

EVOTEC ACHIEVES SECOND MILESTONE IN DIABETES ALLIANCE WITH SANOFI

- ▶ COMPANIES ARE AT THE FOREFRONT OF BETA CELL REPLACEMENT THERAPEUTIC RESEARCH FOR DIABETES
- ▶ EVOTEC RECEIVES € 3 MILLION PAYMENT FROM SANOFI
- ▶ MILESTONE FURTHER DEMONSTRATES ADVANCEMENT OF EVT INNOVATE INITIATIVE "TARGETBCD"

Hamburg, Germany, 25 June 2018: Evotec AG (Frankfurt Stock Exchange: EVT, TecDAX, ISIN: DE0005664809) today announced that its strategic alliance (TargetBCD) with Sanofi in the field of diabetes has reached its second beta cell therapy milestone, resulting in a payment of € 3 million to Evotec.

This milestone was triggered after Evotec met pre-agreed critical success criteria for a potential manufacturing process for generation of human induced pluripotent stem cell (iPSC)-derived beta cells, including the demonstration of upscaling potential and suitability of the cell product for encapsulated beta cell function in diabetes models. The goal of the collaboration is to develop a beta cell replacement therapy based on beta cells derived from human iPS cells.

Dr Cord Dohrmann, Chief Scientific Officer of Evotec, commented:

“Diabetes is one of the major threats to global healthcare with over 420 million people across the globe affected by either type 1 and type 2 diabetes. We are very pleased with the progress we are making towards a potential game changing beta cell therapy approach and remain committed to discover additional treatment options together with our colleagues at Sanofi.”

**ABOUT THE EVOTEC SANOFI ALLIANCE IN DIABETES, (TARGET BCD),
EVT INNOVATE**

In August 2015, Evotec and Sanofi entered into a strategic alliance to develop a beta cell replacement therapy based on functional human beta cells derived from human stem cells for diabetes. Evotec and Sanofi will also use human beta cells for high-throughput drug screening to identify beta cell active small molecules or biologics.

Both companies make significant contributions to this collaboration in terms of expertise, platforms and resources. The collaboration, which is a key value-driving relationship under the company's EVT Innovate business segment, further enhances and complements Sanofi's extensive diabetes R&D pipeline and extends Evotec's metabolic disease and stem cell-based drug discovery programmes.

Evotec is eligible to receive potential pre-clinical, clinical, regulatory and commercial milestones, which could total over € 300 million as well as significant royalties and research payments. To date, Evotec has received € 9 million in upfront and milestone payments from Sanofi, as well as, substantial research funding.

ABOUT BETA CELLS

Beta cells play a key role in the pathogenesis of diabetes, a condition which currently affects 425 million people worldwide. Beta cells reside in clusters of hormone producing cells ("islets") within the pancreas. They respond to elevated blood glucose levels (e.g. after a meal) by secreting the glucose lowering hormone insulin. In the type 1 form of diabetes ("T1D"), beta cells are destroyed by the patient's own immune system. As a result, T1D patients have to follow a life-long regimen of carefully dosed insulin injections. In patients with type 2 diabetes ("T2D"), beta cells are functionally impaired and yet have to work in the presence of metabolic stress and increased work load due to an impaired tissue insulin response. T2D is progressive, and current therapeutic options cannot prevent the deterioration of beta cell function, eventually also creating a need for insulin injections. Despite the fact that insulin treatments are important and widely used for people with diabetes, injections represent a burden to patients. They cannot fully mimic the normal control of blood glucose levels by normal beta cells, which can result in acute and long-term complications. There is an enormous medical need for novel therapeutic options which can restore beta cell mass and thereby reduce or eliminate the need for insulin injections, or which can prevent or reverse the decline in beta cell function in type 2 diabetes.

ABOUT DIABETES

Diabetes mellitus ("Diabetes") is a chronic incapacitating disease associated with severe lifelong conditions which require intensive monitoring and control, such as cardiovascular diseases, kidney diseases, nerve damage and eye diseases. At present, there is no cure for diabetes and only symptomatic treatment options are available. According to the International Diabetes Federation, approximately 425 million people worldwide had diabetes in 2017 (2015: 415 million). Concerning the diabetes market volume, approximately \$ 727 billion was spent on the treatment of diabetes in 2017 (2015: \$ 673 billion).

ABOUT EVOTEC AG

Evotec is a drug discovery alliance and development partnership company focused on rapidly progressing innovative product approaches with leading pharmaceutical and biotechnology companies, academics, patient advocacy groups and venture capitalists. We operate worldwide providing the highest quality stand-alone and integrated drug discovery solutions, covering all activities from target-to-clinic to meet the industry's need for innovation and efficiency in drug discovery (EVT Execute). The Company has established a unique position by assembling top-class scientific experts and integrating state-of-the-art technologies as well as substantial experience and expertise in key therapeutic areas including neuroscience, infectious diseases, diabetes and complications of diabetes, pain, inflammation, and oncology and. On this basis, Evotec has built a broad and deep pipeline of more than 80 partnered product opportunities at clinical, pre-clinical and discovery stages (EVT Innovate). Evotec has established multiple long-term discovery alliances with partners including Bayer, CHDI, Sanofi and UCB and development partnerships with e.g. Sanofi in the field of diabetes, Pfizer in the field of tissue fibrosis and Celgene in the field of neurodegenerative diseases. For additional information, please go to www.evotec.com and follow us on Twitter [@EvotecAG](https://twitter.com/EvotecAG).

FORWARD LOOKING STATEMENTS

Information set forth in this press release contains forward-looking statements, which involve a number of risks and uncertainties. The forward-looking statements contained herein represent the judgement of Evotec as of the date of this press release. Such forward-looking statements are neither promises nor guarantees, but are subject to a variety of risks and uncertainties, many of which are beyond our control, and which could cause actual results to differ materially from those contemplated in these forward-looking statements. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in our expectations or any change in events, conditions or circumstances on which any such statement is based.