



Horizon Technology Finance
A LIFE SCIENCES & TECHNOLOGY VENTURE LENDING PARTNER

Evelo Biosciences Announces \$45 Million Loan Agreement with Horizon Technology Finance Corporation to Refinance Existing Debt

December 16, 2022

CAMBRIDGE, Mass., Dec. 16, 2022 (GLOBE NEWSWIRE) -- Evelo Biosciences, Inc. (Nasdaq:EVLO), a clinical stage biotechnology company developing a novel platform of orally delivered medicines acting on the small intestinal axis, SINTAX, today announced it has entered into a senior secured loan agreement with Horizon Technology Finance Corporation (Horizon) (Nasdaq: HRZN), a leading specialty finance company that provides capital in the form of secured loans to venture capital backed companies in the technology, life science, healthcare information and services and sustainability industries. The \$45 million term loan, which provides for three years of interest-only payments followed by a two-year amortization period, replaces the Company's existing senior secured debt which would have begun amortizing in March 2023.

"We are pleased to enter into this partnership with Horizon, as this strategic refinancing enhances our financial position as we look ahead to executing on our upcoming key catalysts," said Marella Thorell, Chief Financial Officer of Evelo. "We are currently on-track to deliver three Phase 2 clinical milestones throughout 2023: first, early in the first quarter of 2023, data from the first three cohorts in the Phase 2 trial of EDP1815 in atopic dermatitis; second, in the second quarter of 2023, data from the fourth cohort - the faster release capsule - in the Phase 2 trial of EDP1815 in atopic dermatitis; and third, in the second half of 2023, data from patients in the Phase 2 trial of EDP2939, our first extracellular vesicle (EV) product candidate, in psoriasis."

"We are excited to work with Evelo in support of their vision to dramatically improve healthcare by harnessing their novel SINTAX platform for the broad treatment of all stages of inflammatory disease," said Gerald A. Michaud, President of Horizon. "Their pipeline candidates EDP1815 and EDP2939, in development for atopic dermatitis and psoriasis, are great examples of the potential of SINTAX medicines. We are pleased to support Evelo's continued development."

For a complete description of the terms applicable to the senior secured debt, please refer to the full text of the related venture loan and security agreement, which will be filed by Evelo as an exhibit to a Current Report on Form 8-K with the Securities and Exchange Commission.

About Evelo Biosciences

Evelo Biosciences is a clinical stage biotechnology company developing a novel platform of orally delivered medicines acting on the small intestinal axis, SINTAX, with systemic therapeutic effects. SINTAX plays a central role in governing the immune, metabolic, and neurological systems. The Company's product candidates are pharmaceutical preparations of single strains of microbes or their extracellular vesicles (EVs). Evelo's vision is to create therapies that are effective, safe, well-tolerated, and affordable to improve the lives of the billions of people living with inflammatory diseases. Evelo initially is developing EDP1815 in psoriasis and atopic dermatitis and EDP2939 in psoriasis. If shown to be effective in inflammatory disease mediated by the Th1, Th2 or Th17 inflammatory pathways, these same investigational medicines could be effective in additional inflammatory diseases, such as psoriatic and other forms of arthritis, asthma, allergy, and inflammatory bowel disease.

For more information, please visit www.evelobio.com and engage with Evelo on [LinkedIn](https://www.linkedin.com/company/evelo-biosciences).

About Horizon Technology Finance

Horizon Technology Finance Corporation (NASDAQ: HRZN) is a leading specialty finance company that provides capital in the form of secured loans to venture capital backed companies in the technology, life science, healthcare information and services, and sustainability industries. The investment objective of Horizon is to maximize its investment portfolio's return by generating current income from the debt investments it makes and capital appreciation from the warrants it receives when making such debt investments. Horizon is headquartered in Farmington, Connecticut, with a regional office in Pleasanton, California, and investment professionals located in Austin, Texas, Chicago, Illinois, Reston, Virginia and Portland, Maine. To learn more, please visit horizontechfinance.com.

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 development of EDP1815 and EDP2939, the promise and potential impact of our product candidates, the potential patient population which our product candidates might reach, potential new therapeutic areas not yet under development, the timing of and plans for clinical trials, the timing and results of clinical trial readouts, and the impact of the debt refinancing on the Company's future financial prospects.

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; we have incurred significant losses, are not currently profitable and may never become profitable; our projected cash runway; our need for additional funding; our ability to meet our debt obligations (including restrictive and operational covenants under the terms of refinanced debt); our ability to cure or satisfactorily resolve any default arising from our debt agreements; our limited operating history; our unproven approach to therapeutic intervention; our ability to address regulatory questions and the likelihood of regulatory filings and approvals; 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 Quarterly Report on Form 10-Q for the period ended September 30, 2022, and our other reports filed with the United States Securities and Exchange Commission, 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.

Evelo Contacts

Investors:

Kendra Sweeney, 239-877-7474
ksweeney@evelobio.com

Media:

Jessica Cotrone, 978-760-5622
jcotrone@evelobio.com

Horizon Contacts:

Investors:

Garrett Edson, 860-284-6450
ir@horizontechfinance.com

Media:

Chris Gillick, 646-677-1819
pr@horizontechfinance.com