
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 4, 2021

KALEIDO BIOSCIENCES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-38822
(Commission
File Number)

47-3048279
(IRS Employer
Identification No.)

65 Hayden Avenue Lexington, MA
(Address of principal executive offices)

02421
(Zip Code)

Registrant's telephone number, including area code: **(617) 674-9000**

Not Applicable
(Former name or former address, if changed since last report)

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 Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 Par Value	KLDO	NASDAQ Global Select 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.

Item 1.01. Entry into a Material Definitive Agreement.

On April 30, 2021, Kaleido Biosciences, Inc. (the “Company”) and each of its qualified subsidiaries (including Cadena Bio, Inc., collectively, jointly and severally, the “Borrowers”) entered into a Third Amendment to Loan and Security Agreement (the “Amendment”) with the several banks and other financial institutions or entities from time to time parties to that certain Loan and Security Agreement, dated as of December 31, 2019, as amended by that certain First Amendment to Loan and Security Agreement, dated as of April 10, 2020 and that certain Second Amendment to Loan and Security Agreement, dated June 15, 2020 (the “Agreement”) (collectively, the “Lenders”) and Hercules Capital, Inc. in its capacity as administrative agent and collateral agent for itself and the Lenders (in such capacity, “Agent”).

The Amendment was entered into for the primary purpose of amending the Agreement as follows: (i) the interest only period of the term loan (the “Term Loan”) is extended through January 31, 2022; (ii) the amount available under the Term Loan is increased by adding a Tranche 2 in the amount of \$5 million, which is available to be drawn at the Company’s sole option on or before June 1, 2022; (iii) the Parties agree that Performance Milestone II, as defined in the Agreement, has been achieved; and (iv) that the amount of Qualified Cash, as defined in the Agreement, required to be maintained by the Company is reduced from \$22.5M to \$15M. Except as noted above, the material terms of the Agreement remain substantially unchanged. The foregoing description is only a summary of certain provisions of the Amendment and is qualified in its entirety by reference to a copy of the Amendment, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated by reference herein.

Item 2.02 Results of Operations and Financial Condition

On May 4, 2021, Kaleido Biosciences, Inc. (the “Company”) announced its financial results for the quarter ended March 31, 2021. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in Item 2.02 of this Form 8-K (including Exhibits 99.1) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

<u>Exhibit No.</u>	<u>Description</u>
10.1	Third Amendment to Loan and Security Agreement, dated April 30, 2021, by and among Kaleido Biosciences, Inc. and each of its Qualified Subsidiaries (including Cadena Bio, Inc.), the several banks and other financial institutions or entities from time to time parties to the Loan Agreement and Hercules Capital, Inc. †
99.1	Press Release issued by Kaleido Biosciences, Inc., dated May 4, 2021, furnished herewith
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).
†	Portions of this exhibit (indicated by asterisks) have been omitted in accordance with the rules of the Securities and Exchange Commission.

SIGNATURES

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.

KALEIDO BIOSCIENCES, INC.

Date: May 4, 2021

By: /s/ William Duke, Jr.
William Duke, Jr.
Chief Financial Officer
(Principal Financial and Accounting Officer)

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED BECAUSE IT IS NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE COMPANY IF PUBLICLY DISCLOSED.

THIRD AMENDMENT TO LOAN AND SECURITY AGREEMENT

THIS **THIRD AMENDMENT TO LOAN AND SECURITY AGREEMENT** (this “**Amendment**”), dated as of April 30, 2021 (the “**Amendment Effective Date**”), is made among Kaleido Biosciences, Inc., a Delaware corporation, and each of its Qualified Subsidiaries (including Cadena Bio, Inc., a Delaware corporation) (collectively, jointly and severally, “**Borrower**”), the several banks and other financial institutions or entities from time to time parties to the Loan Agreement (as defined below) (collectively, the “**Lenders**”) and Hercules Capital, Inc., a Maryland corporation, in its capacity as administrative agent and collateral agent for itself and the Lenders (in such capacity, “**Agent**”).

Borrower, the Lenders and Agent are parties to that certain Loan and Security Agreement, dated as of December 31, 2019, as amended by that certain First Amendment to Loan and Security Agreement, dated as of April 10, 2020 and that certain Second Amendment to Loan and Security Agreement, dated as of June 15, 2020 (the “**Existing Loan Agreement**”; and the Existing Loan Agreement, as amended by this Amendment and as further amended, restated, supplemented or otherwise modified from time to time, the “**Loan Agreement**”). Borrower has requested that Agent and the Lenders agree to certain amendments to the Existing Loan Agreement. Agent and the Lenders have agreed to such request, subject to the terms and conditions hereof.

Accordingly, the parties hereto agree as follows:

SECTION 1 Definitions; Interpretation.

(a) **Terms Defined in Loan Agreement.** All capitalized terms used in this Amendment (including in the recitals hereof) and not otherwise defined herein shall have the meanings assigned to them in the Loan Agreement.

(b) **Rules of Construction.** The rules of construction that appear in the last paragraph of Section 1.3 of the Loan Agreement shall be applicable to this Amendment and are incorporated herein by this reference.

SECTION 2 Amendments to the Loan Agreement.

(a) Upon satisfaction of the conditions set forth in Section 3 hereof, the Existing Loan Agreement is hereby amended as follows:

(i) **New Definition.** The following definition is added to Section 1.1 in its proper alphabetical order:

“Third Amendment Effective Date” means April 30, 2021.

(ii) **Amended Definitions.** The following definitions are hereby amended and restated as follows:

“Amortization Date” means February 1, 2022.

“Maximum Term Loan Amount” means Forty Million and No/100 Dollars (\$40,000,000.00).

(iii) **Recitals.** Recital A is hereby amended and restated as follows:

“Borrower has requested the Lenders make available to Borrower a loan in an aggregate principal amount of up to Forty Million Dollars (\$40,000,000.00) (the “Term Loan”); and”

(iv) Section 2.2. Section 2.2(a) is hereby amended and restated as follows:

“(a) **Advances.** Subject to the terms and conditions of this Agreement, the Lenders will severally (and not jointly) make in an amount not to exceed its respective Term Commitment, and Borrower agrees to draw, a Term Loan Advance of Twenty-Two Million Five Hundred Thousand Dollars (\$22,500,000) on the Closing Date (the “Tranche 1 Advance”). Subject to the terms and conditions of this Agreement, beginning on the Third Amendment Effective Date and continuing through June 1, 2021, Borrower may request, and the Lenders shall severally (and not jointly) make, an additional Term Loan Advance in a principal amount of Five Million Dollars (\$5,000,000) (the “Tranche 2 Advance”). Subject to the terms and conditions of this Agreement, and conditioned on approval by the Lenders’ investment committee in its sole and unfettered discretion, on or before December 15, 2021, Borrower may request an additional Term Loan Advance in a principal amount up to Twelve Million Five Hundred Thousand Dollars (\$12,500,000) (the “Tranche 3 Advance”). The aggregate outstanding Term Loan Advances may be up to the Maximum Term Loan Amount.

(v) Section 7.20. Section 7.20 is hereby amended and restated as follows:

“7.20 **Financial Covenant (Minimum Cash).** Beginning on the Third Amendment Effective Date, Borrower shall, at all times, maintain Qualified Cash in an amount greater than or equal to Fifteen Million Dollars (\$15,000,000) *plus* the Qualified Cash A/P Amount; *provided*, however, that in the event Borrower achieves Performance Milestone III, beginning immediately after such achievement, Borrower shall, at all times, maintain Qualified Cash in an amount greater than or equal to the sum of Five Million Dollars (\$5,000,000) *plus* the Qualified Cash A/P Amount.

Borrower shall provide Agent evidence of compliance with this Section 7.20 in each Compliance Certificate and upon request in form and substance reasonably acceptable to Agent, along with supporting documentation reasonably requested by Agent.”

(vi) **Compliance Certificate.** Exhibit E (Compliance Certificate) is hereby amended and restated in its entirety as set forth in Annex A hereto.

(vii) **Schedule 1.1.** Schedule 1.1 is hereby amended and restated in its entirety as set forth in Annex B hereto.

(b) **References Within Existing Loan Agreement.** Each reference in the Existing Loan Agreement to “this Agreement” and the words “hereof,” “herein,” “hereunder,” or words of like import, shall mean and be a reference to the Existing Loan Agreement as amended by this Amendment.

SECTION 3 Conditions of Effectiveness. The effectiveness of Section 2 of this Amendment shall be subject to the satisfaction of each of the following conditions precedent:

(a) **Fees and Expenses.** Borrower shall have paid Agent (i) an amendment fee of \$20,000, (ii) all reasonable invoiced costs and expenses then due in accordance with Section 5(e), and (iii) all other reasonable invoiced fees, costs and expenses, if any, due and payable as of the Amendment Effective Date under the Loan Agreement.

(b) **This Amendment.** Agent shall have received this Amendment, executed by Agent, the Lenders and Borrower.

(c) **Representations and Warranties; No Default.** On the Amendment Effective Date, after giving effect to the amendment of the Loan Agreement contemplated hereby:

(i) The representations and warranties contained in Section 4 shall be true and correct on and as of the Amendment Effective Date as though made on and as of such date; and

(ii) There exist no Events of Default or events that with the passage of time would result in an Event of Default.

SECTION 4 Representations and Warranties. To induce Agent and the Lenders to enter into this Amendment, Borrower hereby confirms, as of the date hereof, (a) that the representations and warranties made by it in Section 5 of the Loan Agreement and in the other Loan Documents are true and correct in all material respects; *provided, however*, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; *provided, further*, that to the extent such representations and warranties by their terms expressly relate only to a prior date such representations and warranties shall be true and correct as of such prior date, and that no Event of Default has occurred and is continuing; (b) other than as updated on Annex C attached hereto, that the information included in the Perfection Certificate delivered to Agent on the Second Amendment Effective Date remains true and correct in all material respects; (c) Agent has and shall continue to have valid, enforceable and perfected first-priority liens, subject only to Permitted Liens, on and security interests in the Collateral and all other collateral heretofore granted by Borrower to Agent, pursuant to the Loan Documents or otherwise granted to or held by Agent; (d) the agreements and obligations of Borrower contained in the Loan Documents and in this Amendment constitute the legal, valid and binding obligations of Borrower, enforceable against Borrower in accordance with their respective terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by the application of general principles of equity; and (e) the execution, delivery and performance of this Amendment by Borrower will not violate any law, rule, regulation, order, contractual obligation or organizational document of Borrower and will not result in, or require, the creation or imposition of any lien, claim or encumbrance of any kind on any of its properties or revenues. For the purposes of this Section 4, each reference in Section 5 of the Loan Agreement to "this Agreement," and the words "hereof," "herein," "hereunder," or words of like import in such Section, shall mean and be a reference to the Existing Loan Agreement as amended by this Amendment.

SECTION 5 Miscellaneous.

(a) **Loan Documents Otherwise Not Affected; Reaffirmation; No Novation.**

(i) Except as expressly amended pursuant hereto or referenced herein, the Loan Agreement and the other Loan Documents shall remain unchanged and in full force and effect and are hereby ratified and confirmed in all respects. The Lenders' and Agent's execution and delivery of, or acceptance of, this Amendment shall not be deemed to create a course of dealing or otherwise create any express or implied duty by any of them to provide any other or further amendments, consents or waivers in the future.

(ii) Borrower hereby expressly (1) reaffirms, ratifies and confirms its Secured Obligations under the Loan Agreement and the other Loan Documents, (2) reaffirms, ratifies and confirms the grant of security under Section 3.1 of the Loan Agreement, (3) reaffirms that such grant of security in the Collateral secures all Secured Obligations under the Loan Agreement, and with effect from (and including) the date hereof, such grant of security in the Collateral: (x) remains in full force and effect notwithstanding the amendments expressly referenced herein; and (y) secures all Secured Obligations under the Existing Loan Agreement, as amended by this Amendment, and the other Loan Documents, (4) agrees that this Amendment shall be a "Loan Document" under the Loan Agreement and (5) agrees that the Loan Agreement and each other Loan Document shall remain in full force and effect following any action contemplated in connection herewith.

(iii) This Amendment is not a novation and the terms and conditions of this Amendment shall be in addition to and supplemental to all terms and conditions set forth in the Loan Documents. Nothing in this Amendment is intended, or shall be construed, to constitute an accord and satisfaction of Borrower's Secured Obligations under or in connection with the Loan Agreement and any other Loan Document or to modify, affect or impair the perfection or continuity of Agent's security interest in, (on behalf of itself and the Lenders) security titles to or other liens on any Collateral for the Secured Obligations.

(b) **Conditions.** For purposes of determining compliance with the conditions specified in Section 3, each Lender that has signed this Amendment shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless Agent shall have received notice from such Lender prior to the date hereof specifying its objection thereto.

(c) **Release.** In consideration of the agreements of Agent and each Lender contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Borrower, on behalf of itself and its successors, assigns, and other legal representatives, hereby fully, absolutely, unconditionally and irrevocably releases, remises and forever discharges Agent and each Lender, and its successors and assigns, and its present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives (Agent, the Lenders and all such other persons being hereinafter referred to collectively as the "Releasees" and individually as a "Releasee"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which any Borrower, or any of its successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and date of this Amendment, including, without limitation, for or on account of, or in relation to, or in any way in connection with the Loan Agreement, or any of the other Loan Documents or transactions thereunder or related thereto.

Each Borrower understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release. Each Borrower agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above. Each Borrower waives the provisions of California Civil Code Section 1542, which states:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

The provisions of this section shall survive payment in full of the Secured Obligations, full performance of all the terms of this Amendment and the other Loan Documents.

(d) **No Reliance.** Each Borrower hereby acknowledges and confirms to Agent and the Lenders that such Borrower is executing this Amendment on the basis of its own investigation and for its own reasons without reliance upon any agreement, representation, understanding or communication by or on behalf of any other Person.

(e) **Costs and Expenses.** Each Borrower agrees to pay to Agent the date hereof the reasonable invoiced out-of-pocket costs and expenses of Agent and each Lender party hereto, and the reasonable invoiced out-of-pocket fees and disbursements of counsel to Agent and each Lender party hereto (including allocated costs of internal counsel), in connection with the negotiation, preparation, execution and delivery of this Amendment and any other documents to be delivered in connection herewith on the date hereof.

(f) **Binding Effect.** This Amendment binds and is for the benefit of the successors and permitted assigns of each party.

(g) **Performance Milestone II.** Borrower, Agent and Lenders agree that, as of the date hereof, Performance Milestone II is deemed to have been satisfied.

(h) **Governing Law.** This Amendment and the other Loan Documents shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

(i) **Complete Agreement; Amendments.** This Amendment and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements with respect to such subject matter. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Amendment and the Loan Documents merge into this Amendment and the Loan Documents.

(j) **Severability of Provisions.** Each provision of this Amendment is severable from every other provision in determining the enforceability of any provision.

(k) **Counterparts.** This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Amendment. Delivery of an executed counterpart of a signature page of this Amendment by facsimile, portable document format (.pdf) or other electronic transmission will be as effective as delivery of a manually executed counterpart hereof.

(l) **Loan Documents.** This Amendment and the documents related thereto shall constitute Loan Documents.

(m) **Electronic Execution of Certain Other Documents.** The words “execution,” “execute,” “signed,” “signature,” and words of like import in or related to any document to be signed in connection with this Agreement and the transactions contemplated hereby (including without limitation assignments, assumptions, amendments, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the California Uniform Electronic Transaction Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment, as of the date first above written.

BORROWER:

KALEIDO BIOSCIENCES, INC.

Signature: _____

Print
Name:

Title:

CADENA BIO, INC.

Signature: _____

Print
Name:

Title:

[SIGNATURES CONTINUE ON THE NEXT PAGE]

[Signature Page to Third Amendment to Loan and Security Agreement]

AGENT:

HERCULES CAPITAL, INC.

Signature: _____

Print Name: Jennifer Choe

Title: Associate General Counsel

LENDERS:

HERCULES CAPITAL, INC.

Signature: _____

Print Name: Jennifer Choe

Title: Associate General Counsel

HERCULES FUNDING IV LLC

Signature: _____

Print Name: Jennifer Choe

Title: Associate General Counsel

[Signature Page to Third Amendment to Loan and Security Agreement]

EXHIBIT E

COMPLIANCE CERTIFICATE

Hercules Capital, Inc. (as "Agent")
400 Hamilton Avenue, Suite 310
Palo Alto, CA 94301

Reference is made to that certain Loan and Security Agreement dated as of December 31, 2019 and the Loan Documents (as defined therein) entered into in connection with such Loan and Security Agreement all as may be amended from time to time (hereinafter referred to collectively as the "Loan Agreement") by and among Hercules Capital, Inc. (the "Agent"), the several banks and other financial institutions or entities from time to time party thereto (collectively, the "Lender") and Kaleido Biosciences, Inc. (the "Company") and each of its Qualified Subsidiaries, as Borrower. All capitalized terms not defined herein shall have the same meaning as defined in the Loan Agreement.

The undersigned is an Officer of the Company, knowledgeable of all Company financial matters, and is authorized to provide certification of information regarding the Company; hereby certifies, in such capacity and not in his individual capacity, that in accordance with the terms and conditions of the Loan Agreement, the Company is in compliance for the period ending _____ of all covenants, conditions and terms and hereby reaffirms that all representations and warranties contained therein are true and correct in all material respects (to the extent not already qualified by materiality) on and as of the date of this Compliance Certificate with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, after giving effect in all cases to any standard(s) of materiality contained in the Loan Agreement as to such representations and warranties. Attached are the required documents supporting the above certification. The undersigned further certifies that the attached financial statements are prepared in accordance with GAAP (except for the absence of footnotes with respect to unaudited financial statement and subject to normal year-end adjustments) and are consistent from one period to the next except as explained below.

REPORTING REQUIREMENT	REQUIRED	CHECK IF ATTACHED
Interim Financial Statements	Monthly within 30 days	
Interim Financial Statements	Quarterly within 45 days	
Audited Financial Statements	FYE within 90 days	

ACCOUNTS OF BORROWER AND ITS SUBSIDIARIES AND AFFILIATES

The undersigned hereby also confirms the below disclosed accounts represent all depository accounts and securities accounts presently open in the name of each Borrower or Borrower's Subsidiary, as applicable.

Each new account that has been opened since delivery of the previous Compliance Certificate is designated below with a "*".

	Depository AC #	Financial Institution	Account Type (Depository / Securities)	Last Month Ending Account Balance	Purpose of Account
BORROWER Name/Address:					
	1				
	2				
	3				
	4				
	5				
	6				
	7				
BORROWER'S SUBSIDIARY Name/Address					
	1				
	2				
	3				
	4				
	5				
	6				
	7				

To the extent applicable, the undersigned hereby confirms that the Borrowers are in compliance with Section 7.20 of the Loan Agreement (as applicable, attached as [Schedule A-1][Schedule A-2] hereto are the required calculations supporting this certification(s)), as of the date first set forth above.

Very Truly Yours,

KALEIDO
BIOSCIENCE
INC.

By:

Name:

Its:

Schedule A-1 to Compliance Certificate

Effective as of the Third Amendment Effective Date:

(1)	Sum of Cash held by Borrower in accounts in the United States subject to an Account Control Agreement in favor of Agent:	\$ _____
(2)	Sum of the Borrower's accounts payable under GAAP not paid after the 90th day following the invoice date for such account payable:	\$ _____
(3)	Sum of <i>line (2)</i> plus \$15,000,000	\$ _____
<p>Is the amount in <i>line (1)</i> greater than or equal to the amount in <i>line (3)</i>? YES – In compliance NO – Not in compliance</p>		

Schedule A-2 to Compliance Certificate

If

A. Performance Milestone III has been achieved, *then*

(1)	Sum of Cash held by Borrower in accounts in the United States subject to an Account Control Agreement in favor of Agent:	\$ _____
(2)	Sum of the Borrower's accounts payable under GAAP not paid after the 90th day following the invoice date for such account payable:	\$ _____
(3)	Sum of <i>line (2)</i> plus \$5,000,000	\$ _____
B. Is the amount in <i>line (1)</i> greater than or equal to the amount in <i>line (3)</i> ?		YES – In compliance NO – Not in compliance

SCHEDULE 1.1

COMMITMENTS

LENDER	TRANCHE	TERM COMMITMENT
Hercules Funding IV LLC	Tranche 1	\$22,500,000
Hercules Capital, Inc.	Tranche 2	\$5,000,000
Hercules Capital, Inc.	Tranche 3	\$12,500,000*
TOTAL COMMITMENTS		\$40,000,000.00*

* Funding of Tranche 3 is subject to approval by Lender's investment committee in its sole discretion.

Updates to Perfection Certificate

[***]

Kaleido Biosciences Reports First Quarter 2021 Financial Results

--Positive results in patients with mild-to-moderate COVID-19 demonstrate KB109's potential to reduce healthcare utilization and recovery time; initiating IND application to support further development--

--Topline data from a clinical study of KB295 in patients with mild-to-moderate ulcerative colitis on track for mid-2021--

LEXINGTON, MA—May 4, 2021—Kaleido Biosciences, Inc. (Nasdaq: KLDO), a clinical-stage healthcare company with a differentiated, chemistry-driven approach to targeting the microbiome to treat disease and improve human health, today reported financial results for the first quarter ended March 31, 2021.

“Kaleido is off to a strong start in 2021 marked by positive results from our 350-patient clinical study with KB109 in outpatients with mild-to-moderate COVID-19 and a recently completed financing, which will support the continued expansion of our novel, targeted Microbiome Metabolic Therapy™ (MMT) candidates,” said Dan Menichella, President and Chief Executive Officer of Kaleido. “Consistent with the interim findings we reported earlier this year, results from the full dataset demonstrated that KB109 has a favorable safety and tolerability profile and reduced COVID-19 related healthcare utilization and recovery time in patients with one or more comorbidity. Based on these results, we are investing in the manufacturing of KB109 and are initiating an IND application with the FDA.”

Continued Mr. Menichella: “Beyond our COVID-19 program, we have a robust pipeline of MMT-based candidates that holds immense potential. We continue to make progress enrolling patients in our non-IND study evaluating KB295 in individuals with mild-to-moderate ulcerative colitis with topline data anticipated mid-year. We believe these data are critical as patients and clinicians express interest in novel, oral therapeutic options with a strong safety and tolerability profile.”

Recent Program and Corporate Highlights

- An analysis from the full dataset (n=350) of the K031 controlled non-IND study of KB109 in patients with mild-to-moderate COVID-19 demonstrated a reduction in overall COVID-19 related healthcare utilization—comprised of hospitalizations, emergency room visits, and urgent care visits. The study also demonstrated a significant reduction in recovery time for patients age 45 and older or with one or more comorbidity who received KB109 plus self-supportive care as compared to patients receiving self-supportive care alone.



- In February, Kaleido closed a public offering with gross proceeds of approximately \$69.4 million, before deducting underwriting discounts and commissions and other offering expenses.
- In April, Kaleido announced a research collaboration with researcher Robert Jenq, M.D. Professor of Genomic Medicine, at The University of Texas MD Anderson Cancer Center, to explore the potential of Kaleido's novel MMT in preventing febrile neutropenia—a serious complication associated with hematopoietic stem cell transplantations (HSCT).

First Quarter Financial Results

Kaleido reported a net loss of \$23.0 million, or \$0.58 per common share, for the first quarter of 2021 compared to \$19.6 million, or \$0.64 per common share, for the same period in 2020. The first quarter net loss includes non-cash stock-based compensation expenses of \$4.2 million, as compared to \$2.7 million in the first quarter of 2020.

Research and development (R&D) expenses were \$17.2 million and \$13.1 million for the three months ended March 31, 2021 and 2020, respectively. The increase was primarily due to increased spend relating to our two COVID-19 studies and the modification of the vesting provision of stock options and restricted stock units related to the resignation of our former CMO.

General and administrative (G&A) expenses were \$5.5 million and \$5.9 million for the three months ended March 31, 2021 and 2020, respectively. The decrease was primarily due to reduced headcount and lower utilization of outside contractors.

As of March 31, 2021, the Company reported cash and cash equivalents of \$92.4 million. The Company continues to manage its operating expenses and, as a result, has cash runway into the first quarter of 2022.

About Microbiome Metabolic Therapies (MMT™)

Kaleido's Microbiome Metabolic Therapies, or MMTs, are designed to drive the function and distribution of the microbiome's existing microbes in order to decrease or increase the production of metabolites, or to advantage or disadvantage certain bacteria in the microbiome community. The Company's initial MMT candidates are targeted, synthetic glycans that are orally administered, have limited systemic exposure, and are selectively metabolized by enzymes in the microbiome. Kaleido utilizes its discovery and development platform to study MMTs in microbiome samples to rapidly advance MMT candidates rapidly into clinical studies in healthy subjects and patients. These human clinical studies are conducted under regulations supporting research with food, evaluating safety, tolerability and potential markers of effect. For MMT candidates that are further developed as therapeutics, the Company conducts clinical trials under an Investigational New Drug (IND) or regulatory equivalent outside the U.S., and in Phase 2 or later development.



About Kaleido Biosciences

Kaleido Biosciences is a clinical-stage healthcare company with a differentiated, chemistry-driven approach to targeting the microbiome to treat disease and improve human health. The Company has built a proprietary product platform to enable the rapid and cost-efficient discovery and development of novel Microbiome Metabolic Therapies (MMT™). MMTs are designed to modulate the metabolic output and profile of the microbiome by driving the function and distribution of the gut's existing microbes. Kaleido is advancing a broad pipeline of MMT candidates with the potential to address a variety of diseases and conditions with significant unmet patient needs. To learn more, visit <https://kaleido.com/>.

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 timing of initiation, completion and reporting of results of clinical studies, and our anticipated regulatory filings, strategy, business plans and focus. The use of words such as "may," "might," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "project," "intend," "future," "potential," or "continue," and other similar expressions are intended to identify such forward-looking statements. 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 include fluctuations in our stock price, changes in market conditions and satisfaction of customary closing conditions related to the public offering and those risks more fully discussed in the section entitled "Risk Factors" in Kaleido's annual report on Form 10-K for the fiscal year ended December 31, 2020, which is available at www.sec.gov, as well as discussions of potential risks, uncertainties, and other important factors in Kaleido's subsequent filings with the Securities and Exchange Commission. Any forward-looking statements represent Kaleido's views only as of today and should not be relied upon as representing its views as of any subsequent date. All information in this press release is as of the date of the release, and Kaleido undertakes no duty to update this information unless required by law.



Kaleido Biosciences, Inc. and Subsidiaries
Condensed Consolidated Statement of Operations (Unaudited)
(in thousands, except share and per share data)

	Three Months Ended March 31,	
	2021	2020
Revenue:		
Collaboration revenue	\$ 297	\$ —
Operating expenses:		
Research and development	17,185	13,137
General and administrative	5,460	5,917
Total operating expenses	22,645	19,054
Loss from Operations	(22,348)	(19,054)
Other (expense) income	(694)	(497)
Net loss	\$ (23,042)	\$ (19,551)
Net loss per share—basic and diluted	\$ (0.58)	\$ (0.64)
Weighted-average common shares outstanding—basic and diluted	39,692,582	30,333,283

Kaleido Biosciences, Inc. and Subsidiaries
Condensed Consolidated Balance Sheet Data (Unaudited)
(in thousands)

	March 31, 2021	December 31, 2020
Assets:		
Cash and cash equivalents	\$ 92,362	\$ 46,222
Other assets	12,664	13,122
Total assets	\$ 105,026	\$ 59,344
Liabilities and stockholders' equity		
Liabilities	\$ 33,252	\$ 38,848
Stockholders' equity	71,774	20,496
Total liabilities and stockholders' equity	\$ 105,026	\$ 59,344



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