserved areas in healthcare. www.k2hv.com

Forward Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements, including without limitation statements regarding the expected future use of loan proceeds, the promise and potential impact of any of our monoclonal microbials, and the timing and results of any clinical studies or readouts.

These forward-looking statements are based on management's current expectations. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the following: we have incurred significant losses, are not currently profitable and may never become profitable; our need for additional funding; our limited operating history; our unproven approach to therapeutic intervention; the lengthy, expensive, and uncertain process of clinical drug development, including potential delays in regulatory approval; our reliance on third parties and collaborators to expand our microbial library, conduct our clinical trials, manufacture our product candidates, and develop and commercialize our product candidates, if approved; our lack of experience in manufacturing, selling, marketing, and distributing our product candidates; failure to compete successfully against other drug companies; protection of our proprietary technology and the confidentiality of our trade secrets; potential lawsuits for, or claims of, infringement of third-party intellectual property or challenges to the ownership of our intellectual property; our patents being found invalid or unenforceable; risks associated with international operations; our ability to retain key personnel and to manage our growth; the potential volatility of our common stock; our management and principal stockholders have the ability to control or significantly influence our business; costs and resources of operating as a public company; unfavorable or no analyst research or reports; and securities class action litigation against us.

These and other important factors discussed under the caption "Risk Factors" in our Annual Report on Form 10-Q for the quarter ended March 31, 2019 and our other reports filed with the SEC could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release. Any such forward-looking statements represent management's estimates as of the date of this press release. While we may elect to update such forward-looking statements at some point in the future, except as required by law, we disclaim any obligation to do so, even if subsequent events cause our views to change. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this press release.

Contacts:

Evelo Biosciences

Investors:

Stefan Riley, 617-577-0300

stefan@evelobio.com

or

Media:

Jessica Cotrone, 978-760-5622

jcotrone@evelobio.com

K2 HealthVentures

Inquiries:

Parag Shah

contact@k2hv.com

or

Media:

George MacDougall

gmacdougall@macbiocom.com



Source: Evelo Biosciences, Inc.