

Evelo Biosciences Announces \$79.2 Million Registered Direct Offering of Common Stock

May 25, 2022

CAMBRIDGE, Mass., May 25, 2022 (GLOBE NEWSWIRE) -- Evelo Biosciences, Inc. (Nasdaq: EVLO), a clinical stage biotechnology company developing a new modality of orally delivered medicines, today announced that it has entered into a securities purchase agreement with investors in a registered direct offering of 54,246,358 shares of common stock (the "Shares") at a purchase price of \$1.46 per share, resulting in gross proceeds of \$79.2 million. The offering is being led by Evelo's founder, Flagship Pioneering, with participation from other new and existing investors.

The offering is expected to close on May 27, 2022, subject to customary closing conditions. Since this offering is being made without an underwriter or a placement agent, Evelo will not be paying any underwriting discounts in connection with the transaction. Evelo intends to use the net proceeds from the offering to continue the development of EDP1815 in a Phase 2 trial in atopic dermatitis; prepare to advance EDP1815 in registration trials in psoriasis and, upon receipt of positive Phase 2 data, atopic dermatitis; and progress its first bacterial extracellular vesicle (EV) product candidate EDP2939 into the clinic.

The Shares were offered pursuant to a shelf registration statement that was previously filed with the U.S. Securities and Exchange Commission (the "SEC") and declared effective by the SEC on August 30, 2021. A final prospectus supplement, which contains additional information relating to the offering, will be filed with the SEC and will be available on the SEC's website at www.sec.gov.

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

Forward Looking Statements

This press release contains forward-looking statements including 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 statements concerning the anticipated use of net proceeds from the offering.

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: the impact of the COVID-19 pandemic on our operations, including our preclinical studies and clinical trials, and the continuity of our business; that 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; that 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 Quarterly Report on Form 10-Q for the three-month period ended March 31, 2022, 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.

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