

Evelo Biosciences Announces Pricing of Public Offering of Common Stock

January 29, 2021

CAMBRIDGE, Mass., Jan. 28, 2021 (GLOBE NEWSWIRE) -- Evelo Biosciences, Inc. (Nasdaq: EVLO) ("Evelo"), a clinical stage biotechnology company developing a new modality of orally delivered medicines, today announced the pricing of an underwritten public offering of 4,500,000 shares of its common stock, at a public offering price of \$15.00 per share, before underwriting discounts and commissions. Evelo also granted the underwriters a 30-day option, solely to cover over-allotments, if any, to purchase up to an additional 675,000 shares of its common stock. The gross proceeds from the offering, before deducting underwriting discounts and commissions and estimated offering expenses, are expected to be approximately \$67,500,000 million, excluding any exercise of the underwriters' option to purchase additional shares. All of the shares in the offering are to be sold by Evelo.

Morgan Stanley, Cowen and BMO Capital Markets are acting as joint book-running managers for the offering. The offering is expected to close on or about February 2, 2021, subject to customary closing conditions.

Evelo intends to use the net proceeds from the offering, in addition to its existing cash resources, for the following purposes: (i) continue the development of EDP1815 in a Phase 2 trial in psoriasis and initiate a Phase 2 trial of EDP1815 in atopic dermatitis; (ii) prepare to advance EDP1815 in multiple Phase 3 trials in psoriasis and atopic dermatitis, upon receipt of positive Phase 2 data; (iii) continue the Phase 2 and Phase 2/3 clinical trials of EDP1815 for the treatment of hyperinflammation caused by SARs-CoV-2; (iv) advance EDP1867 in a Phase 1b trial in atopic dermatitis; (v) progress its first bacterial extracellular vesicle product candidates into the clinic, including EDP2939 for inflammation and EDP1908 for oncology; (vi) other research and development activities for additional product candidates, including advancing additional oral product candidates through preclinical development across therapeutic areas; and (vii) the remainder, if any, for working capital and other general corporate purposes.

The securities described are being offered by Evelo pursuant to a shelf registration statement on Form S-3 (Reg. No. 333-231911), including a base prospectus, which was declared effective by the Securities and Exchange Commission ("SEC") on June 6, 2019. The securities are being offered only by means of a prospectus supplement and accompanying prospectus forming a part of the effective registration statement. A preliminary prospectus supplement related to and describing the terms of the offering was filed with the SEC on January 28, 2021. The final prospectus related to the offering will be filed with the SEC and will be available on the SEC's website located at www.sec.gov. Copies of the final prospectus supplement and the accompanying prospectus relating to the securities being offered may also be obtained, when available, from: Morgan Stanley & Co. LLC, Attention: Prospectus Department, 180 Varick Street, 2nd Floor, New York, NY 10014; or Cowen and Company, LLC, c/o Broadridge Financial Solutions, 1155 Long Island Avenue, Edgewood, NY 11717, or by telephone at (833) 297-2926.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy these securities, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements regarding the completion and anticipated use of proceeds of the offering. All such forward-looking statements are based on management's current expectations of future events and are subject to a number of risks and uncertainties that could cause actual results to differ materially and adversely from those set forth in or implied by such forward-looking statements. These risks and uncertainties related to fluctuations in Evelo's stock price, changes in market conditions and satisfaction of customary closing conditions related to the public offering, as well as the other factors discussed in the "Risk Factors" section in the prospectus supplement and registration statement referenced above and in Evelo's most recently filed Quarterly Report on Form 10-Q, as well as other risks detailed in Evelo's filings with the Securities and Exchange Commission. There can be no assurance that Evelo will be able to complete the public offering on the anticipated terms. All information in this press release is as of the date of the release, and Evelo undertakes no duty to update this information, even if subsequent events cause its views to change, unless required by law.

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