evotec

#RESEARCHNEVERSTOPS

ANNUAL REPORT 2020

JOIN US ON THE EVOTEC
R&D AUTOBAHN TO CURES

CONTENTS

IMPRINT

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Evotec's Annual Report 2020 published on 25 March 2021 containing the Consolidated financial statements according to German Commercial Code (Handelsgesetzbuch) is available in English and German.

Dr Werner Lanthaler
Chief Executive Officer

Dear Shareholders *and* Friends of Evotec,

2020 will undoubtedly be remembered as the year of COVID-19. The entire world has been focused on the pandemic and the race against the virus took the form of an outstanding, first-of-a-kind, globally coordinated response. In the face of the pandemic, stakeholders from pharma, biotech, academia, as well as government and regulatory authorities stood together and enabled the development of several highly effective vaccines and therapeutic antibodies in less than a year.

The global response provided us with a glimpse into the future of how medical progress will be. Therefore, let us also remember 2020 for what it was: a model case for the innovation efficiency of a shared economy in biotech Research & Development.

While confined to their homes, people around the globe watched the development of novel vaccines, therapeutic antibodies and antivirals with the attention commonly reserved for blockbuster movies and major sporting events. This has truly lifted the media's and with it the average person's understanding of pharmaceutical research and development to a whole new level – and it will give us additional tailwind in the years ahead.

At Evotec, we will continue on our mission that "Research never stops" now even more passionately than ever before. Companies like ours help to fight the diseases of today and the future. Therefore, 2021 is an ideal starting point to present a new chapter of our strategic growth story: Action Plan 2025: "The data-driven R&D Autobahn to Cures". In the next few pages, we would like to invite you to join us for a ride on our Autobahn. Our journey will lead us past the eight building blocks which support the Autobahn, and which we will be happy to show you in some detail. Some of the building blocks may sound very familiar, others you will be hearing a lot more about in the months and years to come. Our data-driven Autobahn is a unique, accessible path that connects people and their ideas, enables progress, allows speed and flexibility – leading all the way towards accessible medicines of the future.

Today, we are at a very exciting point in the development of our Company. Our most recent addition of Evotec Gene Therapy in Austria, our first J.POD® facility in Redmond, as well as the progress made within our cell therapy and multi-omics approaches have led to a situation where rapid, cutting-edge innovation is happening all across our platforms, driven and connected by data. It is this data network that connects Evotec with its partners and that allows our platform to become more than the sum of its parts – it becomes the ONE Autobahn.

We believe that our data-driven R&D Autobahn to Cures will lead to more collaborative, more efficient, and faster innovation for accessible medicines of the future. Ultimately, it will take us to a future of medicine in which the world is once again united not just against one virus, but against all diseases.

To this end, we will constantly expand our road network, add new lanes – and will continue in carpools with partners around the globe. We will continue to set ourselves ambitious growth targets, but we will be doing so with full confidence in the capabilities of our ever-growing data-driven R&D Autobahn to Cures.

I want to thank our employees for their incredible passion and professionalism and you for your trust and support. Together, we look forward to an exciting year 2021.

Yours sincerely,

OUR PEOPLE CREATE OUR SUCCESS

75
Nationalities

3,572
Employees worldwide

›3,000
Scientists

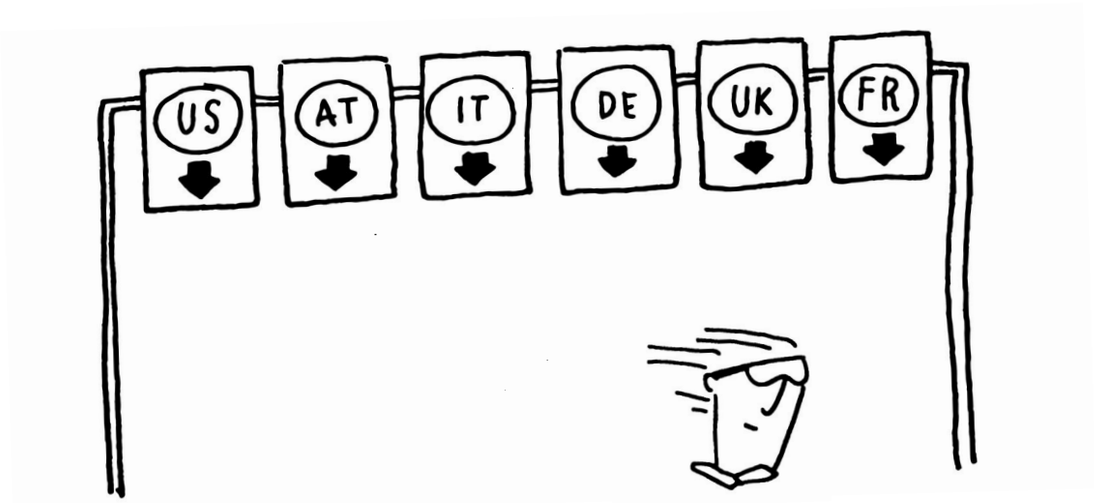
›80%
Employees with academic qualification

54%
Women

Experience in drug discovery per individual

› 8
years

OUR OFFERING CLOSE TO PHARMA, BIOTECH AND ACADEMIA (AS OF 31 DECEMBER 2020)



USA

- **Branford, Princeton, Seattle, Watertown, *USA***

~ 350 employees
- Hit identification
- Cell & protein production
- ADME-Tox, DMPK (Cyprotex)
- Sample management
- Biologics design, development, and production (Just – Evotec Biologics)
- J.POD®

EUROPE

- **Hamburg (HQ), Cologne, Goettingen, Munich, *Germany***

~ 830 employees
- Hit identification and Biophysics
- *In vitro & in vivo* biology
- PanOmics & PanHunter: Genomics, Transcriptomics & Proteomics
- Biomarker discovery and validation
- Cell production
- iPSC
- Antibody discovery
- Cell Therapy

- **Lyon, Toulouse, *France***

~ 750 employees
- Sample management
- Hit identification
- *In vitro & in vivo* oncology
- Medicinal chemistry
- ADME & PK
- Cell, protein & antibody production
- Proteomics & Metabolomics
- Anti-infective research and platforms

- **Verona, *Italy***

~ 700 employees
- *In vitro* & *in vivo* biology
- Medicinal chemistry
- ADME-Tox, DMPK
- Biomarker discovery and validation
- INDiGO and INDiGO-Select
- Integrated CMC

- **Orth/Donau, *Austria***

~ 30 employees
- Research within gene therapy to different gene therapy-related technologies

UK

- **Abingdon, Alderley Park, *UK***

~ 820 employees
- Medicinal chemistry
- ADME-Tox, DMPK (Cyprotex)
- Protein sciences and production
- Structural biology and SBDD
- *In vitro* & *in vivo* anti-infective platform/ screening
- Process development
- CMC and Commercial manufacture
- Pre-formulation

JAPAN

- Sales representative office

€ 170.6 m

Capex investments over the last 5 years

OUR SPIRIT OF INNOVATION

› 80

Projects with Academia and biotech partners since 2010

315

New customers during 2020

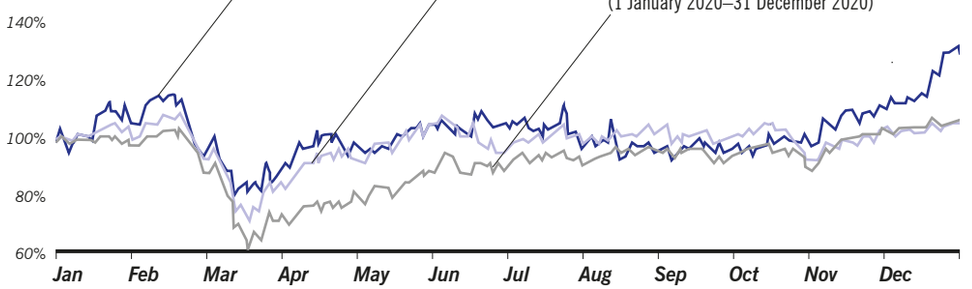
100%

First-in-class/ best-in-class approaches

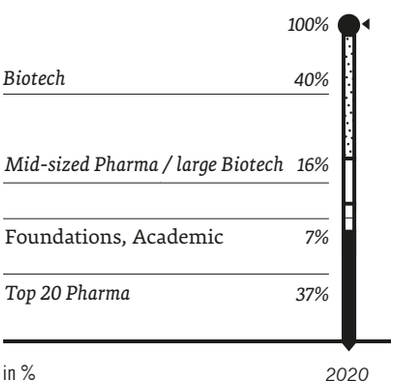
PERFORMANCE OF THE EVOTEC SE SHARE (INDEXED)
(1 January 2020–31 December 2020)

PERFORMANCE OF THE TecDAX (INDEXED)
(1 January 2020–31 December 2020)

PERFORMANCE OF THE MDAX (INDEXED)
(1 January 2020–31 December 2020)



THIRD-PARTY REVENUES BY CUSTOMER TYPE 2020



95%

Sucess rate in e.g. assay development or protein production

90%

Repeat business

18

Equity investments in breakthrough company formations

›150

Co-owned projects

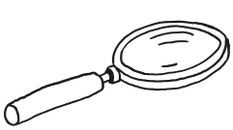
829

Alliances 2020

Action Plan 2025

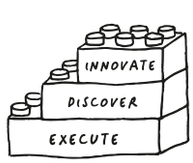
The Data-Driven R&D Autobahn to Cures

2009-2012
Restructure for Growth



ACTION PLAN 2012
Focus and Grow

2012-2016
Building Innovation Seeds

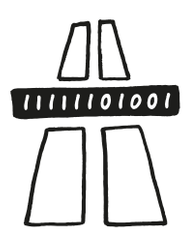


ACTION PLAN 2016
Innovation Efficiency

2016-2022
Aspire global Leadership

ACTION PLAN 2022
Leading External Innovation

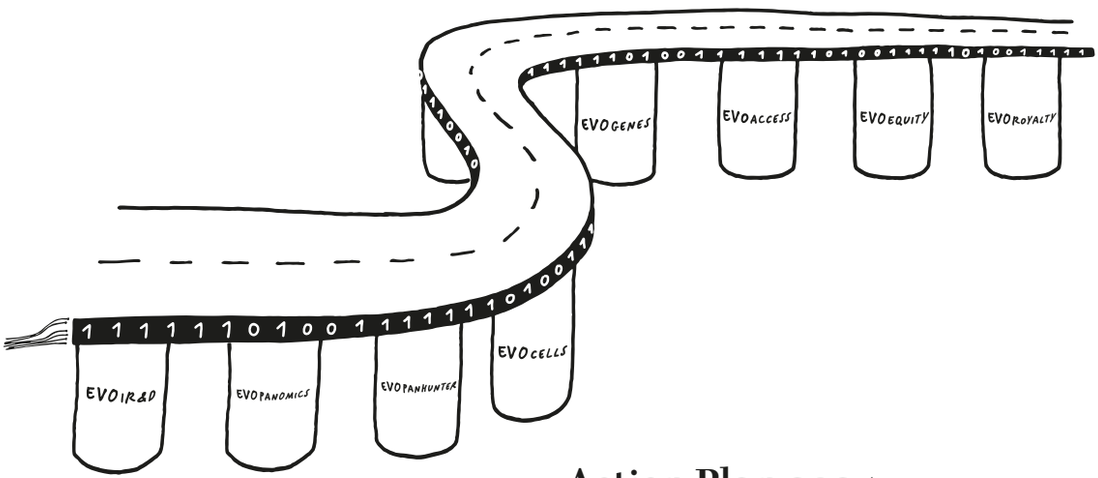
2022-2025
The data-driven R&D
Autobahn to Cures



ACTION PLAN 2025
The data-driven R&D Autobahn to Cures

Since 2009, Evotec has been shaping its business in line with/according to strategic frameworks called Action Plans. We started with "Action Plan 2012 – Focus and Grow" which focused on developing our core value R&D programmes, expanding our drug discovery business, and significantly reducing operating costs. After successfully building a solid foundation for future growth through this framework, we set ourselves the strategic goal to establish Evotec as an internationally leading provider of drug discovery solutions for the pharmaceutical industry. With the implementation of "Action Plan 2016 – Innovation Efficiency" we brought about a paradigm shift to this industry by making innovation faster and more cost-effective leading to enhanced efficiency. This was achieved, not least, by working together in a truly collaborative manner. Our ongoing high-quality drug discovery alliance business combined with our vision and passion for growth, sharing and innovation enabled us to achieve long-term leadership in the drug discovery solutions market. "Action Plan 2022 - Leading External Innovation" was a continuation of our progressive path to combine excellence in science and execution. With our latest "Action Plan 2025 – The data-driven R&D Autobahn to Cures", we are not just dealing with today´s challenges, but also look ahead to anticipate how the industry is going to evolve. We want to understand what actions we need to take in order to maintain and even further expand our leadership position.

With Evotec's new Action Plan 2025 driving on "The R&D Autobahn to Cures", our goal is to stay unique in the evolving life science industry and to create further value. Together with our partners, we will address the coming drivers for the future with personalised, preventive and predictive approaches, usage of new, intelligent, data-driven technologies and platforms, and the creation of operational efficiencies and processes to accelerate access to more precise and effective medicines for all patients.



Action Plan 2025 – Fundamental insights

Our Action Plan 2025 consists of eight building blocks to improve innovation and accelerate Evotec:

- **EVO***iR&D* – Integrated Data-driven Research & Development
- **EVO***panOmics* – Industrialised high-throughput multi-omics platform
- **EVO***panHunter* – Advanced data analysis & prediction platform
- **EVO***cells* – From Cells to therapies
- **EVO***genes* – From Genes to therapies
- **EVO***access* – Just – Evotec Biologics & J.POD® - Biologics for all
- **EVO***equity* – BRIDGEs & Operational venturing
- **EVO***royalty* – Co-own & Share products

These building blocks perfectly fit to our strategy to increase innovation and accelerate growth of Evotec as we progress towards 2025. All elements get usage of best possible human databases and modern artificial intelligence instruments to accelerate the drug discovery & development projects. Our eight drivers for the future should not be seen as single segments, but as ONE strategy for ONE global Evotec within the "sharing economy of drug discovery and development".

EVO*iR&D*

INTEGRATED DATA-DRIVEN RESEARCH & DEVELOPMENT

Data and science-driven highway underlined by a holistic digital strategy

In the last decade, biomedical research and improved technologies have led to an in-depth understanding of the molecular mechanisms of health and disease and their relationship to observed clinical parameters. The drug discovery and development of the future will bring together different disciplines, targets and approaches to generate disease-modifying treatments – potentially leading to a cure for many currently untreatable diseases. To increase the chance of success, the discovery and development process is also becoming increasingly tailored to each individual project.

Historically, Evotec has always been a very strong small molecule player with capabilities and capacities from target ID up to PDC (pre-clinical development candidate). In recent years, we have expanded and broadened our expertise through acquisitions and platform collaborations. Today, Evotec provides a globally leading, comprehensive, multimodality R&D Autobahn that covers all aspects from concept up to IND (Investigational New Drug), complemented by manufacturing and clinical services expertise. Our Autobahn is a game-changer, supported by a holistic digital strategy

KEY GROWTH DRIVERS FOR HIGH-IMPACT AND HIGH-VALUE BUSINESS

CAPABILITIES AND EXPERTISE CREATES MULTI-MODALITY R&D AUTOBAHN FOR GROWTH

- Biologics technology disruption
- "Small molecules" extension to difficult targets
- Gene therapy; iPSCs and scalable cell therapy

INTEGRATION DRIVES DIFFERENTIATION AND HIGH VALUE

- Knowledge, experience and know-how creates success loop in discovery and development (> 90% return rate of partners)
- Integrated working creates quality, speed, performance and inventive steps

COMBINATION OF EXPERIMENTAL DATA AND AI/ML SURFACE IS CUTTING EDGE

- Creating and exploiting data in optimised infrastructure holds huge potential
  POC examples: HAL, leading with AI/ML in molecular design and predictive ADMET
- Laying "data surface" onto R&D Autobahn further drives competitive advantage

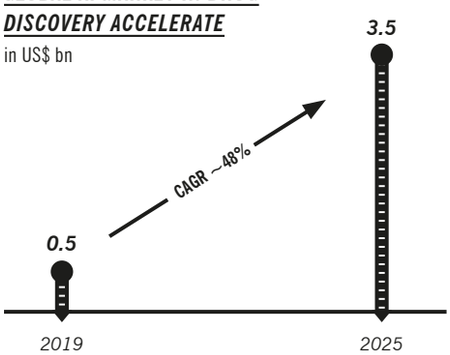
that derives its potential from combining the most promising healthcare-related technologies with data and analytics.

WE HAVE THE AGILITY TO CHANGE LANES

Advanced analytics, smart devices, and the automation of complex decisions are capable of delivering a step change in the efficiency, speed, quality and responsiveness of business processes in all industries. Efficient internal processes will be a prerequisite for anyone who wants to play an important role in the future healthcare industry.

GLOBAL AI MARKET IN DRUG DISCOVERY ACCELERATE

in US$ bn



Source: https://www.grandviewresearch.com/industry-analysis/artificial-intelligence-drug-discovery-market

The latest industry benchmark data shows that neither the costs nor timelines of drug discovery have changed over recent years. Including the cost of attrition, it takes benchmark companies approximately US$ 75 m just to achieve a single regulatory tox study start and still around 5.5 years to proceed from a target to a FGLPD (first good laboratory practice tox dose) or IND (Investigational new drug).

At Evotec, our data shows that in recent years our integrated processes combined with our high success rates have achieved portfolio delivery to IND at around half the cost and in approximately 30% less time when compared with the benchmark.

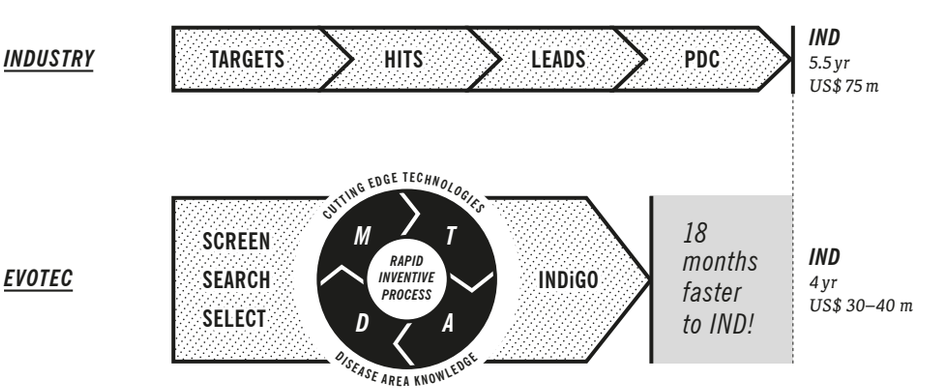
This time saving is very important for us and our partners, as the potential to reach IND 18 months faster than the competition generates real added value in a competitive marketplace for innovative breakthrough medicines. This is especially true in a highly connected world where many players are pursuing the same scientific concepts and disclosures in a race to market.

Within Action Plan 2025, Evotec aims to deliver high quality drug candidates by integrating disease area knowledge, drug discovery and development know-how, and cutting-edge informatics using a lean, multimodality AI driven platform approach.

EVOTEC'S INTEGRATED DRUG DISCOVERY & DEVELOPMENT – FOCUS ON ACCELERATING R&D WITH TECHNOLOGY AND OPERATIONAL EFFICIENCIES

- Evotec's expertise in deep learning and computational approaches to integrate knowledge across the full value chain of research, drug discovery and development is unique in the industry: computational capabilities in all essential domains including, for example, molecular design, product optimisation, extensive human pharmacokinetic parameter and dose predictions, toxicity prediction and design tools.
- From our position of strength in the established area of small molecules, we have added lanes for additional modalities, such as biologics, proteins, RNA, and antibody drug conjugates. This allows us to evaluate new targets and approaches at the earliest stages of biological intervention without limitations on technology.
- Our drug discovery therapeutic area expertise and capabilities cover CNS diseases, oncology, aging, inflammation, immunology, infectious diseases, fibrosis, diabetes, metabolic and muscle diseases, dermatology, women's health and respiratory diseases.
- Our biomarker strategy and resources provide tailor made biomarker solutions using state-of-the-art technologies in a bench to bedside concept.
- Continuous training in technology and leadership for scientists at all levels is designed to meet or exceed industry standards.
- Many companies treat research, drug discovery and development as separate entities. At Evotec, we recognise that this is a continuum which involves problem solving and careful planning at the very earliest stage to build quality and success for clinical development. By focusing on this continuum, it allows smooth transitioning from discovery and pre-clinical development through Evotec's INDiGO programme into the clinic.
- Outstanding governance structure to supply fit for purpose resourcing, key expertise, decision-gated strategies, clear and timely communication, and seamless interactions between partners and functional teams. Within the structure of a project or partnership, we focus on the success of the inventive step in every discipline through a combination of knowledge, experience, computational power and process excellence.

SIGNIFICANTLY FASTER AND MORE EFFICIENT ON R&D CONTINUUM



EVO*panOmics*

INDUSTRIALISED HIGH-THROUGHPUT MULTI-OMICS PLATFORM

EVO*panHunter*

ADVANCED DATA ANALYSIS AND PREDICTION PLATFORM

Driving development of innovative therapeutic options for patients with efficiency, quality and excellence

MOLECULAR PATIENT DATABASES

- Re-defining health and disease with molecular disease profiles

PATIENT (iPSC) - DERIVED DISEASE MODELS

- Focus on disease relevance throughout the entire process
- Extensive substance testing

DIAGNOSTICS AND BIOMARKERS

- Precision diagnostics
- Precise tracking of disease progress

Genomics – Transcriptomics – Proteomics – Metabolomics
Industrialised data generation

EVO*panOmics*
data generation

Data science – Machine learning / Artificial intelligence – Bioinformatics
AI/ML driven data analytics

EVO*panHunter*
data analytics

Evotec has a unique approach to precision medicine, a megatrend that is still at the very beginning of its development. Evotec will play a significant role in this exciting and innovative journey by delivering on its promise to develop more effective therapeutics and also more precise companion diagnostics.

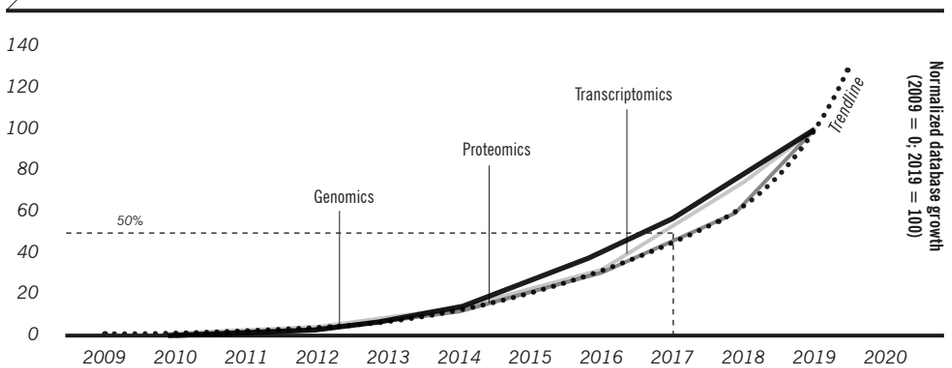
Still 90% of all drugs only work in 50% of all patients. This ineffectiveness causes enormous physical and social suffering and presents a significant economic burden. The estimated annual cost of ineffective treatment is considered to be at US$ 350 bn annually. The introduction of precision medicine will significantly improve this situation.

Evotec is building the precision medicine platform of the future. This platform has a number of essential components which only realise their true potential when they are brought together on one platform, including:

- Access to proprietary high quality molecular patient databases which is required to understand the molecular mechanisms of diseases and thus lay the foundation for precision medicine approaches.
- The industry-leading human iPSC-based drug screening platform which can model diseases in more than 15 cell types. Patient-derived cell-based assays and an enhanced molecular understanding of disease phenotypes are crucial to improving the accuracy of this disease modelling.
- Evotec's proprietary multi-omics data generation, "**EVO***panOmics*", is industry-leading in terms of throughput, robustness and cost efficiency, in particular in the fields of transcriptomic and proteomic analysis
  - *High-throughput transcriptomics is necessary to build large molecular patient and drug discovery databases effectively. Evotec has built an industry-leading high-throughput transcriptomics platform called* **ScreenSeq***; able to run single-cell sequencing analysis on tissues from thousands of patients*
  - *Proteomes provide very important information on the status of a cell or tissue. The throughput of our proteomics platform (***ScreenPep***) has been improved, while maintaining highest performance on proteome coverage.*
- Artificial intelligence and machine learning have supported Omics data analysis using our novel platform **EVO***panHunter*. **EVO***panHunter* can deal with extensive Omics data sets and is used to establish relationships with pre-clinical and clinical metadata.

EVO*panOmics* and **EVO***panHunter* together are uniquely suited to support Omics-driven precision medicine approaches throughout the whole drug discovery and development value chain.

GROWTH OF PUBLIC OMICS DATABASES IN RECENT YEARS



Source: 1) NCBI – GenBank and WGS Statistics (https://www.ncbi.nlm.nih.gov/genbank/statistics/);
2) NCBI – Sequence Read Archive (SRA; https://www.ncbi.nlm.nih.gov/sra/docs/sragrowth/);
3) Perez-Riverol et al., The PRIDE database and related tools and resources in 2019 (doi.org/10.1093/nar/gky1106);
4) ReportLinker (reportlinker.com/p05871542/Global-Transcriptomics-Technologies-Market-Premium-Insight-Competitive-News-Feed-Analysis-Company-Usability-Profiles-Market-Sizing-Forecasts-to.htlm)

THE DATA ANALYTICS MARKET IS GROWING RAPIDLY

The transcriptomics market alone is expected to reach US$ 10 bn in 2025, growing at a CAGR of 12% – over recent years, there has been an exponential growth in omics data generation corresponding to increasing demand in this area of science.

EVO*panOmics* and **EVO***panHunter* are key platforms that already drive innovation within many internal R&D and partnered programmes. Evotec expects that all significant Evotec programmes (internal and partnered) will use these key platforms in order to identify and validate relevant pathways / targets as well as to generate the greatest value out of drug discovery programmes. Both technologies will ultimately lead to significantly higher success rates in drug discovery and development and will be the basis for high-value partnerships for the company.

EVO*panOmics* & EVO*panHunter* ARE ADVANCED ANALYTICS PLATFORMS THAT WILL EXPAND PIPELINES AND INCREASE COMMERCIAL VALUE

- The need for sophisticated drug discovery tools and platforms with improved accuracy is highlighted by the fact that success rates of clinical trials remain at a low level
- Evotec provides a unique combination of cutting-edge technology platforms to advance disease understanding & modelling
- Focusing on comprehensive molecular disease profiles allows to see the whole picture, which leads to safer and more effective drugs
- Advanced analytics of molecular patient databases
  - *Re-define health and disease*
  - *Enable unbiased identification of disease-relevant drug candidates*
  - *Improve toxicology prediction in discovery and pre-clinical phases*
  - *Improve predictability of in vitro and in vivo models*
  - *Reduce in vivo testing*
  - *Make better and more efficient use of billions of data points*
  - *Allow for faster decision making and higher efficiency through a one-stop shop*

EVO*cells* & EVO*genes*

POTENTIALLY GAME CHANGING THERAPEUTIC CONCEPTS

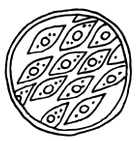
Emerging cell therapy and gene therapy are highly promising fields of biomedical research and play an important role in the development of novel therapeutics. These overlapping technologies are at the forefront of innovation to prevent, treat or potentially even cure diseases, such as cancer, diabetes or a range of rare diseases, and both approaches have the potential to achieve substantial disease modifying effects with a single treatment. Despite some commonalities cell and gene therapies work differently:

- *Cell therapy can be defined as an approach that uses a cell product with therapeutic effect, derived from living cells that are cultivated outside the body before being injected or transplanted.*
- *Gene therapy is a technology that delivers the therapeutic genetic material either through ex-vivo modified cells or directly into a patient's body.*

Cell and gene therapies are fast-growing areas offering exceptional opportunities for treatments of a wide range of medical conditions. Indeed, it is predicted that the size of the cell and gene therapy market will grow at a CAGR of 26%. More importantly, a variety of so far untreatable diseases can be addressed only by gene and cell therapy products.

With **EVO***cells* and **EVO***genes*, Evotec has established two versatile platforms and now aims to significantly broaden and deepen its efforts within these next-generation modalities. The vision is to develop cost-effective therapies based on human cells and human genes to cure life-threatening diseases.

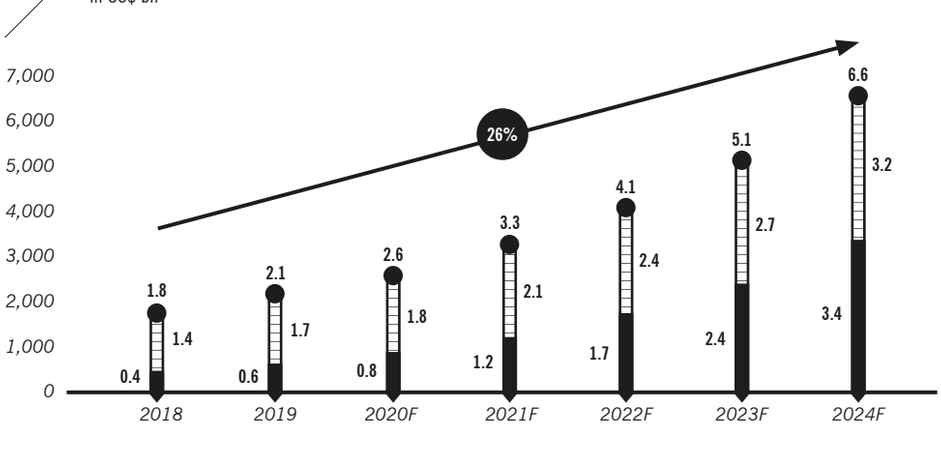
EVO*cells* – FROM CELLS TO THERAPIES



The industry leading platform for iPSC-based cell therapies

Evotec has built an industrialised iPSC infrastructure that represents one of the largest and most sophisticated platforms in the industry. Evotec's iPSC platform has been developed over the last eight years with the goal to industrialise iPSC-based drug screening in terms of throughput, reproducibility and robustness to reach the highest industrial standards. In addition, the platform is used to develop the next generation of cell-based, off-the-shelf therapies. Already today, we have a strong project portfolio covering immuno-oncology, heart repair and metabolic diseases and Evotec is well-positioned to accelerate the translation of these projects into the clinic. Evotec will further expand and invest in its cell therapy infrastructure with the focus on off-the-shelf cell therapies with long-lasting efficacy like immune cells in oncology (e. g. NK and T cells), beta cells for diabetes, cardiomyocytes in heart repair as well as iPSC-derived exosomes.

CGT MARKET BY PRODUCT TYPE



Source: Deloitte Analysis, Deloitte insight, BBC research

The strategic goals for **EVO***cells* in the years ahead are:

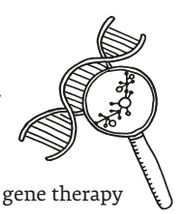
- Leverage Evotec's leading cell therapy know-how & technology platforms
  - *Evotec world-class, global, industrialised iPSC infrastructure serving all projects*
  - *All technologies and know-how under ONE roof, from patient to patient*

- Establish a comprehensive, world-leading iPSC-based cell therapy portfolio
  - *Build a panel of GMP grade, well characterised iPSC lines suitable for therapeutic use*
  - *Develop a growing portfolio of GMP-compatible cell differentiation protocols and cell therapy projects*

- Leverage Evotec's expertise in iPSC biology and antibody manufacturing
  - *Build a world-leading GMP manufacturing infrastructure to drive clinical development and commercial supply*

- Commercial and clinical success
  - *Develop a broad portfolio of co-owned projects, delivering a significant return of investment: strategic pharma partnerships, smaller partnerships, start-up investments and NewCo formations*
  - *Progress several projects into clinical trials across the iPSC therapy space*

EVOgenes – FROM MARKET ENTRY TO FULLY DEVELOPED PLATFORM



With the expansion into gene therapy in 2020, Evotec added an important emerging modality to its portfolio. The establishment of a dedicated site for research and development of gene therapy-based projects in Orth/Donau, Austria, marked a significant step towards Evotec's long-term vision of becoming a fully modality-agnostic drug discovery and development partnership company. Due to recent progression in this field coupled with the vast future potential, gene therapy is indisputably one of the most exciting and fastest growing areas of biotechnology at this moment . Techniques such as AAV (adeno-associated virus) and lentiviral gene transfer, as well as the increasingly important area of RNA technologies, open up therapeutic options to potentially address and modify complex biologic issues in a unique and novel way.

The team developing the **EVO***genes* platform has deep expertise in rare genetic disease drug development. This expertise paired with the opportunity to leverage and fully exploit the breadth of experience and capabilities of the wider Evotec network, including biomarker and analytical capabilities, is the path to success.

The team will grow fast and significantly, thus enabling the achievement of its goal, to establish a fully developed gene therapy platform that will allow

- *a broad gene therapy offering for clients including proprietary platform technology*
- *employment of artificial intelligence and machine learning*
- *the advantage of a strong IP position to drive programme co-ownership and enriched deal terms*

EVO*access*

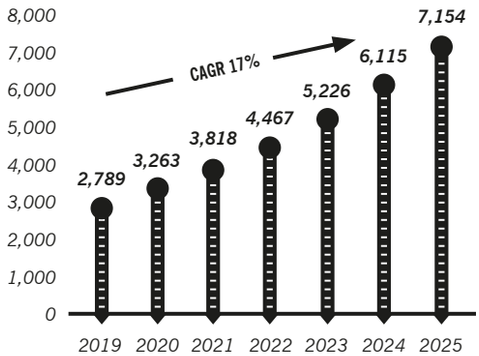
JUST – EVOTEC BIOLOGICS & J.POD®- BIOLOGICS FOR ALL

One of the fastest growing areas of the pharmaceutical market over the next few years is anticipated to be the general category of "biologics," and within this category, novel monoclonal antibodies (mAbs) and biosimilars are growing most rapidly. This fact, and the goal to broaden Evotec's capabilities and capacities significantly, led to the strategic decision to acquire Just Biotherapeutics in 2019.
A perfect step into biologics.

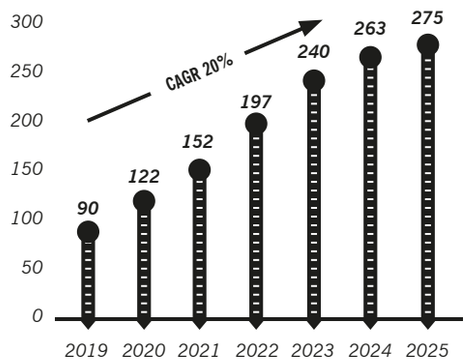
Over the next 5 years, the number of mAbs in development as well as the overall number of mAbs approved for commercial use are predicted to grow substantially, which clearly underpins Evotec's decision to invest into this market. Approved and commercially successful mAbs will go off patent and lose exclusivity, supporting continued growth in the biosimilar market segment.

PROJECTED mAbs IN DEVELOPMENT AND APPROVED AS COMMERCIAL PRODUCTS

mAbs IN DEVELOPMENT



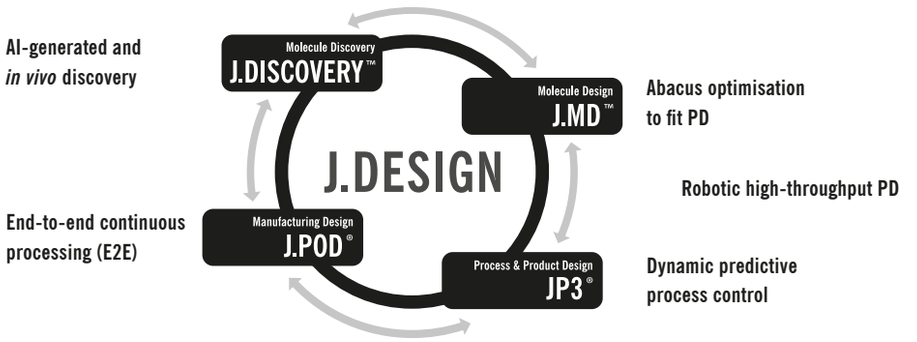
mAbs ON MARKET



BUILDING DIFFERENTIATION AND VALUE THROUGH POWERFUL TECHNOLOGICAL SOLUTIONS

The scope of Just – Evotec Biologics' J.DESIGN platform is from discovery through manufacturing and facility design, creating a powerful and unique A to Z integrated biologics platform. Artificial intelligence and machine learning are being applied across a common data set to create high quality molecules in discovery that, in turn, drive more productive manufacturing processes for implementation in low-cost, highly-flexible manufacturing facilities.

JUST – EVOTEC BIOLOGICS OFFERS THE ONLY FULLY INTEGRATED TECHNOLOGY PLATFORM FROM DISCOVERY TO GLOBAL SUPPLY



The current technological focus of the J.DESIGN platform will address >70% of all biologic products in the coming years. As we connect Evotec's **EVO***panOmics* and **EVO***panHunter* prediction capabilities to selecting molecules that are more developable and easier to manufacture, we create an opportunity for rapid entry and success in the clinic. When you add, as part of the same platform, the ability to flexibly manufacture at low cost and to quickly put in place geographically disperse capacity for commercial supply, then you have created a real Autobahn for delivering global access to biologics. This great science and technology coupled to a growing J.POD® network will radically differentiate Evotec as a major player in biologics in the coming years.

4. Become the recognised industry leader in end-to-end continuous processing for low-cost manufacturing and flexible supply
5. Build a strong partner-focused biosimilar business that leverages the J.DESIGN platform
6. Commission the first two J.POD® commercial plants, begin planning of the third and help mature Evotec support infrastructure for biologics
7. Through reputation and competitive benefits, hire and retain the best talent in the industry

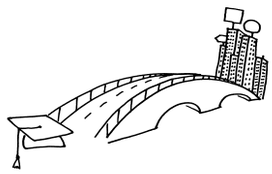
All in all, Evotec is perfectly positioned to become the innovation leader in biologics drug discovery, development and manufacturing.

OUR FOCUS COMES ALIVE AS TANGIBLE ACTIONS THAT MUST BE ACCOMPLISHED OVER THE NEXT 5 YEARS

Seven strategic actions will drive progress toward global access

1. Seamlessly bridge the J.DESIGN biologics platform to Evotec's discovery and pre-clinical biology
2. Establish a proprietary humanoid antibody library (J.HAL) as the leading mAbs discovery platform to drive product partnerships
3. Through strong technology partnerships, accelerate improvement and evolution of the entire J.DESIGN platform

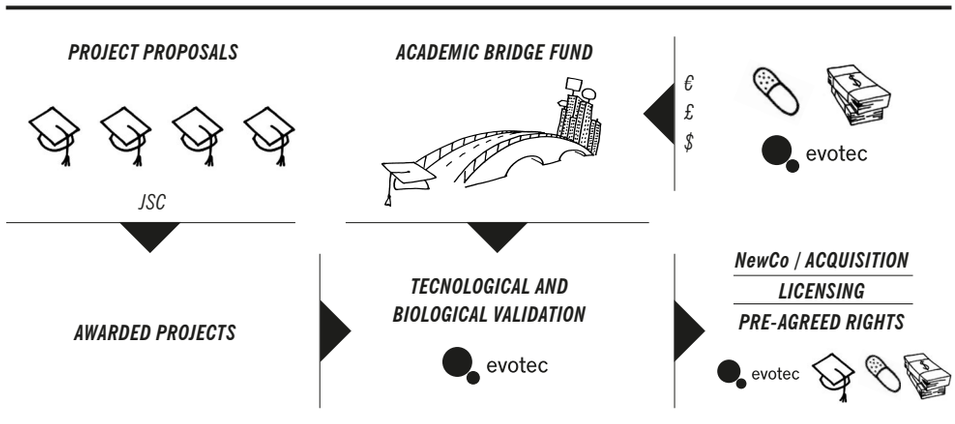
EVO*equity*



BRIDGES & OPERATIONAL VENTURING – USE VENTURES AS AN ACCELERATION VEHICLE

BRIDGEs re-define the paradigm of academic acceleration - Opportunity to invest

An increasing number of academic institutions are filling the translational gap between what typical academic projects produce and what companies or VC firms want to see in order to commercialise a drug discovery project. The pace of biomedical innovation in academia is accelerating. Academia is a major source of drug approvals, for example 15 to 20% of approved drugs originate from academia and every year around 30 to 40% of the drugs approved by the FDA were actually discovered in European academic labs. Universities are a major source of current and future drugs targets. Evotec has been one of the first companies to identify the lack of funding and access to know-how for translational projects from academia, the so-called "valley of death", as one of the main hindrances for innovation efficiency. While there is a lot of support to initiate basic research projects, funding options tend to narrow down as the development of translational projects progress. We have positioned ourselves as the leading company for the accelerated translation of these academic assets by generating Biomedical Research, Innovation & Development Generation Efficiency, in short BRIDGE, a funding mechanism that brings in external funds for the validation of academic assets on our leading multimodality drug discovery



platform. BRIDGEs also aim to further develop these assets towards value inflection points which enable formation of academic spin-off companies or partnering with pharmaceutical companies. To date, Evotec has created five BRIDGEs and a first spin-off from the University of Oxford named Dark Blue Therapeutics evolved out of this initiative.

EVOequity – SOURCE FOR CO-OWNED PIPELINE

With the creation of Evotec's first spin-off 'Topas Therapeutics' in 2016, the foundation was laid for the **EVO***equity* strategy. Since then, the portfolio of equity holdings grew steadily, with five new additions in 2020 alone.
With twenty equity investments today and ample opportunities for further investments over the years to come, **EVO***equity* has the potential to become an important pillar of Evotec's value proposition and the third business segment alongside EVT Execute and EVT Innovate. To date, Evotec has invested more than € 70 m into its **EVO***equity* strategy and this is expected to accelerate in the upcoming years.

A GROWING PORTFOLIO OF CO-OWNED OPPORTUNITIES WITH OPERATIONAL SYNERGIES

Although the external valuation of Evotec's equity holdings today is marginal, there is significant upside potential, particularly once a successful exit from one of the portfolio companies is realised which is expected over the next couple of years. Likewise partnering events, clinical successes and positive commercial developments will drive the valuation of individual portfolio companies.

Strategic actions to enable **EVO***equity*, include

- *drawing from our broad biotech customer base*
- *leveraging synergies with current spin-outs and portfolio companies*
- *realising investment options from a growing number of academic BRIDGEs*
- *accessing deal-flow from expanding external networks in Europe and US*

Hence, the vision of EVOequity is to contribute as a 'true operational VC' to Evotec's long-term value generation

A GROWING PORTFOLIO OF CO-OWNED OPPORTUNITIES WITH OPERATIONAL SYNERGIES

LAB282
Oxford
37 projects in progress
Initiated 2016

LAB150
Toronto
9 projects in progress
Initiated 2017

LAB031
France
5 projects in progress
Initiated 2018

AUTOBAHN LABS
USA
1 project with UCLA
Initiated 2020

LAB10x
Oxford
2 projects under evaluation
Initiated 2019

EQUITY INVESTMENTS (SHARE ≥ 20% OR SIGNIFICANT INFLUENCE)

Eternygen
Equity participation
Metabolic disorders
Initiated 2016

Topas Therapeutics
Spin-off
Nanoparticle-based therapeutics
Initiated 2016

Exscientia
Equity participation
AI for automated drug design
Initiated 2017

facio therapies
Equity participation
FSHD
Initiated 2017

BREAKPOINT THERAPEUTICS
Spin-off
DNA damage response
Initiated 2019

celmatix
Equity participation
Women's health
Initiated 2019

CURE SYS
Equity participation
Cross therapeutic areas
Initiated 2020

QUANTR Therapeutics
Equity participation and partnership
Oncology
Initiated 2020

NephThera
Joint Venture with Vifor Pharma
Nephrology
Initiated 2019

MINORITY SHAREHOLDINGS (SHARE < 20%)

Carrick therapeutics
Equity participation
Innovative pathways in oncology
Initiated 2016

FORGE Therapeutics
Equity participation
Metalloenzymes
Initiated 2017

FIBROCOR
Equity participation
Fibrosis partnership
Initiated 2017

Aeovian PHARMACEUTICALS
Equity participation
Inflammatory disease
Initiated 2019

Immunitas THERAPEUTICS
Equity participation
Oncology / Biologics
Initiated 2019

BLACKSMITH Medicines
Equity participation
Oncology
Initiated 2019

LEON ENABLING NANO NOW
Equity participation
Formulation nanotechnologies
Initiated 2020

panCELLa
Equity participation
Failsafe cloaking for cell therapies
Initiated 2020

Cajal Neuroscience
Equity participation
Neuroscience
Initiated 2020

DARK BLUE THERAPEUTICS
Spin-off (Lab282)
Oncology
Initiated 2020

ARGOBIO STUDIO
Start-up company
Cross therapeutic areas
Initiated 2021

EVO*royalty*

CO-OWN & SHARE PRODUCTS

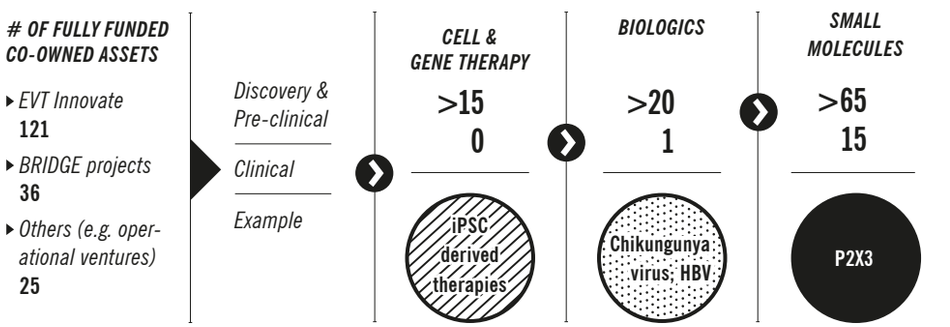
Co-owned pipeline – Evolution from discovery into clinical-stage projects

Through co-owned partnerships, risk, cost and IP are shared within strategic R&D alliances with pharma and biotech as well as academic drug discovery centres. The aim of these partnerships is to develop R&D projects faster and more efficiently based on knowledge sharing. This ensures a quicker ROI and access to a far larger and more comprehensive knowledge base than has ever been possible before.

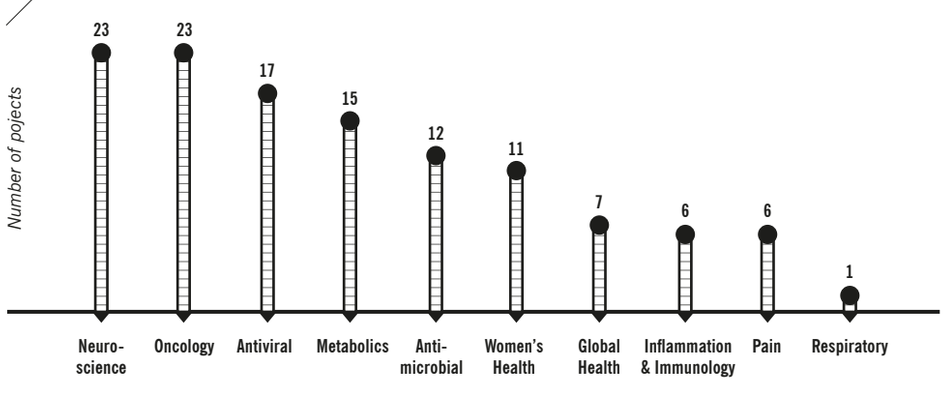
Since the inception of Action Plan 2012, Evotec has followed the principle of sharing risk and co-owning. Moving forward, Evotec will continue this model with its partners within Action Plan 2025 and stick to its long-term strategy of co-owning assets, but typically will not sponsor clinical trials.

Over the last decade, Evotec's co-owned pipeline rose from approx. 10 to 150+, which is a result of the Company's unique business strategy. Building a co-owned pipeline takes time, and the last few years can be almost seen as a seeding phase for the first wave of clinical candidates for the portfolio. The next 12–24 months are likely to show an increased number of clinical projects for multiple, key therapeutic areas.

BROAD AND DIVERSIFIED PIPELINE OF ASSETS



EVOTEC'S PIPELINE ACROSS INDICATIONS



LOGIC FOR CO-OWNERSHIP MODEL

- Flow of milestones and royalties-based revenues to secure and accelerate profitability
- Development attrition will typically be handed over /shared with partner – protects Evotec's P&L, in case a project needs to be stopped
- Evotec builds its own, unique space: performing high-quality research activities to build an early-staged pipeline while at the same time fuelling a clinical pipeline through partnerships

In recent years, Evotec has laid a strong foundation for a continued and strong growth of its co-owned pipeline. Early-stage programmes will continuously flow into the pipeline through own R&D, partnerships, **EVO***equity* and BRIDGEs, but it is Evotec's clear vision and goal to significantly broaden the clinical pipeline and have the first approved drugs in its portfolio.

DIFFERENT SOURCES FOR CO-OWNERSHIP THAT CONTINUOUSLY FILL THE PIPELINE

Three entry doors open the paths to the largest co-owned pipeline that has ever been built in this industry.

- **Platforms (EVT Innovate & EVT Execute)**
  e.g. High-value integrated drug discovery & development; Data-driven precision medicine
- **Indication-driven target pipelines**
  e.g. P2X3, B1, A2a, ...
- **BRIDGEs, operational ventures**
  Equity/ royalty ownership in companies via operational VC investment e.g. Lab282, Exscientia, Topas, Breakpoint, ...

With very focused R&D investments we have generated a meaningful revenue line for EVT Innovate. These R&D payments and milestones have resulted in an EBITDA line fluctuating around the zero line – this does not take into account future products on the market delivering royalty-based income. At the same time the number of potential co-owned product opportunities is increasing substantially and continues to grow.

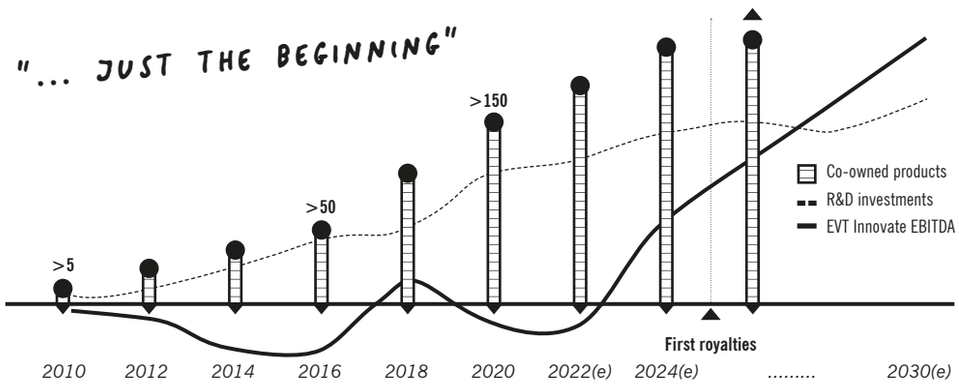
The pipeline of more than 150 co-owned assets already holds the potential of a massive pool of milestones today and a clear **EBITDA hockey stick** effect will follow with the first royalties and larger later stage milestones coming in.

INCREASE VISIBILITY OF THE CO-OWNED PIPELINE (EVT INNOVATE, EVT EXECUTE, BRIDGES, EQUITY)

- Become perceived as "The innovation hub for pipeline development within the healthcare R&D industry"
- High quality development leads to lower attrition rates compared to industry (to be proven)

STRATEGY & FUNDING

- Build ONE strategy to ensure seamless integration of Innovate, BRIDGEs and Equity
- Provide appropriate funding levels to enable additional growth beyond current "growth as normal"



Summary: The road to success - It is all about convergence

TECHNOLOGY, BRILLIANT MINDS, DATA SCIENCE, ANALYTICS AND PLATFORM DRIVERS

With our scientists and our drug discovery & development platforms, Evotec has set up the "Data-driven R&D Autobahn to Cures" that will lead us to the medicines of the future. We will continue to bring brilliant minds and cutting-edge technologies together to pursue our ultimate goal: bringing new and better drugs to patients!

The best combination of knowledge, experience, computational power and process excellence gives us the best chance to solve problems and create success in the inventive step. By combining seasoned professional R&D leaders, sophisticated platforms to create new data and information at high volume, and the right technology to apply machine learning and artificial intelligence to the problems, Evotec can transform R&D performance. Advanced statistical techniques, data science, and analytics on curated data sets are critical to driving these approaches. Precision medicine and better access to more affordable drugs will define the road into the future of this industry. By establishing a seamless infrastructure for all relevant technologies and modalities, Evotec has become a pioneer in making the data-driven R&D Autobahn to Cures a reality.

Future investments will accelerate Evotec's business and enable the Company's next strategic growth phase. This allows us to speed-up the execution of our Action Plan 2025 to create the world-leading "Data-Driven R&D Autobahn to Cures", covering the entire pharmaceutical value chain from discovery to commercial manufacturing.

- *Acceleration of the Company's global infrastructure in biologics (e.g. second J.POD®), and investments in prediction technologies for biologics*
- *Addition of novel cell and gene therapy capabilities in multiple indications*
- *Improved access to patient-derived material and data for precision medicine processes in drug discovery and drug development*
- *Investments in the Company's proprietary technology platforms, such as iPSC and machine learning technology*
- *Expansion of footprint in the United States and Europe*
- *Further implementation of the Company's translational strategy from academia to industry (BRIDGEs) and the Company's equity participation strategy for highly innovative assets*

In the past years, Evotec has proven it can keep its promise to make drug development faster, more efficient and less expensive. With our Action Plan 2025, we are set to expand this successful strategy to additional modalities such as biologics, proteins, RNA, cells, genes and antibody drug conjugates.

Join us on our journey on the "Data-driven R&D Autobahn to Cures"!

Focus on Sustainability

What does Evotec's road map look like?

10 MINUTES WITH VOLKER BRAUN, SVP AND GLOBAL HEAD OF INVESTOR RELATIONS & ESG

You are new at Evotec. What qualifies you for the position of sustainability manager?

I worked as an equity research analyst covering German companies in the pharmaceuticals and biotech industries for more than 20 years. Evotec had been part of the coverage universe since its IPO in 1999. Over the last five years, it has become more and more evident that investors are increasing their focus on sustainable investments. While the buy side adopted Environmental, Social and Governance (ESG) factors quite early, sell-side firms remained largely reluctant to factor in ESG topics in their recommendation schemes. In order to address the changing requirements, I set up ESG research in 2018 for my last employer. I completed a programme of the UN PRI academy and on a more personal note … I am a passionate scuba diver and witnessed coral bleach first hand. My intrinsic motivation to make a positive contribution to future generations is, therefore, strong.

Since Investor Relations and ESG responsibility are two sides of the same coin, I can make efficient use of my network and experience in the capital market and my ESG background to establish an integrated set-up at Evotec.

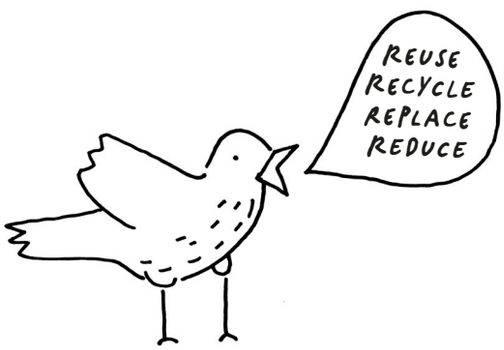
What are the main global challenges in the area of sustainability currently?

The COVID-19 crisis has increased our awareness of how severely diseases can affect all aspects of life. I believe it is fair to assume that once COVID-19 is scaled back in its relevance to a well manageable disease, new challenges may arise which threaten our health. Anti-microbial resistance and infectious disease of endemic or even pandemic reach rank high on that list, but the remaining 3,300 diseases that are still not curable today also play an important role. At the same time, growth as well as aging of the world population require affordable and accessible solutions in healthcare as a prerequisite for better education and welfare of individuals. Lastly, it goes almost without saying that scarce resources and climate change demand new innovative ways to preserve this planet for future generations.

What is special at Evotec and why exactly did you choose to come to Evotec?

Evotec has a clear purpose. The Company is focused on improving lives by discovering cures for currently untreatable diseases. This mission gives our core value #researchneverstops a clear meaning. Getting the chance to be part of a team that is dedicated to having an impact is really rewarding.

The business model is unique. Evotec has the broadest modality-agnostic platform in the industry spanning from drug discovery to manufacturing. This, coupled with a strong focus on more efficient technologies and integrated processes, will enable Evotec to rapidly progress therapies for many different



disease areas. Evotec's scope is literally unlimited, reaching from orphan diseases affecting often neglected small patient populations via diseases linked to aging and the Western World Life Style to targeting diseases with endemic or even pandemic reach in less privileged areas of the world. We are committed to initiatives such as the 17 United Nations Sustainable Development Goals and are now focusing on some of the related 169 targets.

Which important stakeholders have you identified at Evotec and how do you attend to their various interests?

Our three most important stakeholder groups are our people, our partners and our investors. As innovation is the highest good we can offer to the society, our people are the most valuable asset. Therefore, we put a strong focus on a safe and inspiring working environment suitable for creativity to unfold. Employees should have the chance to develop according to their talent and preferences, irrespective of gender, gender identity, ethnicity, sexual orientation, age, religion, disabilities or other characteristics. A constant dialogue with our people and a broad offering to learn and develop should result in the best possible outcomes.

With motivated and creative people on board, we can further build on our partner relationships through innovation, diligence and high-quality results. We are proud that customer retention remains at a level of 90% or more, which is important for a sustained growth of the Evotec group in future. In turn, this will attract investors, which will provide funding for future growth. The latter group in particular has driven dialogue with regard to ESG topics, however, interest is also increasing from partners and employees. It is therefore vital to intensify dialogue with our stakeholders, and this stands at the top of my personal agenda.

By addressing the needs of the three key stakeholder groups and by providing more comprehensive ESG related information in our sustainability report, we also ultimately address the requirements of the remaining stakeholders.

Sustainability is increasingly important for the Management Board – how does this work at Evotec?

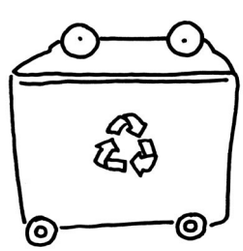
There is a clear commitment from all members of the Management Board. All Board members have participated in a project, which we entitled Sustainability Readiness Check in Q4 2020. We interviewed more than 20 representatives from Evotec's senior management team, including our board members, in order to extract ESG relevant themes in all areas. Findings were assessed and prioritised on 8 December in a CEO-sponsored Materiality Workshop and these findings build the foundation of our Sustainability Strategy going forward.

How do you ensure that Evotec is focused on the right priorities in this area to achieve efficient use of resources and capacities?

To determine where to focus, we first identified areas where Evotec really can make a difference and which are important for our stakeholders. This was part of the Materiality Analysis during our Sustainability Readiness Check. We ranked a shortlist of relevant topics which will be reviewed regularly and might be subject to changes when needed. The topics „Innovation/ R&D", „Invest in People" and „Stakeholder Engagement" were derived in a materiality matrix as the top priorities via a workshop poll by the participants. The next step will be to implement measures to reach our goal of fostering innovation to the benefit of patients which goes hand in hand with people development. In that context, I want to highlight two initiatives – our EVO*leader* programme and the EVO*academy* – which both will be rolled out over the course of 2021. In parallel, we have analysed our current ESG performance and identified gaps, which we intend to narrow or even close over the course of the coming months.

Which achievements have you made in the area of sustainability since your arrival at Evotec?

When I joined Evotec, I started the dialogue with stakeholders immediately and received valuable feedback and support. A first success was that our ESG rating at MSCI, the market



leading rating agency, increased by one notch from BBB to A, even ahead of the publication of the 2020 sustainability report. With this report now available, we have a fair chance that ratings of other rating agencies are set to improve over the course of 2021, too. In December, we joined the Science-Based Target initiative (SBTi) and committed to reducing our CO_2 footprint in compliance with the Paris Agreement. Currently, about 1,200 companies are taking part in the SBTi and we belong to a group of approximately 400 companies committed to the 1.5°C target for global warming and to become net carbon neutral at the latest by 2050. As outlined, we defined the basis for our ESG Strategy in December and are now setting up a comprehensive reporting framework to support decision making for achieving our ambitious Sustainability goals. Our SBTi commitment is a first example.

How can it be ensured that the quality of the published information be correct?

We have started developing methods to translate ESG factors into quantifiable metrics by defining key performance indicators to help to monitor success.

Gathering more data requires a higher degree of digitalisation in all areas and here we have made significant progress. A few examples are the completion of the roll-out of Workday as our global HR management and information system, the implementation of Quentic as our core EHS software as well as our Supply Chain Surveillance collaboration together with Integrity Next.

All corporate functions have introduced sustainability topics as part of their respective framework of goals and related incentive schemes. Based on this, we expect a broad based support for further improvements in data quality and content.

What goals have you set to continue sustainability at Evotec?

The implementation of a sustainability committee is on its way and additional dedicated headcount has been granted for the coordination of ESG topics for 2021. These measures support the structural institutionalisation of sustainability within Evotec and should result in a structured data driven Sustainability Management process.

As data is the underlying basis for the process, our reporting framework will see further refinements in order to get the full picture on all factors which we have defined as material to our understanding. We will then have a consistent framework of KPIs at hand, which we will track and report annually.

An increasing degree of transparency encompasses monitoring and reporting on ESG related risks, which may affect Evotec or which could be related to our business activities. Consequently, a framework of countermeasures needs to be set-up in case of violations to our standards.

Last but not least, due to the measures that are being applied, 2021 will be the year that allows us to implement an internationally accepted reporting standard on ESG topics. We will carefully assess which of the partially competing standards are applicable to the business and purpose of Evotec. Implementation over the course of the yea should result in a Sustainability report tha resonates well with the needs of all relevai stakeholders in addition to the Evotec strategic ESG.

Autobahn and sustainability, Mr Braun, how do these two go together?

That is an interesting question … It only appears counterintuitive at first glance in my view. The Evotec *Data driven R&D Autobahn to Cures* stands for reaching the goal of developing new therapies as fast and as flexible as possible.

Sticking to the metaphor, I would add the ESG point of view. We never said that the "cars" (i.e. projects / co-owned pipeline assets) on the Autobahn are still based on old technologies like combustion engines. In fact, precision medicine based on patient-derived data would be much more comparable to next-generation technologies such as electricity or even hydrogen – green of course.

When talking about the Autobahn itself, I would describe it as covered with one of the most modern frictionless surfaces (i.e. artificial intelligence/machine learning tools), reducing/avoiding abrasion of tyres and the development of fine dust. The VROOOOOM might still be audible and can be considered as pollution – However, I would say this is a side-effect from driving at supersonic speed ;-).

The Evotec *share*

The Evotec share

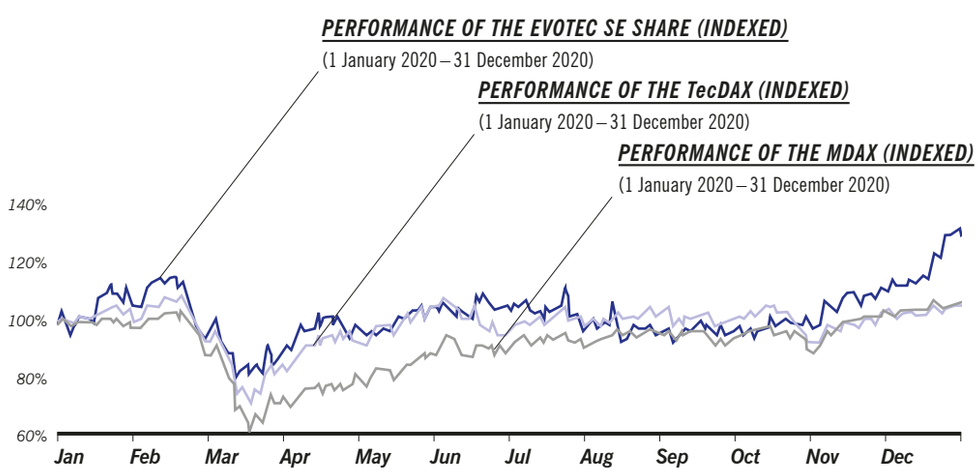
The continuous, professional dialogue with the global capital markets is one of the pillars of Evotec's corporate strategy. During the financial year 2020, the Company regularly provided focused communications on the progress of its business to the global financial markets. These communications were made through several channels, including participation and presentation at key national and international investor conferences, non-deal road shows in key financial centres across the globe, and the quarterly, six-months and annual results investor and analyst calls. In 2020, several national and international banks initiated coverage of Evotec: Citigroup, Frankfurt Main Research, Mainfirst Bank (now: Stifel), the Royal Bank of Canada (RBC), and Warburg Research. As of 31 December 2020, a total of 13 analysts regularly monitored and evaluated the performance of Evotec shares. The majority of recommendations was positive, with an average price target of € 29.77.

Performance of the Evotec share in 2020

The negative impact of the COVID-19 pandemic on equity markets briefly weighed on the performance of the Evotec share. In mid-March, at the start of the first lockdown period, the share price collapsed along with the performance of Evotec's key benchmark indices, the TecDAX and the MDAX, but recovered by as early as April. In the second and third quarters, the share price steadily trended sideways with a certain amount of volatility, which was partially due to short-selling activities of hedge funds. In the fourth quarter of 2020, the Evotec share put in a very positive performance with a gain of 34%. This was mainly due to the successful completion of the capital increase of € 250 m on 12 October 2020, which attracted capital from a new anchor investor, the government of Abu Dhabi (Mubadala Investment Company), and Evotec's existing shareholder Novo Holdings. The virtual Evotec Capital Market Day on 19 November 2020 provided additional positive impetus with in-depth insights into Evotec's business model and its strategy for the coming years.

The Evotec share closed the year at € 30.28, which is approximately 26% higher than the opening price of € 23.97. It outperformed the annual average for the MDAX by 23.2 percentage points and the TecDAX by 25.4 percentage points.

Evotec's average daily trading volume for all German stock exchanges amounted to 1,466,481 shares in 2020, compared to 1,126,943 shares in 2019.



Evotec's share capital

Evotec did not make any acquisitions in 2020 that required the issuance of shares as currency. Due to the issuance of 11,478,315 new shares as part of the capital increase in October 2020 and the exercise of 1,533,848 stock options and share performance awards, Evotec's registered share capital rose to € 163,914,741.00 at year-end 2020 (year-end 2019: € 150,902,578.00), which corresponds to a dilution of 8.62%. In 2020, no stock options were serviced out of treasury shares. As of 31 December 2020, a total of 249,915 treasury shares remained from a trust agreement terminated in 2012.

Shareholder structure

When certain voting right thresholds are reached or crossed, the respective shareholders are required to inform the issuer of the shares and the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht). According to the voting rights notifications received by the Company by 31 December 2020, the following persons and institutions, excluding shares held via instruments, had exceeded the 5% threshold: After subscribing to the capital increase in October, Novo Holdings A/S held an interest of 10.8%, T. Rowe Price Group held 10.8%, and the government of Abu Dhabi (Mubadala Investment Company) held 5.6%. Roland Oetker/ROI Verwaltungsgesellschaft also held an interest of more than 5%. Free float as of 31 December 2020 therefore was approximately 66.7%.

Virtual Annual General Meeting 2020

Evotec held its Annual General Meeting on 16 June 2020. Due to the COVID-19 pandemic, the AGM was held as a virtual event for the first time. Shareholder attendance represented 59.56% of Evotec's share capital (2019: 59.52%), and Evotec's shareholders approved all proposals put to vote by the Company's management with the required majority.

Investor Relations @ Evotec

For further information on Evotec and its Investor Relations activities, please visit the Invest section of Evotec's website. A continuous dialogue with the capital market participants is an essential part of the Company's philosophy. Please contact the Investor Relations team for any questions or suggestions.

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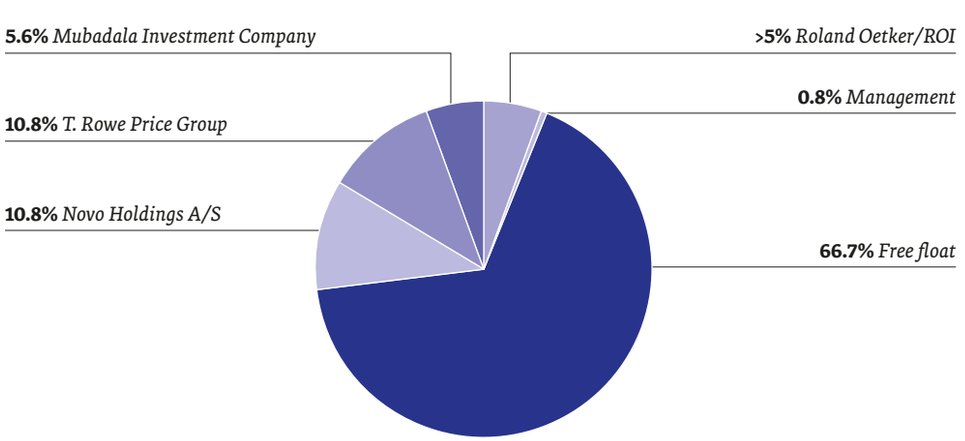
investorrelations@evotec.com
www.evotec.com/en/invest

SHAREHOLDER STRUCTURE AS OF 31 DECEMBER 2020 [1)]



[1)] *Shareholdings excluding interest held through instruments*

SHARE DATA

Ticker symbol	EVT
Securities identification number	566480
ISIN	DE0005664809
Reuters symbol	EVTG.DE
Bloomberg symbol	EVT GY Equity
Stock exchange, market segment	Frankfurt Stock Exchange, Prime Standard
Index	TecDAX, MDAX, STOXX Europe 600
Designated Sponsor	ODDO SEYDLER BANK AG

KEY FIGURES PER SHARE

	2020	*2019*
High (date)	**€ 30.30 (28 December)**	€ 26.91 (26 July)
Low (date)	**€ 17.30 (12 March)**	€ 17.30 (2 January)
Opening price	**€ 23.97**	€ 17.30
Closing price	**€ 30.28**	€ 23.05
Weighted average number of shares outstanding	**153,752,241**	149,725,607
Total number of shares outstanding as at 31 December 2020	**163,914,741**	150,902,578
Average daily trading volume (all exchanges)	**1,466,481 shares**	1,126,943 shares
Market capitalisation as at 31 December 2020	**€ 4,963.3 m**	€ 3,474.6 € m
Earnings per share (diluted/basic)	**€ 0.04/€ 0.04**	€ 0.25/€ 0.25

FINANCIAL CALENDAR 2021

25 March 2021	Annual Report 2020
11 May 2021	Quarterly Statement Q1 2021
15 June 2021	Annual General Meeting 2021
11 August 2021	Half-year 2021 Interim Report
11 November 2021	Quarterly Statement 9M 2021

Prof. Dr Wolfgang Plischke
Chairman of the Supervisory Board

Supervisory *Board Report*

As required by the German Stock Corporation Act, Evotec SE has a two-tier board system consisting of Evotec's Management Board and Evotec's Supervisory Board. The Management Board is responsible for managing Evotec and representing the Company in its dealings with third parties, while the Supervisory Board appoints and dismisses the members of Evotec's Management Board and oversees the management of the Company. German law prohibits the Supervisory Board from making operational management decisions. The two boards, however, work closely together to achieve long-term and sustainable growth for the Company and to create shareholder value. They agree on the Company's strategy and on business transactions that are significant.

Evotec's Supervisory Board consists of six members – as provided in the current Articles of Association – all of whom are elected by the shareholders by a simple majority of the votes cast at an Annual General Meeting ("AGM"). The proposal to the AGM is carried out in accordance with the German Corporate Governance Code recommendations, which call for Supervisory Board members to be appointed regardless of gender, nationality and age, on the basis of their qualifications, work experience, independence and diversity. Five of the current members of Evotec's Supervisory Board were elected at the AGM 2019. Following the resignation of Michael Shalmi with effect as of the AGM 2020, the AGM 2020 has elected Kasim Kutay as his successor on the Supervisory Board. The Company provides a relevant set of on-boarding materials regarding statutory documents, policies, rules of procedures etc. for each new Supervisory Board member, which is also accessible to each member in a virtual Board room that was set up in 2020.

The Supervisory Board appoints a Chair and one Vice Chair from among its members. Prof Dr Wolfgang Plischke was elected as Chair of the Supervisory Board and Prof Dr Iris Löw-Friedrich was elected as the Vice Chair. The members of the Supervisory Board are elected for a term of five years and may be re-elected. The term of the new Supervisory Board ends at the close of the AGM 2024 that is charged with approving the actions of the members of the Supervisory Board in the 2023 fiscal year.

The Supervisory Board has determined concrete objectives regarding its composition and competencies, and prepared a profile of skills and expertise reflecting the company-specific situation. These objectives and skills profiles stipulate that the activities of the Company shall be represented by having a majority of independent Supervisory Board members with national and international experience in the respective fields of (i) Research and Development, (ii) Finance, Capital markets, Legal, Corporate Governance,

(iii) Marketing and Sales and Operations and (iv) Healthcare Economy/Public Health. In addition, the Supervisory Board shall ensure that the individual age of a candidate does not exceed 72 years at the time of the proposal. Diversity with regard to female representation shall be ensured by having a target quota of 30% female members of the Supervisory Board. Finally, the Supervisory Board has agreed on two full terms as the regular limit of length of membership to the Supervisory Board. Overall, the Supervisory Board shall be composed in such a way that the majority of its members are independent and that its members as a group possess the knowledge, ability and expert experience required to properly complete its tasks.

Currently, the composition of Evotec's Supervisory Board fulfils all those objectives: five members are considered as independent following the two-dimensional evaluation criteria of the German Corporate Governance Code, two nationalities are represented and there are two female members. Only Dr Mario Polywka, being Evotec COO until 31 December 2018, who was elected to the Supervisory Board at the recommendation of a group of shareholders who collectively hold more than 25% of the total number of voting rights in the Company, is currently considered as not independent. Information on the professional affiliations of Supervisory Board members can be found on page 132.

A significant proportion of the Supervisory Board's work is conducted in committees. Pursuant to the German Stock Corporation Act and the recommendations of the German Corporate Governance Code, Evotec's Supervisory Board has established an Audit & Compliance Committee as well as a Remuneration and Nomination Committee from among its members.

Evotec's Audit & Compliance Committee, comprising three members, supports the Supervisory Board in independently monitoring the Company's financial reporting activities and in auditing reports. In particular, the Audit & Compliance Committee scrutinises the Company's accounting processes, the effectiveness of the internal control system and the audit. In addition, it discusses the quarterly and half-year reports with the Management Board as well as its risk management and compliance management systems. Within the scope of the audit of the financial statements commissioned by the Supervisory Board, the Audit & Compliance Committee also discusses certain steps and procedures of the audit with the appointed auditing firm, including the auditors' independence, the additional services rendered by the auditor, the issuing of the audit mandate to the auditing firm, the determination of auditing focal points, the fee agreement and compliance issues. The members of the Audit Committee possess the required skills and experience. As a Chief Financial Officer, the Audit Committee's Chair Roland Sackers is not only independent, but also has the required specialist knowledge and experience in the application of accounting principles and internal control processes. Neither the Chair of the Supervisory Board nor a former member of the Management Board may become Chair of the Audit Committee. Evotec's Audit Committee Charter can be found on the Company's website under https://www.evotec.com/en/invest/corporate-governance.

The main duties and responsibilities of the Company's Remuneration and Nomination Committee are to prepare the appointment of Management Board members and to prepare recommendations concerning their remuneration system and Share Performance Plan. Final decisions are made by the full Supervisory Board.

Members of both committees are appointed in accordance with the Code. For detailed information about the composition of the Supervisory Board and its committees, please see the table below:

	FIRST ELECTED TO THE COMPANY'S SUPERVISORY BOARD	*AUDIT AND COMPLIANCE COMMITTEE*	*REMUNERATION AND NOMINATION COMMITTEE*
Prof Dr Wolfgang Plischke (Chairman)	2014		X (Chair)
Prof Dr Iris Löw-Friedrich (Vice Chairperson)	2014	X	
Kasim Kutay[1]	2020		X
Dr Mario Polywka	2019		
Roland Sackers	2019	X (Chair)	X
Michael Shalmi[2]	2017		X
Dr Elaine Sullivan	2015	X	

[1] Supervisory Board member since AGM in June 2020
[2] Supervisory Board member until AGM in June 2020

In the course of 2020, the Supervisory Board held four formal meetings to discuss the operational and strategic developments of the Evotec Group. The Audit Committee convened separately for four meetings and the Remuneration and Nomination Committee convened for four meetings (two of these meetings with the full Supervisory Board). Due to the pandemic, the meetings in 2020 were mainly held per videoconference. At each of such formal meetings, the Supervisory Board also met in closed session without the Management Board.

The individual attendance of the Supervisory Board members as of 31 December 2020 at meetings of the Supervisory Board of Evotec SE and its committees in fiscal year 2020 was as follows:

SUPERVISORY BOARD MEMBER	NUMBER OF SUPERVISORY BOARD AND COMMITTEE MEETINGS	ATTENDANCE	ATTENDANCE RATIO
Prof Dr Wolfgang Plischke (Chairman)	4+4	4+4	100%
Prof Dr Iris Löw-Friedrich (Vice Chairperson)	4+6	4+6	100%
Dr Mario Polywka	4+0	4+0	100%
Kasim Kutay[1]	2+2	2+2	100%
Roland Sackers	4+8	4+8	100%
Dr Elaine Sullivan	4+4	4+4	100%
Michael Shalmi[2]	2+2	2+2	100%

[1] Supervisory Board member since AGM in June 2020
[2] Supervisory Board member until AGM in June 2020

At each Supervisory Board meeting, the status of the Company's business, its scientific initiatives, its development partnerships, out-licensing activities and regular standard agenda items were discussed. The Supervisory Board was also updated about Evotec's R&D portfolio and discussed this in-depth with the Chief Scientific Officer.

In particular, the Supervisory Board addressed the following specific subjects in detail during its meetings:

▸ In March 2020, the Supervisory Board discussed and approved the 2019 annual financial statements in the presence of the auditors and approved the achievement of Corporate Objectives for 2019 and the bonus payments for the Management Board members for their performance in 2019. The LTI grants to the Management Board members were approved in a circular resolution in January 2020. The Supervisory Board also discussed the Company's compliance and risk management system and approved the Corporate Objectives 2020 and the preliminary agenda for the AGM 2020. Furthermore, the Supervisory Board reviewed potential M&A projects. The Supervisory Board discussed with the Management the potential impact of the recently started pandemic to Evotec's operations. In the following, the Supervisory Board was regularly updated on this topic by the Management.

▸ At the meeting in June 2020, the Supervisory Board focused on the upcoming AGM, the operational business of the Company and on strategic development opportunities, including the approval of new equity investments and academic BRIDGEs. The Supervisory Board also discussed the long-term financing strategy of Evotec SE and reviewed the impact of the pandemic. Furthermore, the Supervisory Board discussed a letter from BaFin (German Federal Financial Supervisory Authority) with reference to a potential error in the Company's half-year reports for 2017 and 2018.

▸ In its September 2020 meeting, the Supervisory Board discussed the operational business of the Company, including the global footprint and capacity strategies. It further discussed strategic development opportunities, including M&A and corporate formation opportunities, and approved certain further equity investments. Furthermore, the Supervisory Board was updated on and discussed potential financing strategies. The new contract of the Company's Chief Executive Officer was approved in a circular resolution in October 2020.

▸ In October 2020, the Supervisory Board approved the Company's capital increase where Evotec issued a total of 11,478,315 new shares to the Government of Abu Dhabi (Mubadala Investment Company) and Novo Holdings A/S. This transaction was discussed already at the September meeting as part of the financing strategies.

▸ In December 2020, the Supervisory Board reviewed and approved the budget and guidance for the fiscal year 2021 as well as regular Corporate Governance matters, including the results from its regular efficiency testing. Governance and Compliance is a regular topic of the Supervisory Board meeting and lead to the annual announcement of the Corporate Governance declaration in December. The Supervisory Board discussed the performance of the Company in 2020 and the objectives for 2021 and reviewed the current risk report. It further discussed the Company's new mid-range plan and certain strategic opportunities, including the Company's equity portfolio.

The Supervisory Board passed resolutions on all of those individual measures taken by the Management Board, which by law or the Statutes required the approval of the Supervisory Board.

The Management Board also provided continuous updates to the Supervisory Board through regular oral and written reports that included in-depth analyses on the status of operations. The information provided included written monthly Management Reports with extensive coverage of the Company's financial figures for the previous month, accompanied by detailed comments and explanatory text. In addition, the Chair of the Supervisory Board and the Chief Executive Officer as well as other members of the Management and Supervisory Board monitored and discussed current topics such as strategy, planning, risk management and compliance management systems during numerous conference calls, held whenever appropriate.

Furthermore and upon request, the Supervisory Board Chair is available to discuss Supervisory Board-related issues with investors.

The financial statements and the Management Report for Evotec SE for the fiscal year 2020 as well as the consolidated financial statements together with the consolidated Management Report of the Evotec Group were audited by Ernst & Young GmbH Wirtschaftsprüfungs-gesellschaft, Hamburg. The managing auditor of Ernst & Young for the Evotec Group is Dirk Machner. The auditors issued an unqualified audit opinion.

In preparation for the Supervisory Board meeting on 16 March 2021, the auditors presented the status of the 2020 audit, a summary of key audit findings and other relevant topics to the Audit Committee. The Audit Committee used this information as a guideline for its own evaluation of the statements and reports. The auditors participated in the meeting of the full Supervisory Board in March 2021 and presented a comprehensive report on the audit and their observations, including the Company's compliance and risk management system. The Supervisory Board examined both the financial statements and the consolidated financial statements prepared by the Management Board based on its own judgment, taking into account the Audit Committee's input as well as information on key topics provided by the auditors. Following this, the Supervisory Board approved the financial statements of Evotec SE and the consolidated financial statements for the year 2020. Evotec issued a separate Non-financial Group Declaration and a Declaration on Corporate Management in accordance with section 315b and section 315d in conjunction with sections 289b to 289f German Commercial Code (HGB) for fiscal year 2020.
The Supervisory Board examined these reports on the basis of a preliminary review by the Audit Committee and has no objections to the report.

The Supervisory Board was not informed about a potential conflict of interest among one of its members in the course of 2020.

The Supervisory Board thanks the Management Board and the Company's employees for their hard work during the year and wishes them ongoing success for 2021.

Hamburg, 16 March 2021

The Supervisory Board
Prof. Dr Wolfgang Plischke

Group Management Report

'20

Contents

The Evotec Group

ORGANISATIONAL STRUCTURE AND BUSINESS ACTIVITIES

— GROUP STRUCTURE —

Founded in 1993, Evotec AG is a publicly listed stock corporation operating under German law. Evotec AG was converted to Evotec SE on 1 April 2019 based on a decision taken at the Annual General Meeting in 2018. The Company is registered under the name Evotec SE under the commercial register number HRB 156381. Its headquarters are in Hamburg.

Evotec's group structure reflects its strategic international activities. All consolidated subsidiaries are listed in Note (34d) of the Notes to the consolidated financial statements.

Evotec has operating sites in Hamburg (headquarters), Cologne, Göttingen, and Munich (Germany), Lyon and Toulouse (France), Abingdon and Alderley Park (UK), Verona (Italy), Orth an der Donau (Austria), as well as in Branford, Princeton, Seattle and Watertown (USA). The group has been successful in creating both operational and technological synergies between sites and geographical regions by way of organic growth and strategic acquisitions. Evotec has activities across the globe and employs more than 3,500 highly qualified people.

By acquiring the "Biopark by Sanofi SAS" (BBS) – herinafter "Biopark by Sanofi SAS" – from Sanofi in July 2020, Evotec strengthened its position in Toulouse, securing additional capacities and flexibility for long-term growth. Its operations in Toulouse are located in the "Oncopole" research and development centre. Evotec had been the main tenant since taking over the research facilities from Sanofi in 2015. Aside from the land and buildings, Evotec also acquired the entire workforce and now holds 100 percent of the Biopark by Sanofi SAS, which since the takeover has been operating under the name "Campus Curie".

On 1 April 2020, the Company opened Evotec Gene Therapy (Evotec GT), its new site in Orth an der Donau, Austria. Evotec GT is focused on the discovery and development of gene therapy-based projects, expanding the Group's multimodality product and development portfolio to include the pioneering area of gene therapy.

The wholly-owned subsidiary Just – Evotec Biologics (the former Just Biotherapeutics, Inc.), based in Seattle, has been part of the Evotec Group since July 2019. In late 2019, Just – Evotec Biologics founded the wholly-owned group subsidiary J.POD – Evotec Biologics, which is also based in Seattle. J.POD – Evotec Biologics, Inc. is building its first J.POD®, a modular third-generation production facility for late-stage and commercial production of biologics. The site is expected to be put into operation in the second half of 2021. It is therefore not yet included in the overview of major operating entities below.

MAJOR OPERATING ENTITIES*
as of 31 December 2020
* indirect and direct holdings

EVOTEC SE, HAMBURG, DE

Evotec (UK) Ltd. Abingdon, UK 100%	Aptuit (Oxford) Ltd. Abingdon, UK 100%	Aptuit (Potters Bar) Ltd. Abingdon, UK 100%	Cyprotex Discovery Limited Macclesfield, UK 100%	Evotec GT GmbH Orth, AT 100%	Evotec International GmbH Hamburg, DE 100%	Evotec (München) GmbH Munich, DE 100%	Aptuit (Verona) SRL Verona, IT 100%	Evotec (France) SAS Toulouse, FR 100%	Evotec ID (Lyon) SAS Marcy l'Étoile, FR 100%	Evotec (US), Inc. Princeton, NJ, US 100%
			Cyprotex US, LLC Watertown, MA, US 100%							Just – Evotec Biologics, Inc. Seattle, US 100%

— BUSINESS MODEL —

Evotec is a global provider of drug discovery and development solutions. By leveraging its state-of-the-art multimodality research platform, Evotec enters into discovery and development alliances and partnerships applying innovative methods for the development of new or better pharmaceutical products. Its network of alliances includes leading pharmaceutical companies, small and large biotechnology companies, academic institutions, patient advocacy groups as well as venture capitalists and up to foundations and not-for-profit organisations. Evotec creates and connects innovative, proprietary technology platforms to identify and develop so-called best-in-class and first-in-class therapeutics both for the development pipelines of collaborators and for the set-up

of a co-owned, alliance-based pipeline. The aim is to develop causal treatments for a large number of currently more than 3,300 diseases that are not yet curable.

Thanks to the development of its business model in the last few years, which aims to develop the industry's largest partnered ("co-owned") pipeline based on a fully integrated multimodality platform, Evotec acts as a service provider for the life science industry (EVT Execute) and runs its own discovery and development projects which can be converted into "co-owned" collaborations with performance-based revenue sharing (EVT Innovate). Both segments operate on the so called "Data-driven R&D Autobahn to Cures", which is suitable for all modalities.

In addition, Evotec promotes new, innovative business models such as by spinning off novel treatment approaches and platforms whilst retaining significant equity stakes. In this scenario, Evotec acts as "operational" venture capital provider, which means that in addition to capital, it also provides execution infrastructure to generate reproducible, high-quality data for the spin-out, significantly increasing the quality and value of the data generated while building highly capital efficient start-ups that have access to industry leading drug discovery platforms. Furthermore, as part of this operational venture capital strategy, Evotec also invests in innovative early-stage companies that are developing promising product candidates or technology platforms, usually with an operational interaction with the target companies beyond the equity investment.

Aside from spinning off its own developments in order to drive forward innovative approaches, Evotec also uses its BRIDGE model as a starting point for equity participations. As part of this co-ownership strategy, Evotec participates in financing rounds of companies and start-ups that originate from academic research.

Further information on Evotec's business model can be found in the section "Corporate objectives and strategy" on page 28 of this Management Report.

— OPERATING SEGMENTS —

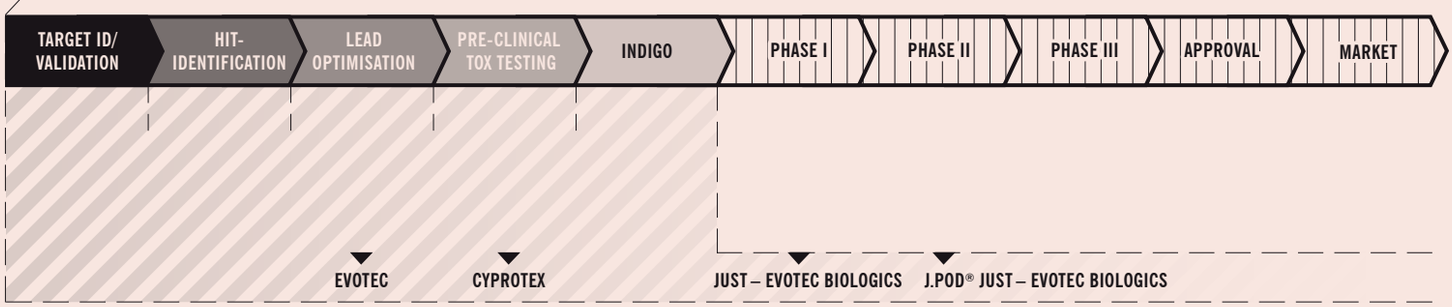
Evotec provides stand-alone or fully integrated drug discovery and development solutions ranging from early target identification to manufacturing of compounds and commercial products. Evotec's drug discovery and development platform provides an industrialised, high quality, cutting-edge and comprehensive infrastructure. This addresses the industry's need to discover and develop multiple classes of innovative active substances, including small molecules, biologics and other modalities such as cell therapies, gene therapies and antisense therapies.

EVT Execute

Evotec's service segment EVT Execute comprise stand-alone or integrated drug discovery and development solutions across all modalities for therapeutics protected by the partners' intellectual property. Services in this segment are typically provided and compensated as FTEs (Full Time Equivalent) or on a fee-for-service basis. The successful history and delivery of high quality solutions increasingly attracts additional performance payments within the EVT Execute segment.

Further information on Evotec's service offering is available on the Company's website under
https://www.evotec.com/en/execute/drug-discovery-services.

EVOTEC'S POSITIONING IN THE DRUG DISCOVERY AND DEVELOPMENT PROCESS



EVT Innovate

In its business segment EVT Innovate, Evotec leverages its proprietary technology platforms to develop new drug discovery projects, assets and platforms, both internally and through collaborations. This creates starting points for strategic partnerships with pharmaceutical and leading biotech companies that yield upfront payments, ongoing research service payments, and significant financial upside through milestone and license payments.

In almost all alliances, preclinical and especially clinical development work is carried out by the development partners. Within EVT Innovate, Evotec also focuses on accelerating innovations through various collaborative models, partnering with academic institutions, other biotech companies, pharmaceutical companies or even a combination of these within so-called academic BRIDGE alliances.

Portfolio of research and development programmes

Evotec has strategic activities in several therapeutic areas. These include diabetes and diabetic complications, fibrosis, immunology, infectious diseases, inflammatory diseases, kidney diseases, liver diseases, oncological diseases, pain, rare diseases, respiratory diseases and women's health. The Company has a large portfolio of co-owned R&D projects generating revenues from upfront payments, collaborations and milestone payments as well as a number of product opportunities which are being progressed internally for future partnering. The strategy for the project portfolio is to partner as early as possible in the development process to provide EVT Innovate with substantial medium-term revenue from upfront, research and milestone payments and long-term revenue from launched products. In doing so, Evotec identifies the appropriate business model for each project while aiming to maximize value creation.

Further information on Evotec's operating segments can be found in the "Corporate objectives and strategy" chapter on page 28 and in the "Research and development" chapter on page 35 of this Management Report. An overview of Evotec's portfolio of advanced drug candidates is provided on page 33 of this Management Report.

Alliances and partnerships

Evotec's partners now include all Top 20 pharmaceutical companies, as well as biotechnology and mid-sized pharmaceutical companies, academic institutions, foundations and not-for-profit organisations. In 2020, Evotec continued to deliver on established, long-term partnerships, and it entered into a number of significant new collaborations. An overview of Evotec's top customers in 2020 is given in the table "Development of Top 10 customers" on page 32 of this Management Report. Further information on Evotec's research alliances can be found in the "Performance measurement" chapter under "Quality of drug discovery and development solutions and performance in research alliances" on page 31 of this Management Report.

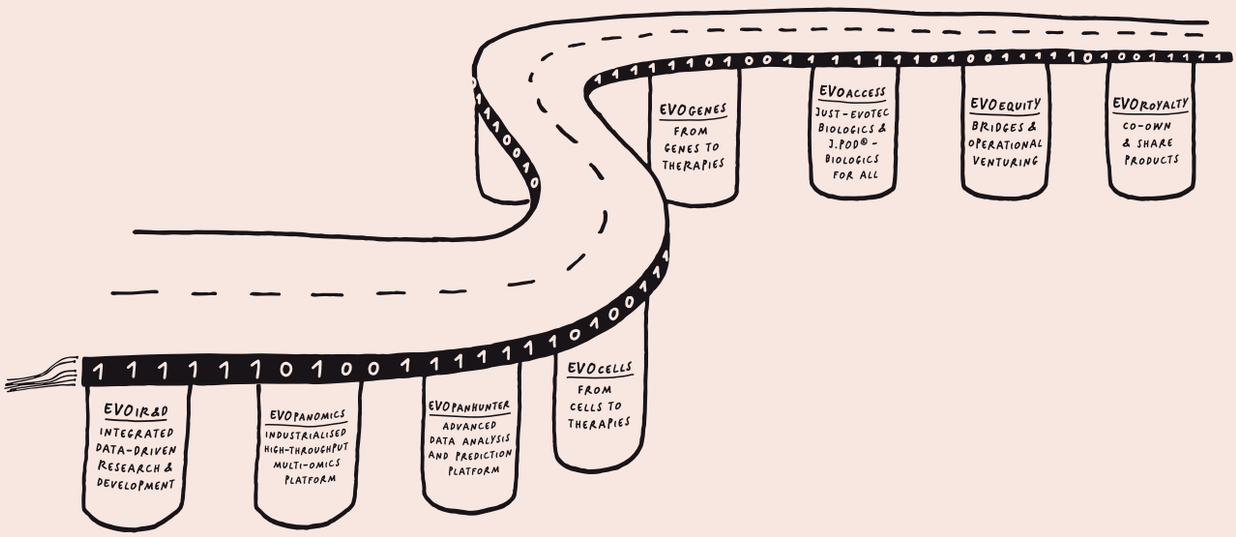
CORPORATE OBJECTIVES AND STRATEGY

RE-DEFINING THE DRUG DISCOVERY PARADIGM

Evotec has established a position as a leading innovation partner in drug discovery and development for biotechnology and pharmaceutical companies, not-for-profit organisations and academic institutions. Revenue-generating partnerships provide near-term growth and profitability, while an ever-growing co-owned pipeline of potential first-in-class or best-in-class products aims to reduce the number of incurable diseases and give more people access to innovative therapies. Thanks to performance-based milestone payments for progress in development projects and shared revenues on product sales, Evotec has a scalable business model that creates significant financial upside for future growth.

ACTION PLAN 2025: "THE DATA-DRIVEN R&D AUTOBAHN TO CURES" ("EVOTEC INFINITE STRATEGY")

Evotec's strategy is clearly focused on highest quality science, superior platforms, and highly efficient processes that lead to significant, long-term productivity improvements in the industry. In essence, it aims to assess disease relevance at the molecular and therefore the patient-specific level as early as possible. This approach is expected to yield new insights into the efficacy and safety of a drug candidate early on rather than during advanced clinical trials, which is the current standard. The objective of this method is much broader and faster access to more effective, targeted therapies for more patients.



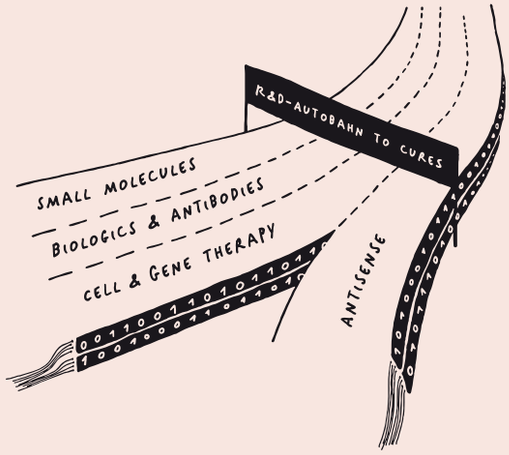
In order to realize its strategy, Evotec has implemented strategic action plans as elementary development steps of the Company's development: "Action Plan 2012 – Focus and Grow", "Action Plan 2016 – Leadership in Drug Discovery Solutions", "Action Plan 2022 – Leading External Innovation", and "Action Plan 2025 – The data-driven R&D Autobahn to Cures" ("Evotec Infinite Strategy"), which was agreed in 2020. The new strategy will be implemented in 2021.

The eight cornerstones of the Action Plan 2025 are:

1. **EVO***iR&D* – integrated data-driven reseach & development
2. **EVO***panOmics* – industrialised high-throughput multi-omics platform
3. **EVO***panHunter* – advanced data analysis and prediction platform
4. **EVO***cells* – from cells to therapies
5. **EVO***genes* – from genes to therapies
6. **EVO***access* – Just – Evotec Biologics & J.POD® – Biologics for all
7. **EVO***equity* – BRIDGEs & Operational Venturing
8. **EVO***royalty* – co-own & share products

All eight elements are accelerated by the best possible human databases and state-of-the-art artificial intelligence tools for research and development projects.

More detailed information on the Action Plan 2025 can be found in the first section of this report on page 4.



EXPANSION OF THE R&D AUTOBAHN TO CURES: STRATEGIC, LONG-TERM FOCUS ON SMALL MOLECULES, ANTIBODIES & BIOLOGICS, AND CELL AND GENE THERAPIES

One of the most fundamental changes in Evotec's business model in the last five years has been the availability and applicability of the best possible modality for every challenge arising in drug discovery, and for every new disease-relevant target. The term Autobahn in this case stands for a fully integrated infrastructure for early drug discovery and development. It offers clear direction, speed and parallel use of several lanes – in the case of Evotec: modalities. Evotec used to focus on the area of small molecules, and this remains one of the Company's core strengths. Today, Evotec is a global leader in small molecules, biologics, and gene and cell therapies.

After successfully entering biologics in 2019 with the acquisition of Just Biotherapeutics, Inc. (now Just – Evotec Biologics), Evotec expanded its multimodality Autobahn again in 2020. It now includes another two major, pioneering modalities: gene therapy (with the opening of the new site Evotec GT in Orth an der Donau/Austria) and antisense therapy (through an alliance with Secarna Pharmaceuticals).

In particular, the ability to produce cost-efficient antibodies is becoming ever more important. Finding new ways to make drugs affordable and accessible to more patients is a major requirement. New, efficient technologies must be developed and established. Antibodies are complex: it takes time and effort to develop, and considerable funds to produce them. The people behind Just – Evotec Biologics have been thinking deeply about the issue for many years and designed a production facility of the future under the heading J.DESIGN, intelligently linking product development and production. One core element of J.DESIGN, a disruptive, novel production facility for biologics manufacture named "J.POD®", is currently under construction. It is expected to be fully operational in the second half of 2021. Merck, Inc. (MSD), the Bill & Melinda Gates Foundation or the US Department of Defense, among others, have been won as collaboration partners.

FOCUS ON PRECISION MEDICINE AND THE INTEGRATION OF ARTIFICIAL INTELLIGENCE AND MACHINE LEARNING

In the last ten years, Evotec has built a platform for future precision medicine. A fundamental part of the precision medicine platform are proprietary molecular patient databases, which are needed to understand molecular disease mechanisms. Another important component is an iPSC-based (induced pluripotent stem cells) drug screening platform, which can model diseases in roughly 15 cell types and more than 240 patient-based iPS cell lines. In addition, the Company developed PanOmics, a proprietary platform for the generation of multi-omics data (genomics, transcriptomics, proteomics, metabolomics) as well as PanHunter, a highly integrated data analysis platform supported by artificial intelligence and machine learning. PanHunter processes large volumes of omics data, and it correlates this type of data with pre-clinical and clinical metadata. Omics technologies are an important instrument in the drug discovery process, helping to define biological effects comprehensively and objectively and capture them as profiles. They improve the assessment of efficacy and safety profiles of drug candidates, identify clinically relevant biomarkers and support strategies of patient stratification during clinical development.

The patient-centric methods used by Evotec all have one thing in common: the integration of artificial intelligence (AI) and machine learning (ML) within many of the Company's biological and chemical platforms. This core element makes drug discovery more efficient and thus faster. In addition, Just – Evotec Biologics developed an AI-based platform for the development of humanoid antibody libraries (HAL).

The table below shows the Company's specific targets for 2020 as well as milestone achievements made:

	SPECIFIC TARGETS FOR 2020	MAJOR ACHIEVEMENTS IN 2020 (SELECTION)
EVT EXECUTE	▸ Continued strong growth and multiple new integrated service alliances	▸ Initiation of new alliances and strategic collaborations, e.g. with Austrianni, Boehringer Ingelheim, Ildong Pharmaceutical, PTEN Research, Rappta Therapeutics, STORM Therapeutics, Takeda
	▸ Roll-out of Just – Evotec Biologics extended offering across all modalities	▸ Several orders and collaborations secured (selection): > US Department of Defense order for the manufacture of monoclonal antibodies against COVID-19 > Cooperation with Advanced BioScience Laboratories (antibodies against HIV) > Partnership with Ology Bioservices > Cooperation with OncoResponse (product development and production) > Cooperation with MSD (production facility of the future)
	▸ Build-up of J.POD®	▸ Start of construction of the first J.POD® production facility in Seattle/USA; expected start of operation in the second half of 2021
EVT INNOVATE	▸ New co-owned R&D partnerships based on own R&D and own platforms	▸ New and extended partnerships and alliances: > Bayer (new alliance focused on polycystic ovary syndrome) > Bristol Myers Squibb (extension of iPSC alliance for neurodegenerative diseases) > CENTOGENE (extended collaboration in Gaucher's disease) > Curexsys spin-out (exosomes) > Indivumed (non-small cell lung cancer) > leon-nanodrugs (nanomedicine) > Novo Nordisk (new alliance focused on kidney diseases) > Quantro Therapeutics (anti-tumor projects) > Resolute Therapeutics collaboration (infectious diseases, antimicrobial resistances) > Secarna Pharmaceuticals collaboration (antisense therapy) > Oxford University (QUOD Biobank) > Bristol Myers Squibb (expansion of the oncology collaboration)
	▸ Start of new studies and progress of co-owned pipeline	▸ New licensing agreement with panCELLa (iPS cell lines "iACT Stealth Cells") ▸ Recovery of the global rights to beta cell replacement therapy for diabetes from Sanofi ▸ Success-based milestone payments within the collaboration with Bristol Myers Squibb (neurology and oncology) as well as with Bayer (endometriosis) ▸ Move another programme of the multi-target alliance with Bayer into clinical Phase I trial ▸ Initial patient recruitment for two Phase II trials by Bayer with Eliapixant (BAY1817080) for persistent chronic cough (RCC) (Ph IIb), overactive bladder (OAB) (Ph II)
CORPORATE	▸ Participation in young companies and creation of new BRIDGE initiatives	▸ Investments in promising companies with operational synergies, e.g. Bioaster, Cajal Neuroscience, Eternygen, Exscientia, leon-nanodrugs, panCELLa, Quantro Therapeutics, Curexsys ▸ First global alliance for the development of transformative treatment regimens for tuberculosis ▸ Initiation of Autobahn Labs, a novel virtual incubator for early drug discovery ▸ Support of LAB-150 project for Netherton syndrome, a rare skin disorder in newborns
	▸ Financing (private placement)	▸ Identification of a new anchor investor and implementation of a capital increase with cash inflow of € 250 m: € 200 m Mubadala Investment Company, a sovereign wealth fund fully owned by the government of Abu Dhabi (hereinafter Mubadala Investment Company), € 50 m Novo Holdings

The company's objectives for 2021 can be found in the "Business direction and strategy" section of the "Outlook" chapter on page 66 of this Management Report.

PERFORMANCE MEASUREMENT

— FINANCIAL PERFORMANCE INDICATORS —

The Management Board has committed to the following financial objectives: continued revenue growth, the development of unpartnered R&D expenses, and an increase in adjusted EBITDA. The Company's long-term key financial performance indicators are defined to support these goals.

The Company's performance is measured against budgeted financial targets and the prior-year performance. In its monthly financial reviews, Evotec's management puts a strong emphasis on key performance indicators such as revenues, order book, gross margins, unpartnered R&D expenses and adjusted EBITDA. In addition, management thoroughly analyses costs (cost of sales, research and development expenses, selling and administrative expenses). Liquidity levels are monitored in comparison to the forecast and against defined minimum cash levels. As in previous year, Evotec had to maintain a minimum liquidity level of T€ 35,000. Operating cash flows are reviewed on a regular basis with an emphasis on the receipt of contract research revenues and milestone payments as well as on the trend in working capital. Also, cash outflows from investments in maintenance and expansion are compared against the budget every month. Balance sheet structure, equity ratio and net debt leverage are monitored in order to manage a balanced equilibrium of financing tools. Treasury management is undertaken on an ongoing basis with a focus on cash management, foreign exchange risks, and optimisation of funding and investment opportunities. Value analyses based on discounted cash flow and net present value models are the most important financial metrics for Evotec's investment decisions regarding M&A projects, equity investments and licensing opportunities.

— KEY FINANCIAL PERFORMANCE INDICATORS —

The table below offers an overview of Evotec's key financial performance indicators for the period 2016–2020.

KEY FINANCIAL PERFORMANCE INDICATORS

in T€

	2016	*2017*[1)]	*2018*	*2019*	***2020***
Revenues from contracts with customers	164,507	263,765	375,405	446,437	**500,924**
Unpartnered R&D expenses[2)]	(18,108)	(17,614)	(22,824)	(37,477)	**(46,441)**
Adjusted Group EBITDA[3)]	36,225	57,222	95,457	123,143	**106,621**

[1)] *2017 restated for IFRS 15*

[2)] *R&D expenses funded by Evotec*

[3)] *Adjusted for changes in contingent considerations*

EBITDA is defined as earnings before interest, taxes, depreciation and amortisation of intangibles. Adjusted EBITDA excludes impairments on goodwill, other intangible and tangible assets, changes in contingent considerations as well as the total non-operating result.

A reconciliation of adjusted group EBITDA with the operating result can be found in the "Results of operations" chapter on page 42 of this Management Report. The Company's 2020 performance compared to planned figures can be found in the "Comparison of 2020 financial results with forecast" chapter on page 36 of this Management Report.

— NON-FINANCIAL PERFORMANCE INDICATORS —

Biotechnology is a research-driven and employee-based industry. Consequently, financial information alone does not provide a comprehensive picture of the Company's potential for value creation. Evotec's management therefore also uses non-financial performance indicators to manage the Company.

Quality of drug discovery and development solutions and performance in research alliances

The vast majority of Evotec's revenues is generated through alliances with pharmaceutical and biotechnology companies, not-for-profit organisations and foundations. As a result, the most important non-financial performance indicators for Evotec are the quality of its drug discovery and development solutions, its performance within research alliances, and overall customer satisfaction.

These indicators can be measured by the number, size and growth of customer alliances, the percentage of repeat business, average contract duration, new customer acquisition and the status of the Company's order book. Evotec strives to continuously deliver excellent results in ongoing programmes and to expand its customer base and global network of partnerships. The Company now works with 829 partners across the industry (2019: 769). This growth and progression is summarised in the tables below

DEVELOPMENT OF EVOTEC'S CUSTOMER ALLIANCES*

*To the Company's knowledge, no benchmark data is available

	2016	2017 [1)]	2018	2019	2020
Number of customers	270	760	707	769	**829**
Number of customers > € 1 m revenues	22	38	61	79	**86**
Repeat business[1)]	94%	80%	92%	92%	**90%**

[1)] Percentage of revenues with customers that the Company already had the year before numbers diluted in 2017 due to Aptuit acquisition

DEVELOPMENT OF TOP 10 CUSTOMERS (BY REPORTING YEAR)

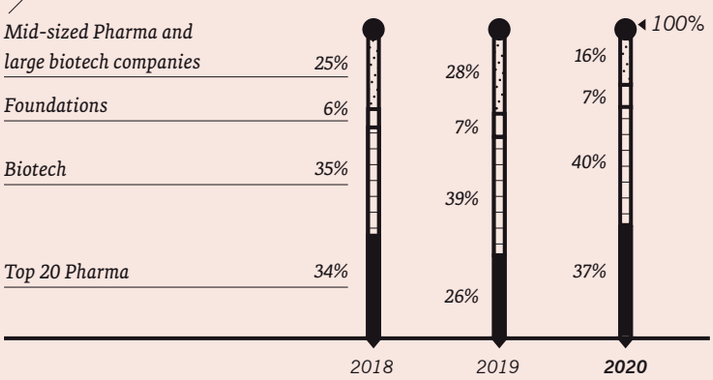
in T€

	2016	2017 [1)]	2018	2019	2020
Top 3 (in 2020: Sanofi, BMS, Merck)	83,298	94,016	112,686	134,282	**118,880**
Remaining Top 10	38,423	53,257	64,953	72,838	**88,281**
Total Top 10 revenues	**121,721**	**147,273**	**177,639**	**207,120**	**207,162**
Growth in %		*21%*	*21%*	*17%*	***0%***

[1)] 2017 restated for IFRS 15

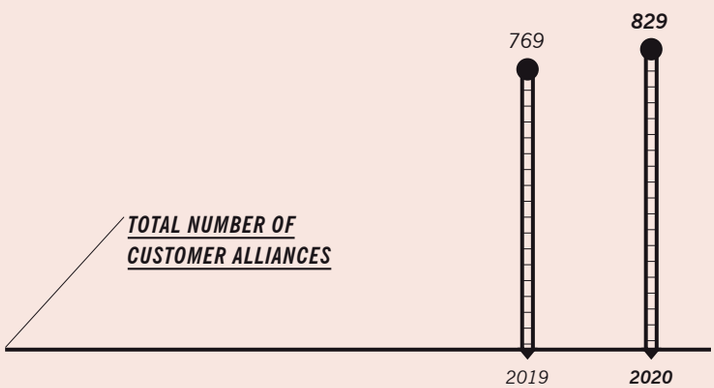
THIRD-PARTY REVENUES BY CUSTOMER TYPE 2018-2020*

in %



A number of customer alliances have been extended significantly in recent years, clearly indicating success and high customer satisfaction. The number of customer alliances which generate revenues for Evotec of more than € 1 m per year continued to rise and reached 86 in 2020 (2019: 79), confirming that a service offering based on a fully integrated research platform helps to drive up demand. The Company's largest customers by revenues, Bristol Myers Squibb, Merck and Sanofi, accounted for 24% of group revenues in 2020. Except for Bristol Myers Squibb, no single customer contributed more than 10% of total group revenues. In 2019, Bristol Myers Squibb, Merck and Sanofi were also the customers with the highest sales, together contributing 30% to Group sales. In the previous year too, Bristol Myers Squibb was the only customer to contribute more than 10% to total Group sales. Evotec's repeat business, as defined by the percentage of 2020 revenues coming from customers that the Company already had in 2019, came to 90%. The continued upward trend in the number of alliances as shown in the table below underscores Evotec's position as a provider of drug discovery and development solutions.

TOTAL NUMBER OF CUSTOMER ALLIANCES



** This section of the Management Report is not subject to audit.*

Progression of drug programmes and drug candidates in development partnerships

For a company that discovers and develops novel, innovative pharmaceutical drugs, the progression of proprietary drug programmes and candidates within drug discovery and development partnerships is another highly relevant performance indicator. The success of partnered ("co-owned") research, pre-clinical and clinical programmes progressed by Evotec's partners represents additional value creation potential for Evotec without any financial risk (apart from the risks inherent in the companies themselves in which Evotec holds an interest). Evotec participates in the progress and success of those programmes through potential milestone and license payments, without having to make their own investments or expenditures after handover to the partner.

DRUG CANDIDATES IN ADVANCED STATES OF DEVELOPMENT, **, ****

* To the Company's knowledge, no benchmark data is available

** Starting with pre-clinical development stage

Molecule	*Therapeutic Area/Indication*	*Partner*	*Discovery*	*Pre-clinical*	*Phase I*	*Phase II*	*Phase III*
Clinical							
EVT201	Insomnia (GABA-A)	JingXin					
ELIAPIXANT (BAY1817080)	Chronic cough (P2X3)	Bayer					
CT7001	Oncology (CDK7)	Carrick Therapeutics					
ELIAPIXANT (BAY1817080)	Overactive Bladder (P2X3)	Bayer					
EVT401	Immunology & Inflammation (P2X7)	CONBA Goup					
BAYxxx	Gynaecology	Bayer					
BAYxxx	Multiple indications	Bayer					
BAY2328065	Gynaecology	Bayer					
BI 894416	Asthma (not disclosed)	Boehringer Ingelheim					
BI 860585	Oncology (mTORC1/2)	Boehringer Ingelheim XYNOMIC Pharma					
TPM203	Pemphigus Vulgaris (not disclosed)	Topas Therapeutics					
DSP-1181	Obsessive-compulsive disorder (5-HT1A)	Exscientia					
CNTX 6016	Pain (CB2)	Boehringer Ingelheim					

*Progress 2020 of drug candidates in advanced stages of development****

- EVT201 – Start of Phase III in China by Jingxin
- Eliapixant – Two trials initiated by Bayer
  - > Phase IIb in persistent chronic cough
  - > Phase II in overactive bladder
- Progressing another programme within the endometriosis multi-target alliance with Bayer into clinical development Phase I
- EVT894 - Start of Phase I in Chikungunya in collaboration with the US National Institute of Health (NIH)
- Start of Phase I with DSP-1181 via Evotec's investment in Exscientia, co-developing with Sumitomo Dainippon Pharma
- Successful completion of the pre-clinical development of EVT801 and EXS21546

**** This section of the Management Report is not subject to audit.*

PIPELINE COMPARED TO THE PREVIOUS YEAR

Molecule	*Treatment area / indication*	*Partner*	*End of December 2019*	*End of December 2020*
EVT201	CNS – Insomnia (GABA-A)	JingXin	End of Phase II	Start of Phase III
ELIAPIXANT (BAY1817080)	Chronic cough (P2X3)	Bayer	Phase II	Phase IIb
ELIAPIXANT (BAY1817080)	Overactive bladder	Bayer	-	Phase II
ELIAPIXANT (BAY1817080)	Endometriosis	Bayer	Phase I	Phase II
CT7001	Oncological diseases (CDK7)	Carrick Therapeutics	Phase II	Phase II
EVT401	Immunological & imflammatory diseases (P2X7)	CONBA Group	Phase I	End of Phase I
BAY2328065	Gynaecological diseases	Bayer	Phase I	End of Phase I
BAYxxx	Gynaecological diseases	Bayer	Phase I	End of Phase I
BAYxxx	Several indications	Bayer	Phase I	End of Phase I
BI 860585	Oncological diseases (mTORC1/2)	Boehringer Ingelheim, XYNOMIC Pharmaceuticals	Phase I	Phase II
EVT894	Chikungunya (antibodies)	NIH, Sanofi	Pre-clinical	Phase I
BAYxxx	Endometriosis (not disclosed)	Bayer	Pre-clinical	Phase I
TPM203	Pemphigus Vulgaris (not disclosed)	Topas Therapeutics	-	Phase I
DSP-1181	Obsessive-compulsive disorder (5-HT1A)	Exscientia	-	Phase I
CNTX 6016	Pain (CB2)	Boehringer Ingelheim	-	Phase I
EVT801	Oncological diseases (VEGFR3)	Sanofi	Pre-clinical	Phase I
EXS21546	Oncological diseases	Exscientia	Pre-clinical	Phase I

— EARLY INDICATORS —

Several factors are used to evaluate, in a timely manner, whether the Company's goals can be fulfilled in the medium-to-long term. Early indicators used at Evotec include:

- *Current and expected developments in the market for drug discovery alliances and general trends in research and development:* developments and trends are monitored on an ongoing basis in order to identify potential major changes and triggering events that can have a significant impact on the Company's product portfolio or financial position.

- *The development of Evotec's intellectual property position:* in order to protect its intellectual property, Evotec reviews its patent portfolio on a regular basis (see more details in the "Intellectual Property" chapter on page 35 of this Management Report).

- *Business opportunities:* the monthly review of potential new business opportunities and the status of negotiations are early indicators for the revenue forecast of both EVT Execute and EVT Innovate.

- *Order book:* the order book includes all signed contracts as well as potential new business with high probability of success. It provides a high degree of visibility of revenues for the coming months and is updated on a monthly basis.

- *Monthly/quarterly results:* monthly and quarterly financial results as well as quarterly forecasts with comparison to budget and prior year are reported to and discussed within management to measure and monitor the Company's current performance but also to extrapolate the development of the business in future periods.

- *Expected achievement of milestones in drug discovery alliances and development partnerships based on project progress:* milestone achievements are major earnings and cash flow drivers for Evotec. Accordingly, the trend in milestone payments in discovery alliances and development partnerships is an indicator of success for Evotec's programmes and for the performance in its risk-shared alliances. All collaborations that may yield milestone payments are reviewed by management on a regular basis.

RESEARCH AND DEVELOPMENT

All of Evotec's activities are related to research and development (R&D). Firstly, the Company offers project-driven solutions and services based on a comprehensive pre-clinical discovery and development platform, as well as customised collaboration arrangements. Secondly, Evotec invests in its own – initially unpartnered – R&D projects and platforms aiming to bring the findings of such initiatives into co-owned R&D projects

— UNPARTNERED R&D —

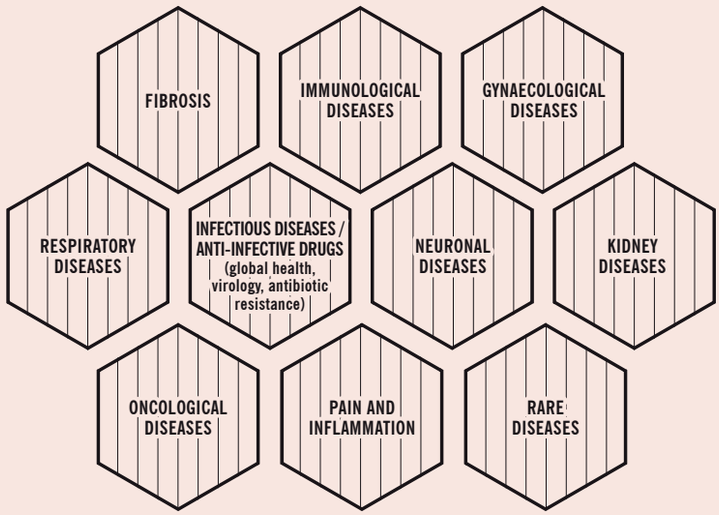
By investing in its own research and development, initially unpartnered, Evotec builds a long-term pipeline of first-in-class or best-in-class assets. Its unpartnered R&D projects are carefully selected through periodic portfolio analyses and focus on the development of drug candidates for indications with high unmet medical need. Preferably, these initiatives pursue drug product opportunities with disease-modifying potential, i.e. mechanisms that significantly slow progression of disease or, ideally, lead to full recovery. The aim is to first advance these projects internally and then to partner them at a suitable time to generate value. The Company's proprietary pre-clinical and clinical co-owned pipeline has thereby more than doubled from 49 projects in various stages in 2015 to 118 in 2020. Overall, Evotec initiated more than 200 R&D projects in this period and kept its innovation rate at a level that more than compensated for the attrition rates common in scientific research. Evotec continuously develops new technologies, platforms and projects, such as its industrial-scale iPSC technology, its data analysis platform PanHunter, as well as its machine-learning humanoid antibody library (HAL) platform. Thanks to these developments, Evotec continues to set up valuable partnerships, which offer significant financial value creation potential, participating in both the product development and subsequent commercial success of product candidates.

Evotec currently pursues unpartnered projects e.g. in central nervous system disorders, diabetes, immunological diseases, infectious diseases, inflammation, kidney diseases, metabolic diseases, oncological diseases, rare diseases and women's health. In 2020, a project for beta cell replacement therapy for the treatment of diabetes was added to the list, which Evotec had previously pursued with Sanofi as part of a collaboration agreement. After Sanofi withdrew from diabetes research, the worldwide development and commercialization rights reverted to Evotec. The project is currently being continued independently until it can be transferred to a new long-term solution, e.g. a new out-licensing to an industrial partner or via contribution in kind to an investor-financed spin-off.

— PARTNERED R&D —

Partnered ("co-owned") R&D projects or R&D programmes are defined as proprietary Evotec projects funded to a large extent or in full by a partner. Essentially, Evotec is investing in this area in its infectious disease activities, which were acquired in 2018 as part of the acquisition of Sanofi's anti-infective unit in Lyon, the costs of which will be assumed by Sanofi.

CORE DISEASE AREAS PARTNERED AND UNPARTNERED R&D



— INTELLECTUAL PROPERTY* —

Evotec actively manages a significant patent portfolio. Where appropriate, the Company seeks patent protection for its technologies, product candidates and other proprietary information.

Evotec reviews its patent portfolio regularly and decides whether to maintain or to withdraw its patent applications and patents. These decisions are based on the importance of such intellectual property for maintaining Evotec's competitive position and for delivering on its strategy. As of 31 December 2020, besides five patent families jointly filed with third parties, Evotec has more than 65 patent families under its full control. All of these are on file or pending through national and/or foreign applications, such as patent applications filed under the Patent Cooperation Treaty or applications filed with the United States Patent Office, the European Patent Office or the Japanese Patent Office.

Evotec owns a patent estate for detection and other platform technologies. Furthermore, Evotec has developed a number of patent-protected biological assays, e.g. methods to measure the chemical or biological activity of any combination of targets and compounds.

The Company monitors its EVT Innovate research activities in order to identify patentable drug candidate series with the potential for partnering. As a result of these activities, patent applications are continuously prepared and filed. In addition, intellectual property is also continuously licensed or acquired to secure "freedom to operate" or as a basis for future partnerships.

** This section of the Management Report is not subject to audit.*

EMPLOYEES

As of 31 December 2020, the Evotec Group had a total of 3,572 employees worldwide (2019: 3,030 employees), which corresponds to a total increase of 18% compared with the prior year's end. This was mainly due to continued strong organic growth, while inorganic growth accounted for only 48 new employees in 2020 (29 from founding Evotec GT in Orth an der Donau; 19 from the takeover of Biopark by Sanofi SAS in Toulouse). Overall, the number of employees grew by 542 (absolute number) in 2020 (2019: 413 employees).

Evotec hired many new employees across all sites and functions both in Europe and the USA to further increase its capacity on innovation and to provide continued best-in-class services to its partners and customers.

Further information can be found in the "Sustainability Report" of Evotec SE, which is published on the company's website.

Report on economic position

2020 FINANCIAL RESULTS COMPARED WITH FORECAST

—

ALL TARGETS MET – DESPITE COVID-19 PANDEMIC: STRONG REVENUE GROWTH AND INCREASED INVESTMENTS IN RESEARCH AND DEVELOPMENT

—

PERFORMANCE AGAINST FORECAST

in € m

	Forecast Annual Report 2019	*Forecast May 2020 (Q1)*	*Forecast August 2020 (Q2)*	*Forecast Nov. 2020 (Q3)*	*2019*	*Actual 2020*
Group revenues[1)]	€ 440 – 480 m	Confirmed	Confirmed	Confirmed	€ 446.4 m	**€ 500.9 m (+12%)**
Unpartnered R&D expenses	Approx. € 40 m	Confirmed	Approx. € 45 m	Approx. € 45 m	€ 37.5 m	**€ 46.4 m (+24%)**
Adjusted Group EBITDA[2)]	€ 100 – 120 m	Confirmed	Confirmed	Confirmed	€ 123.1 m	**€ 106.6 m (-13%)**

[1)] Revenues 2019 and 2020 including revenues from recharges (IFRS 15 material recharges)

[2)] Adjusted EBITDA before contingent considerations and excluding impairments on goodwill, other intangible and tangible assets as well as the total non-operating result (see section "Result of operations" for a reconciliation with operating result)

As shown in the table above, Evotec kept its financial outlook for 2020 largely unchanged throughout the year. Merely the projection for unpartnered R&D expenses was adjusted once in August 2020 based on the results for the first six months. It was raised from roughly € 40 m to about € 45 m, as Evotec deliberately gave long-term value creation in research and development priority over short-term earnings effects due to additional promising projects with innovative technology platforms and drug candidates.

Despite the difficult global market conditions related to the COVID-19 pandemic, Evotec clearly exceeded its revenue target

range of € 440 m to € 480 m. Group revenues (including IFRS 15 material recharges) rose by 12% year-on-year to € 500.9 m (2019: € 446.4 m), including revenues from recharges according to IFRS 15. The positive development was mainly due to the continued good performance of the base business in all areas, which was able to compensate for lower milestone payments and the expiration of the Toulouse agreement with Sanofi (€ (18.0) m vs. 2019). The first six months benefited from an additional revenue contribution by Just – Evotec Biologics of € 16.3 m. Since 1 July, Just – Evotec Biologics contributes to the Group's organic revenue development. Accordingly, the revenues of Just – Evotec Biologics have been consolidated from July 2019 for the first time.

Total R&D expenses rose to € 63.9 m in the reporting period (2019: € 58.4 m). Unpartnered R&D expenses accounted for € 46.4 m of the total (2019: € 37.5 m), which is in line with the adjusted guidance communicated at the half-year stage of roughly € 45 m. These expenses were mainly related to higher research spend for platform projects such as the PanOmics and the cell therapy platforms. Partnered R&D expenses of € 17.5 m (2019: € 20.9 m) were mainly related to the infectious diseases portfolio.

The adjusted group EBITDA came in at € 106.6 m and therefore also met the guidance for 2020, but fell as expected by 13% compared to the previous year (2019: € 123.1 m). The decline was mainly due to lower revenues from milestone payments year-over-year (as projects were delayed into 2021 due to COVID-19), an increase in unpartnered R&D expenses during the year, lower R&D tax credits in Italy, and the expected expiring of payments from Sanofi related to the Toulouse site since the second quarter of 2020. Exchange rate fluctuations also had a negative effect.

For the definition of EBITDA, please refer to page 31 of this Management Report.

MANAGEMENT BOARD'S GENERAL ASSESSMENT OF EVOTEC'S ECONOMIC SITUATION

Evotec continued its strong growth in the 2020 financial year and clearly exceeded its revenue targets – despite generally difficult conditions due to the COVID-19 pandemic, lower income from milestone payments and the expiry of payments from Sanofi for the Toulouse site since April 2020.

Except for the aforementioned, the COVID-19 pandemic has had limited effects on Evotec's operational business up until now. In 2020, all Evotec sites were operational without any interruptions. In the spring of 2020, the Company immediately introduced new health and safety rules, which were adjusted when the second wave of infections hit at the end of the year, to protect as best as possible Evotec employees and ensure the continuation of lab operations. Despite the difficult environment, which affected Evotec mainly between March and June 2020 and again from November, the financial implications are manageable so far.

Both business segments put in a strong performance again and contributed to the Group's revenue growth: The EVT Execute segment continued its profitable growth with a revenue increase of 16% to € 489.1 m. The EVT Innovate segment also showed strong growth. Revenues rose by 12% to € 105.7 m, mainly due to higher project revenues from Evotec ID Lyon and the expansion of existing and new collaborations.

The adjusted group EBITDA, however, declined by 13% to € 106.6 m compared with the prior-year period. As a result, the adjusted EBITDA margin reached 21.3%. At the segment level, the adjusted EBITDA for EVT Execute shows a slight increase of 6% to € 129.3 m in 2020 with an EBITDA margin of 26.4%. This is only slightly lower than in 2019, although no payments were received from Sanofi since the second quarter, and Just – Evotec Biologics is still expanding its capacities, which currently continues to dilute the margin. The adjusted EBITDA for the EVT Innovate segment decreased significantly to € (22.7) m in 2020, mainly due to a deliberate increase in R&D expenses and much lower milestone payments compared with the very successful previous years, as projects were delayed into 2021.

Evotec's year-end liquidity rose by a strong 51% to € 481.9 m in 2020, mainly thanks to the successful completion of the capital increase with Mubadala Investment Company and Novo Holdings in October 2020 of € 250 m. This strong liquidity position allows the Company to implement its growth strategy even faster, not only by organic growth but potentially also by acquisitions. It also allows further investments in R&D projects in the EVT Innovate segment to generate significant long-term value creation potential, and selected investments in company formations and equity. Based on a solid capex ratio, it allows Evotec to maintain and upgrade its state-of-the-art equipment, platforms and facilities and to expand needed capabilities.

With the capital increase of € 250 m, net debt leverage turned into a net cash position of 1.5 x adjusted EBITDA. Including IFRS 16, Evotec recorded net debt leverage of 0.1 x adjusted EBITDA. The equity ratio improved from 40.4% in the previous year to 49.5% in 2020.

MACROECONOMIC CONDITIONS AND BUSINESS ENVIRONMENT

— GLOBAL ECONOMIC DEVELOPMENT —

In 2020, the world economy was clearly dominated by the global COVID-19 pandemic. It plunged the world into the deepest recession since World War II. The World Bank said in its January 2021 report that the global economy contracted by a massive 4.3% in 2020. But the recession was less severe than the global economic slowdown of 5.2% forecast for 2020 in June. For the current year 2021, the World Bank believes that a significant economic recovery is possible and projects global economic growth of 4%. However, this is assuming a successful global COVID-19 vaccine roll-out in the course of the year. The IMF expects global economic growth of 5.5%. Due to low visibility over the further development of the coronavirus crisis, it is not possible at this point to make high-quality quality projections.

In the advanced economies, resurging COVID-19 infections choked a nascent recovery in the third quarter of 2020. As a result, the recovery is likely to be slower in 2021. According to a survey by Statista, GDP growth in the USA is likely to reach 3.5% in 2021 after an expected decline of 3.6% in 2020. In the emerging and developing countries including China, total GDP growth is expected to reach 5% in 2021 after a decline of 2.6% in 2020.

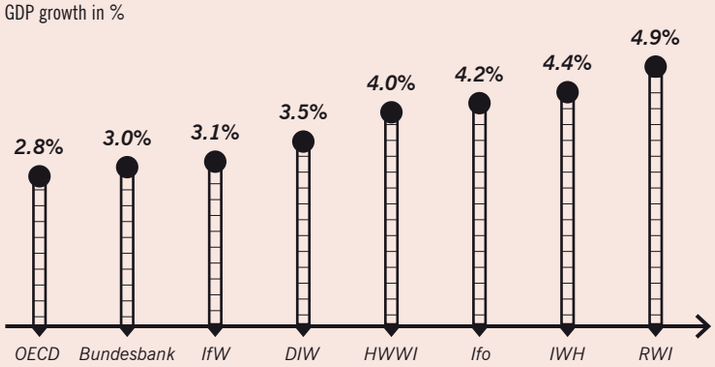
Amid the second wave of the pandemic, the European Central Bank substantially reduced its economic outlook for the eurozone in December 2020. For next year, the ECB projects GDP growth of only 3.9%, compared with 5.0% forecast in September 2020.

In Germany, too, the coronavirus pandemic left its mark on nearly all sectors of the economy in 2020. According to the Federal Statistical Office, German GDP fell by 5.0% in 2020. The effects of the coronavirus pandemic showed not only in production and services, but also on the demand side. Unlike in the global economic and financial crisis of 2008/2009, when the economy was supported by consumption, private consumer spending saw its strongest-ever decline in 2020 of 6.0% year-on-year in price-adjusted terms.

Forecasts for German GDP growth in 2021 span a very wide range from 2.8% (OECD) to 4.9% (Leibniz Institute for Economic Research, RWI) due to the uncertainties related to the COVID-19 pandemic. The IMF lowered its projection from 4.2% in early October 2020 to 3.5%. German economic growth in 2021 is hard to predict due to numerous uncertainties, including the duration of lockdowns, potential future lockdowns, the vaccine quantities pharmaceutical and biotechnology firms can supply, the potential approval of additional vaccines, and people's willingness to be inoculated.

GERMAN ECONOMIC OUTLOOK FOR 2021

GDP growth in %



Source: Institutes

DEVELOPMENTS IN THE PHARMACEUTICAL AND BIOTECHNOLOGY MARKETS

Overall, the global pharmaceutical and biotechnology markets are trending upwards. Global Markets Insights puts the biotechnology market at $ 775 bn by 2025, with an annual growth rate (CAGR) of 9.9%, compared with a market size of $ 399 bn in 2017.

Selected biotechnology players among the winners of the coronavirus crisis

The coronavirus pandemic further stimulated the boom in the pharmaceutical and biotechnology sectors, which moved into the focus of the wider public as they rapidly provided global resources for the development of applicable COVID-19 drugs and vaccines.

Biotechnology is one of the industries with particularly high demand in the COVID-19 pandemic. In particular, biotechnology companies are making an essential contribution to overcoming the crisis in the areas of vaccine research and development, in the development and production of virus-neutralizing antibodies against the COVID-19 virus, and in drug development.

Evotec participates in a number of activities to combat COVID-19:

- NIH-led initiative Accelerating COVID-19 Therapeutic Interventions and Vaccines ("ACTIV")
- Together with leading pharmaceutical companies, Evotec is involved in "COVID R&D", the global crowdsourcing initiative for the acceleration of the development of therapeutics and vaccines against COVID-19. As part of this initiative, Evotec has taken the lead in the "pre-clinical repurposing" task force to develop pre-clinical approaches from the consortium or from external sources into drug candidates
- Proof of concept for a COVID-19 research project for the novel delivery system of N4 Pharma for cancer treatment and vaccines
- Partnership with Ology for antibody screening and the analytical characterisation of antibodies against SARS-CoV-2

In July 2020, Evotec's wholly-owned subsidiary Just – Evotec Biologics, which is based in Seattle/USA, received an order for the development and manufacture of monoclonal antibodies (mAbs) for the treatment and prevention of COVID-19 from the US Department of Defense worth up to $ 18.2 m. The objective of the programme is the fast and efficient provision of monoclonal antibodies to the Department of Defense.

In addition, in October 2020 Evotec was told that the Bill & Melinda Gates Foundation committed to support the COVID-19 Therapeutic Accelerator Initiative for the development and manufacture of monoclonal antibodies for the prevention of severe cases in vulnerable populations in low and middle-income countries.

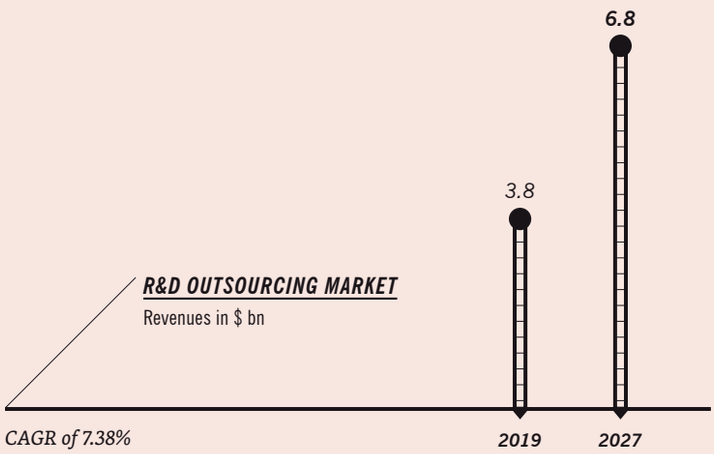
Outsourced manufacturing is growing

In the pharmaceutical and biotechnology sectors, companies continuously adjust their business strategies to meet new challenges. They are increasingly investing in new trends in healthcare, including cell therapy, gene therapy, personalised medicine, and drugs for rare diseases (so-called orphan drugs). This has triggered extensive restructuring and consolidation processes in the industry: The pharmaceutical sector relies increasingly on new structures of collaboration for capital-efficient, fast and innovative drug discovery to gain access to innovations and accelerate the discovery and development of new drugs. Drug discovery and early development outsourcing has been the trend for years, and the demand for innovative drug candidates continues unabated, from development and approval through to commercialisation. Aside from all of the major pharmaceutical groups, many newly founded US and European biotechnology companies are also among Evotec's customers and partners today. These companies increasingly tend to operate virtually rather than with their own operating infrastructures and often outsource operational activities such as production to service providers like Evotec.

The bottom line is that the industry collectively needs to improve research and development productivity. Improving research and development productivity imposes the need to increase the probability of success of each individual project at lower unit cost through the use of highest-quality platforms and industry-leading expertise.

Evotec provides the entire drug discovery and development platform as well as the corresponding production capacities needed to realise projects and thereby helps companies to advance their product development efficiently and successfully.

In 2019, the core market for outsourced drug discovery was worth $ 3.8 bn, and this market volume is expected to grow to $ 6.8 bn by 2027.



Evotec believes that these market dynamics will continue to provide positive impetus to strategic, integrated and long-term collaborations for the advancement of innovations and the accelerated development of novel drug candidates with first-in-class and/or best-in-class potential.

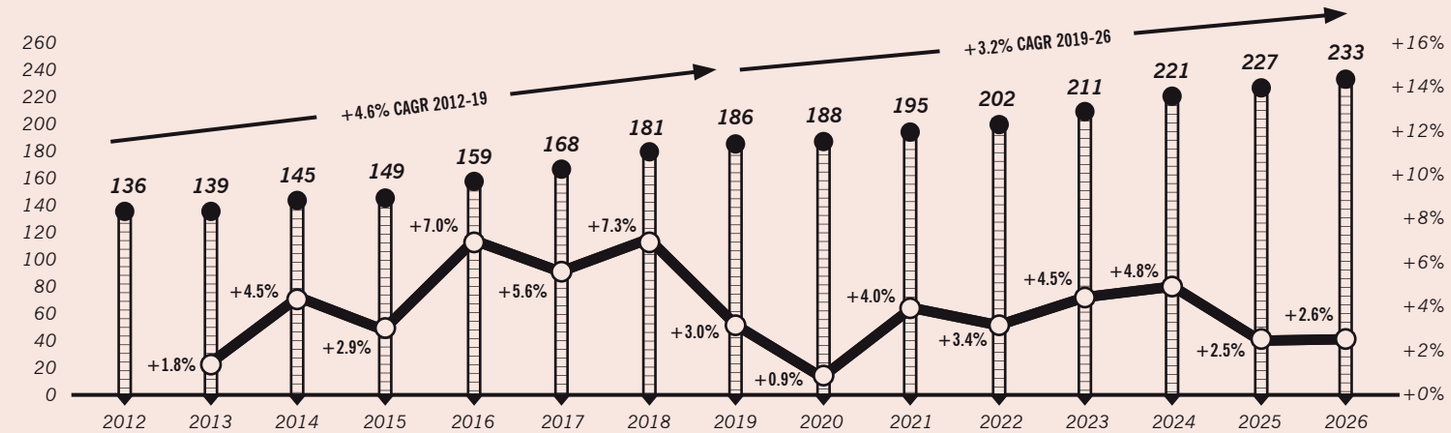
OPERATIONAL AND BUSINESS ENVIRONMENT

Pharmaceutical industry: R&D expenses trending higher, revenues stagnating

For more than ten years, the global pharmaceutical industry has been struggling with declining efficiency in introducing new products. While expenses for research and development have risen significantly over the years, products already on the market are generating lower revenues than in earlier decades: Between 2012 and 2020, expenses for research and development (R&D) in the biotechnology and pharmaceutical industries rose by almost 40% from $ 136 bn to $ 188 bn. According to a survey by BDO, an increase of 22% was recorded between 2018 and 2019 alone, while revenues grew by only 2%. The report EvaluatePharma World Preview 2020 projects annual growth in R&D expenses of 3%, which corresponds to roughly $ 233 bn in 2026. The decrease in R&D expenses relative to revenues from prescription drugs from 21.3% in 2019 to 16.7% in 2026 suggests that the biopharma industry in the coming years hopes to reap the rewards of R&D investments made now. Looking ahead, these data support the industry trend toward specialised treatments with smaller patient populations. At the same time, the biotechnology industry will invest heavily in options to improve R&D efficiency. This is the starting point for Evotec's business model.

GLOBAL R&D EXPENSES OF PHARMA AND BIOTECH COMPANIES (2012-2026)

in $ bn

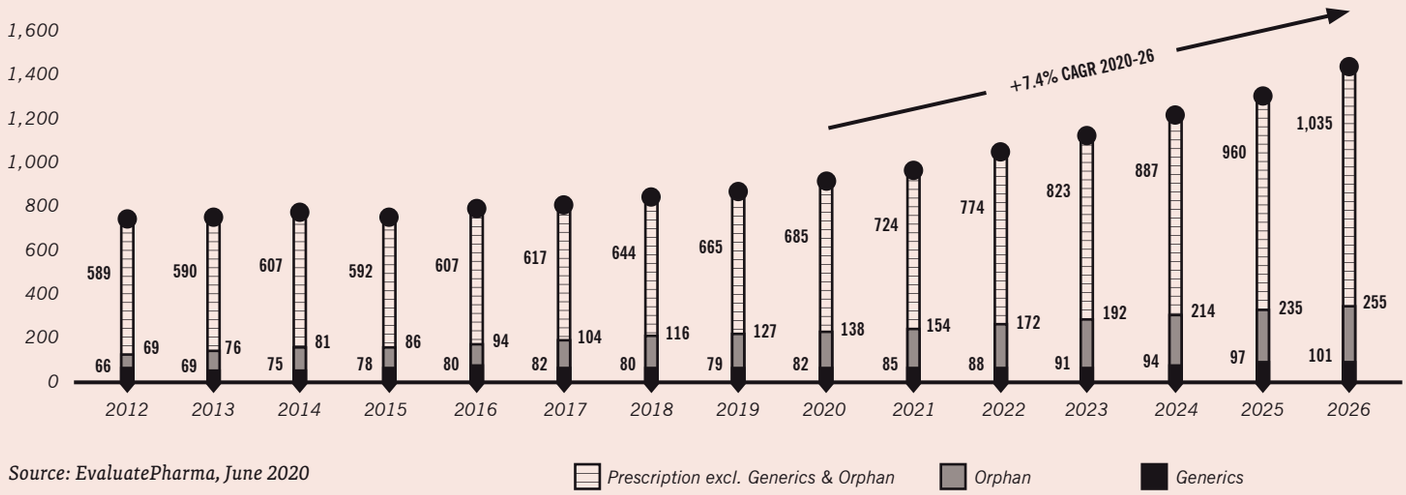


Source: EvaluatePharma, June 2020

Revenues with prescription drugs came to $ 905 bn in 2020. According to EvaluatePharma, the number will reach almost $ 1,400 bn by 2026.

TOTAL GLOBAL REVENUES FROM PRESCRIPTION DRUGS (2012-2026)

in $ bn



Source: EvaluatePharma, June 2020

The markets of strategic research focus areas and Evotec's competitive position

Evotec has ongoing alliances and partnerships in many disease areas including fibrosis, immunological and inflammatory diseases, infectious diseases, metabolic diseases, respiratory diseases, gynaecological diseases and complications such as chronic kidney diseases and retinal diseases, neurological diseases and oncological diseases. These disease areas represent markets with huge unmet medical needs and significant revenue and value opportunities. The table below shows the expected market volumes for Evotec's therapeutics R&D activities.

MARKET POTENTIAL FOR INDIVIDUAL INDICATIONS*

*Based on external market data, e.g. Grand Review Research, Fortune Business Insights

Indication	*Current market size*	*Market potential*
Diabetes	**2018: $ 48.8 bn**	2026: $ 78.3 bn
Immunological diseases	**2018: $ 77.4 bn**	2026: $ 143.8 bn
Infectious diseases	**2019: $ 105.1 bn**	2025: $ 154.2 bn
Inflammatory diseases	**2019: $ 93.9 bn**	2027: $ 191.4 bn
Kidney diseases	**2019: $ 81.1 bn**	2027: $ 133.4 bn
Liver diseases	**2019: $ 14.3 bn**	2025: $ 27.6 bn
Metabolic diseases	**2020: $ 61.1 bn**	2025: $ 88.9 bn
Neuronal diseases	**2018: $ 35.5 bn**	2026: $ 62.7 bn
Oncological diseases	**2017: $ 97.4 bn**	2025: $ 176.5 bn
Pain	**2019: $ 71.4 bn**	2027: $ 91.6 bn
Rare diseases	**2019: $ 151.0 bn**	2027: $ 340.8 bn
Respiratory diseases	**2020: $ 90.3 bn**	2025: $ 98.8 bn
Gynaecological diseases (endometriosis)	**2018: $ 1.9 bn**	2026: $ 2.4 bn

Further information on Evotec's activities in individual indication areas can be found on the company's website under https://www.evotec.com/en/execute and https://www.evotec.com/en/innovate.

CURRENT TRENDS IN THE PHARMACEUTICAL AND BIOTECHNOLOGY SECTORS

The biotechnology sector is approaching a turning point. Cell and gene therapies hold the promise of cures for rare diseases that have been considered incurable up to now. Artificial intelligence (AI) and machine-learning approaches raise the prospects of more innovative drug discovery and development which is also more efficient in terms of cost and time. Data-driven approaches have the potential to add value in overall production, supply chain and the entire healthcare ecosystem. In addition, the use of big data in clinical research and development is becoming ever more important. The analysis of massive amounts of data and the sharing thereof facilitates the safe and efficient development of drugs and substances. According to the Good Pharma Scorecard 2019, Big Pharma is increasingly sharing data from clinical research. The biennial survey, last released in June 2019, shows that 95% of the results of studies in patients are publicly available within six months after approval by the US Food & Drug Administration (FDA).

These trends in the pharmaceutical and biotechnology sectors also affect parts of Evotec's business model. In addition, the Company must monitor future trends in order to achieve its targets.

One of the most important developments is the continued and accelerating trend toward individualised or personalised medicine. The overall objective is to make individual, bespoke medicines available to patients by understanding biomarkers and using targeted therapies. These state-of-the-art treatments include cell therapies (iPS cells), gene therapies, immune therapies and predictive diagnostics based on known biomarkers.

Various significant aspects of innovation affect the development of more personalised medicines through partnerships and collaborations. These approaches could pave the way to more efficient drug discovery and development:

- Molecular patient databases
- Artificial intelligence, machine learning, deep-learning techniques
- Patient-based disease models (e.g. iPSC)
- Technology platforms such as CRISPR and RNS (ribonucleic acid) therapeutics and mRNA technologies
- More extensive human testing to determine appropriate treatments for patients
- Collection of large volumes of data and pieces of data, e.g. from clinical trials

In 2020, the US Food & Drug Administration (FDA) approved 53 new drugs (2019: 48 drugs). Of these, 12 were given accelerated approval, and 31 drugs (58%) were categorised as orphan drugs, i.e. drugs for rare diseases. Orphan drugs are showcase drugs in the personalised medicine revolution. These drugs are often used in combinations in the combat against some of the targets and diseases that are most difficult to treat.

In 2020, the market for gene therapy was worth $ 2.3 bn. By 2028, according to Grand View Research this value will rise to $ 10.0 bn. The biologics market had a volume of $ 283 bn in 2019, and it is expected to grow to $ 692 bn by 2027 (Source: Grand View Research). The global small molecules market is expected to generate revenues of $ 280 bn by 2027 (Source: Market Research Future).

The pharmaceutical sector continues to look for capital-efficient ways to accelerate the discovery and development of new therapeutics such as personalised medicines. The resulting considerable expenses for development and production cannot be covered by the biotech firms alone. Instead, the pharma companies focus on entering new partnerships and collaborations in drug discovery in order to make innovative, personalised therapies available to patients. Research partners such as Evotec can benefit from this trend.

In 2020, Evotec invested heavily in the expansion of its "Data-driven R&D Autobahn to Cures". The areas in focus – small molecules, biologics & antibodies and cell therapies – were expanded to include two pioneering modalities: gene therapy and antisense therapy. In biologics, the construction of the first J.POD®, the "production facility of the future", is moving ahead according to plan. The facility is expected to be put into operation in Seattle, Washington, USA in the second half of 2021. In addition, thanks to its AI and machine learning platforms, Evotec can process massive amounts of data. Against this backdrop, Evotec is ready to face every challenge in every area.

MAJOR BUSINESS EVENTS IN 2020

As part of its long-term strategy, the Action Plan 2022, Evotec saw a number of major business events in 2020.

Successful capital increase: New long-term strategic investor Mubadala Investment Company and Novo Holdings invest € 250 m
On 12 October 2020, Evotec successfully raised capital by way of a private placement. A total of 11,478,315 new shares were issued to Mubadala Investment Company and Novo Holdings A/S, with total proceeds of € 250 m. Mubadala Investment Company invested € 200 m and now has a shareholding of about 5.6% in Evotec. The existing investor since the beginning of 2017, Novo Holdings A/S, invested an additional € 50 m and increased its stake in Evotec to about 11.0%. Due to the capital increase and the exercise of stock options, the subscribed capital of Evotec amounted to € 163,914,741, or 163,914,741 bearer shares, at the end of December 2020.

Project in iPSC-based beta cell therapy reverts to Evotec
As Sanofi decided to discontinue its development activities in diabetes, the worldwide development and commercialization rights for the iPSC-based diabetes cell therapy programme automatically returned to Evotec in April 2020. Evotec intends to continue the programme and identify possible financing and collaboration partners to rapidly advance this project up to the clinical development phase.

Pioneering modalities adopted: gene therapy and antisense therapy
Evotec wants to offer its partners full multimodality in drug discovery and development in the long term. For this reason, the Company added two new modalities to its portfolio in 2020: gene therapy and antisense therapy. In early April, the Company launched Evotec GT, an initiative for R&D projects in gene therapy, at its new site in Orth an der Donau, Austria. Within its first month of operation, Evotec GT already entered into its first long-term research alliance. The Company partnered with Takeda to support selected Takeda projects in gene therapy targeting core areas such as oncology, rare diseases, neuroscience and gastroenterology.

In addition, Evotec added the area of antisense therapy to its portfolio in June 2020 and signed a strategic partnership agreement with Secarna Pharmaceuticals. The partners have already launched their first project and intend to build a pipeline of partnered projects in the area of antisense oligonucleotide therapies.

Significant milestone achievements despite COVID-19-related delays
Due to the COVID-19 pandemic, Evotec experienced delays in milestone payments mainly in the first six months of 2020. At the end of September, the Company received a milestone payment of $ 6.0 m from Bristol Myers Squibb for achievements in its iPSC-based alliance for the fight against neurodegenerative diseases. Shortly before the end of the reporting period, this collaboration produced another milestone payment of $ 6.0 m. In each of the two cases, the payments were made because Bristol Myers Squibb decided to add another drug discovery project to the portfolio. In addition, the Company received several smaller milestone payments totalling € 2.5 m in the third quarter from partnerships in the EVT Execute and EVT Innovate segments. Furthermore, the proteomics partnership with Bristol Myers Squibb launched in 2018 generated milestone payments in an undisclosed amount as well as ongoing research payments in December 2020. The first two projects have now advanced to the stage of lead optimisation after completing an extensive validation process on Evotec's platforms.

Just – Evotec Biologics: Major contracts won, construction of the first J.POD® according to plan
Evotec's wholly-owned subsidiary Just – Evotec Biologics chalked up the first marketing successes in 2020 with the J.POD® and won its first orders: In August, the US Department of Defense awarded Just – Evotec Biologics an order worth up to $ 18.2 m for the development of a highly efficient manufacturing process for monoclonal antibodies against COVID-19. In October, Just – Evotec Biologics received an undisclosed amount of funding

from the Bill & Melinda Gates Foundation (Seattle, WA) as part of the COVID-19 Therapeutics Accelerator initiative. The objective is to support the development and manufacture of monoclonal antibody (mAb) candidates for the prevention of severe COVID-19 cases in vulnerable populations in low and middle-income countries.

Evotec made good progress with the construction of the first J.POD® facility in 2020. In January 2020, Evotec announced that Just – Evotec Biologics entered into a multi-year collaboration with MSD, a Merck & Co., Inc. brand, for the development of innovative production technologies for high-quality biologics – the production facility of the future. The Company also concluded agreements with ABL and Ology, among others. The J.POD® is expected to be put into operation in the second half of 2021.

Long-term value creation from equity investment strategy
In 2020, Evotec continued to develop its strategy to generate upside potential with equity investments. Below are a few examples:

In the first quarter of 2020, the Company made a strategic investment in the Munich-based leon-nanodrugs in the field of formulations nanotechnology as lead investor in the successful Series B financing round. In parallel, Evotec signed a strategic partnership agreement with leon-nanodrugs. Under the agreement, the Company will partner with leon-nanodrugs in selected development programmes and maximise the efficiency of clinical and commercial drugs through nanotechnology.

QUANTRO Therapeutics identifies and develops novel drugs for the modulation of disease-associated gene regulation programmes in cancer and other diseases. Together with Boehringer Ingelheim Venture Fund GmbH, Evotec participated in QUANTRO Therapeutics' € 1.0 m seed financing round.

In May, Evotec participated in the successful $ 60 m Series C financing round of Exscientia, together with the existing investors Bristol Myers Squibb and GT Healthcare Capital, and the new investor, Novo Holdings.

In October 2020, Topas Therapeutics, a biotech company focused on autoimmune diseases, which was spun out from Evotec in 2016, announced the successful closing of a Series B financing round totalling more than € 22 m, in which also Evotec, as one of the existing investors and major shareholder, participated with a total of € 3.1 m, of which € 1.6 m were paid in fiscal year 2020.

CEO Dr Werner Lanthaler extends contract by another five years, new Supervisory Board member elected
In November 2020, Evotec extended CEO Dr Werner Lanthaler's contract. With effect from 5 March 2021, his contract was extended for another five years until 5 March 2026. Werner Lanthaler took the helm of Evotec in 2009.

At the virtual Annual General Meeting in 2020, Evotec's shareholders elected a new member to the Supervisory Board, initially for three years: Kasim Kutay, CEO of Novo Holdings A/S, succeeds Dr Michael Shalmi, who had retired from his position on the Supervisory Board.

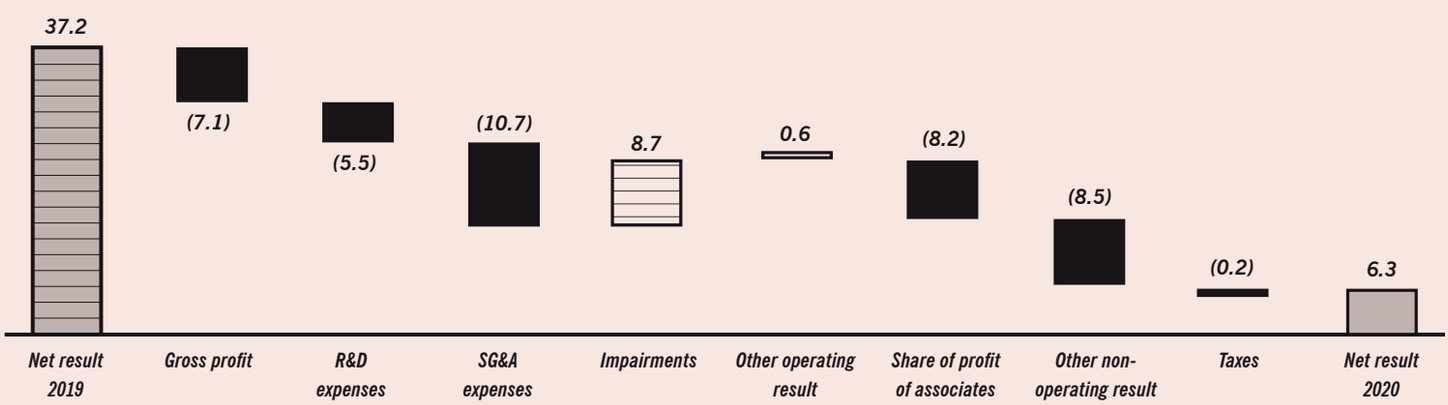
Site expansion
On 1 July 2020, Evotec acquired the Biopark by Sanofi SAS in Toulouse from Sanofi, including all land and buildings of the former Sanofi site and took over all employees. The takeover allows Evotec to significantly expand the existing capacities, and it secures continued long-term growth for the activities of the Toulouse site. The Biopark has since been operating under the new name Campus Curie Toulouse.

In addition, the Company continued to expand its infrastructures at its sites in Abingdon (UK) and Göttingen (DE) to support future growth.

RESULTS OF OPERATIONS

Just – Evotec Biologics (formerly Just.Bio) was acquired with effect from 2 July 2019. The operating business of Evotec GT commenced on 1 April 2020. In addition, the acquisition of the assets (mainly land and buildings) and the takeover of employees of the Biopark by Sanofi SAS in Toulouse became legally effective on 1 July 2020. All three entities were fully consolidated in the consolidated financial statements from the dates specified above.

NET RESULT – CHANGES 2020 VS. 2019
in € m

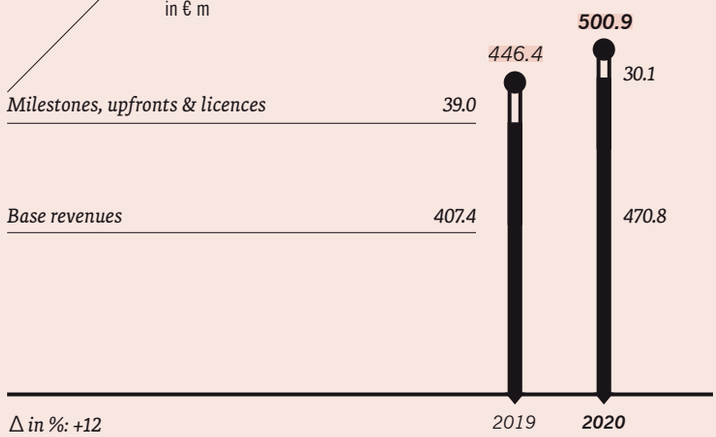


CONDENSED INCOME STATEMENT
in T€

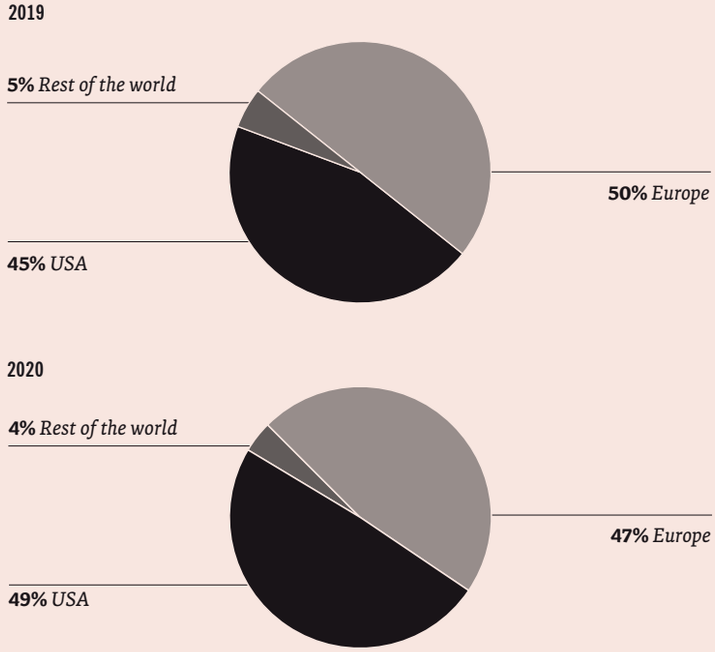
	2019	2020	Variance
Revenues from contracts with customers[1)]	446,437	**500,924**	54,487
Cost of revenue	(313,546)	**(375,181)**	(61,635)
Gross profit	132,891	**125,743**	(7,148)
Gross margin %	*29.8%*	***25.1%***	*-4.7 %-p.*
— R&D expenses	(58,432)	**(63,945)**	(5,513)
— SG&A expenses	(66,546)	**(77,238)**	(10,692)
— Impairment result (net)	(11,919)	**(3,244)**	8,675
— Other operating income (expenses), net	66,600	**67,207**	607
Operating result	62,594	**48,523**	(14,071)
Net income	**37,228**	**6,252**	**(30,976)**
Adjusted Group EBITDA[2)]	***123,143***	***106,621***	***(16,522)***

[1)] Including sales from material recharges in accordance with IFRS 15
[2)] Adjusted for changes in contingent considerations

REVENUES FROM CONTRACTS WITH CUSTOMERS
in € m



REVENUES FROM CONTRACTS WITH CUSTOMERS BY REGION



— REVENUES FROM CONTRACTS WITH CUSTOMERS —

Strong revenue growth

Despite the difficulties arising from the global COVID-19 pandemic, which led to delays in milestone payments, and the absence of payments from Sanofi for the Toulouse site since April 2020 (loss of € 18.0 m), the Evotec Group recorded strong revenue growth in 2020: Revenues from contracts with customers rose significantly by 12% year-on-year to € 500.9 m (€ 479.1 m excluding material costs of € 21.8 m). In the previous year, revenues from contracts with customers came to € 446.4 m (€ 431.9 m excluding material costs passed on to customers). The increase is mainly due to the good performance of the base business and the revenue contribution from Just – Evotec Biologics (including J.POD®) of € 39.3 m (2019: € 16.1 m, as the company was acquired in July 2019). Evotec's newly founded subsidiary Evotec GT contributed € 4.4 m to the Group's revenues in 2020.

At € 30.1 m, revenues from upfront, milestone and license payments and were significantly lower than in the previous year (2019: € 39.0 m), as the global COVID-19 pandemic caused delays in milestone achievements, among other things. As a general rule, revenues from milestone achievements can vary significantly from quarter to quarter and from year to year and cannot be controlled by Evotec.

In addition, exchange rate fluctuations had a negative impact on group revenues of € 6.8 m in 2020. With stable exchange rates vs. 2019, revenues in 2020 would have reached € 507.7 m.

As of December 31, 2020, Evotec's order backlog included € 446.5 m in expected revenues from contracts already closed.

— COSTS OF REVENUE/GROSS MARGIN —

Stable gross margin despite higher costs of revenue

Costs associated with Group revenues include the cost of personnel directly associated with revenue-generating projects, facilities and overhead used to support those projects as well as materials consumed in the provision of the product or service. In addition, amortisation of intangible assets of € 13.4 m (2019: € 12.3 m) resulting from purchase price allocations (PPA) is also recognised under costs of revenue.

The costs of revenue rose by 20% to € 375.2 m (2019: € 313.5 m), which resulted in a gross profit of € 125.7 m (2019: € 132.9 m). As a result, the gross

margin came to 25.1% in 2020 (2019: 29.8%). The difference relative to the previous year is due to revenues from milestone achievements, which were € 13.4 m higher in 2019, and Sanofi paying for the Toulouse site throughout the year, which helped the gross margin.

— RESEARCH AND DEVELOPMENT EXPENSES —

Higher investments in unpartnered research and development in line with the Company's strategy

A rising number of own R&D projects inevitably increases R&D expenses. With its EVT Innovate segment, Evotec continues to invest in the set-up, maintenance and expansion of its proprietary drug discovery platforms and the development of early-stage research products in key therapeutic areas.

As expected, expenses for research and development rose by a strong 9% to € 63.9 m in 2020 (2019: € 58.4 m). The increase is mainly due to higher expenses for proprietary EVT Innovate projects, platform R&D, and indirect expenses. Under the term of platform technology as a therapeutic area, Evotec has several projects, including QRBeta, PanHunter, Panomics and AutobahnLabs. All of them have in common the underlying analysis interfaces and the close connection to bioninformatics solutions. The indirect expenses are Group allocations (overheads) that are not specifically allocated to the sub-therapy areas. The Company's own projects in the EVT Innovate segment accounted for 80% (2019: 86%) of total R&D expenses. Indirect expenses represented 15% (2019: 11%) of the total.

Since 2019, Evotec reports unpartnered and partnered R&D expenses separately. Partnered or funded projects are mainly run at the ID Lyon site, which was acquired in 2018.

Unpartnered R&D expenses

Unpartnered R&D expenses rose to € 46.4 m in 2020 (2019: € 37.5 m) and mainly related to higher research spend for platform projects such as the PanOmics platform and the new cell therapy platform.

Partnered R&D expenses

R&D expenses for partnered projects (projects funded by partners) declined to € 17.5 m (2019: € 20.9 m) and mainly related to the infectious diseases portfolio of the ID Lyon site. Partnered R&D was reported under R&D expenses, while the costs fully reimbursed by the partner Sanofi were recognised under other operating income, leaving operating result and adjusted Group EBITDA unaffected.

R&D EXPENSES BY CATEGORIES

in T€

	2019	***2020***	*Variance*
Proprietary Innovate projects	(50,035)	**(50,974)**	(939)
Platform R&D	(1,994)	**(3,636)**	(1,642)
Overhead expenses	(6,403)	**(9,335)**	(2,932)
Total	**(58,432)**	**(63,945)**	**(5,513)**
thereof:			
Partnered (funded) R&D	*(20,955)*	***(17,504)***	*3,451*
Unpartnered R&D	*(37,477)*	***(46,441)***	*(8,964)*

— SELLING, GENERAL AND ADMINISTRATIVE EXPENSES —

Impact of overall Company growth

In 2020, the Group's selling, general and administrative (SG&A) expenses rose by 16% to € 77.2 m (2019: € 66.5 m). The increase resulted mainly from higher personnel costs arising from the continued expansion in all areas, as well as from start-up costs for the planned launch of the J.POD® in Seattle in the current year. Furthermore, the increased IT costs and licenses associated with the increase in personnel, specific higher license costs in connection with a new IFS contract, as well as the payment of a one-time fine of € 0.4 m imposed by Germany's Federal Financial Supervisory Authority (BaFin) also had an impact.

Just – Evotec Biologics, Evotec GT and Biopark by Sanofi SAS contributed € 6.0 m to the Group's growing selling, general and administrative costs. They joined the Group in July 2019 (JEB), April 2020 (GT) and July 2020 (BBS), and therefore did not incur any costs before.

— OTHER OPERATING INCOME AND EXPENSES —

The balance of operating income and expenses resulted in income of € 67.2 m in 2020 (2019: € 66.6 m). The other operating income was mainly composed of costs of € 39.8 m (2019: € 40.0 m) passed on to Sanofi for ID Lyon, and R&D tax credits of € 25.3 m (2019: € 28.0 m).

— OPERATING RESULT —

Evotec recorded an operating result for 2020 of € 48.5 m (2019: € 62.6 m), mainly as a result of lower gross profit, higher R&D expenses and the loss of R&D tax credits in Italy due to changes in legislation. Further earnings drivers are presented below in the explanation of adjusted EBITDA.

Multiple-year overview of results of operations

In 2020, the R&D spend in relation to revenues (R&D cost ratio) remained stable vs. 2019 at 12.8% (2019: 13.1%). The SG&A cost ratio also remained unchanged at roughly 15%. Due to one-off effects from impairments, the operating margin is volatile. The adjusted EBITDA margin declined within expectations and reached 21.3% in 2020 (2019: 27.6%).

MULTIPLE-YEAR OVERVIEW OF RESULTS OF OPERATIONS

in T€

	2016	2017[1)]	2018	2019	2020
Revenues from contracts with customers	**164,507**	**263,765**	**375,405**	**446,437**	**500,924**
Costs of revenue	(105,953)	(181,965)	(263,389)	(313,546)	**(375,181)**
Gross profit	**58,554**	**81,800**	**112,016**	**132,891**	**125,743**
Research and development expenses	(18,108)	(17,614)	(35,619)	(58,432)	**(63,945)**
Selling, general and administrative expenses	(27,013)	(42,383)	(57,012)	(66,546)	**(77,238)**
Impairment of goodwill (net)	(3,989)	-	-	(1,647)	**-**
Impairment of intangible assets (net)	(1,417)	(1,180)	(4,364)	(10,272)	**(3,244)**
Income from bargain purchase	-	-	15,400	-	**-**
Other operating income and (expenses), net	23,315	16,104	47,042	66,600	**67,207**
Operating result	**31,342**	**36,727**	**77,463**	**62,594**	**48,523**
Non-operating income and (expense), net	1,608	(11,162)	(5,464)	(6,032)	**(22,716)**
Profit (loss) before taxes	**32,950**	**25,565**	**71,999**	**56,562**	**25,807**
Tax income (expense)	(6,111)	(2,347)	12,057	(19,334)	**(19,555)**
Net result	**26,839**	**23,218**	**84,056**	**37,228**	**6,252**

P&L Ratios					
Gross margin (= Gross Profit / Revenues)	35.6%	31.0%	29.8%	29.8%	**25.1%**
Operating margin (= Operating result / Revenues)	19.1%	13.9%	20.6%	14.0%	**9.7%**
EBITDA adjusted margin (= EBITDA adjusted / Revenues)	22.0%	21.7%	25.4%	27.6%	**21.3%**
Return on sales (= Net result / Revenues)	16.3%	8.8%	22.4%	8.3%	**1.2%**
R&D cost ratio (= R&D expenses / Revenues)	11.0%	6.7%	9.5%	13.1%	**12.8%**
SG&A cost ratio (= SG&A expenses / Revenues)	16.4%	16.1%	15.2%	14.9%	**15.4%**
Personnel costs to total costs**	55.2%	47.2%	44.7%	50.8%	**54.8%**

[1)] 2017 restated for IFRS 15

[2)] Total costs = Costs of revenue, Research and development expenses, Selling, general and admininstrative expenses, Other operating income and expenses excluding changes in contingent considerations and R&D tax credits

— ADJUSTED EBITDA —

Several factors impact adjusted group EBITDA

The adjusted group EBITDA declined to € 106.6 m in 2020 (2019: € 123.1 m), which corresponds to an adjusted EBITDA margin of 21.3% (2019: 27.6%). One of the main reasons for the lower adjusted EBITDA was the expected termination of payments from Sanofi for the Toulouse site, which led to an EBITDA loss of € 18.0 m as well as expected start-up costs for the commissioning of the J.POD® in Seattle.

In addition, lower milestone payments (due to pandemic-related delays), higher unpartnered R&D expenses, the loss of R&D tax credits in Italy due to changes in legislation, and the increase in SG&A costs due to expansion also had a negative impact on the adjusted EBITDA and the adjusted EBITDA margin.

CALCULATION OF ADJUSTED EBITDA

in T€

	2019	2020	Variance
Operating income (loss)	62,594	**48,523**	(14,071)
+ Depreciation	36,456	**42,123**	5,667
+ Amortisation	12,349	**13,937**	1,588
Group EBITDA	**111,399**	**104,483**	**(6,816)**
+ Impairment result (net)	11,919	**3,244**	(8,675)
+ Change in contingent considerations[1)]	(175)	**(1,206)**	(1,031)
Adjusted Group EBITDA	**123,143**	**106,621**	**(16,522)**
EBITDA margin	*27.6%*	***21.3%***	*-6.3 %-p.*

[1)] Included in P&L line Other operating income (expenses)

— NET RESULT —

Evotec recorded a net result for the financial year 2020 of € 6.3 m (2019: € 37.2 m).

The non-operating result came to € (22.7) m in 2020 (2019: € (6.0) m), mainly affected by interest expenses (€ 7.1 m net), losses on share in equity investments (€ (8.9) m net) and foreign currency losses (€ 6.9 m).

Tax expenses amounted to € 19.6 m in 2020 (2019: tax income of € 19.3 m). This included € 12.1 m of income tax and € 7.5 m of deferred taxes. The tax expense in 2020 includes income taxes from the taxation of disclosed hidden reserves.

The earnings per Evotec share (undiluted) came to € 0.04 (2019: € 0.25). This is based on a weighted average number of shares of 153,752,241 (2019: 149,725,607).

— SEGMENT REPORTING —

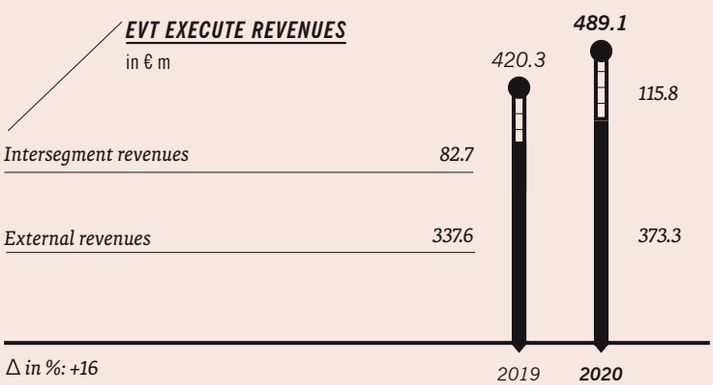
SEGMENT INFORMATION 2020
in T€

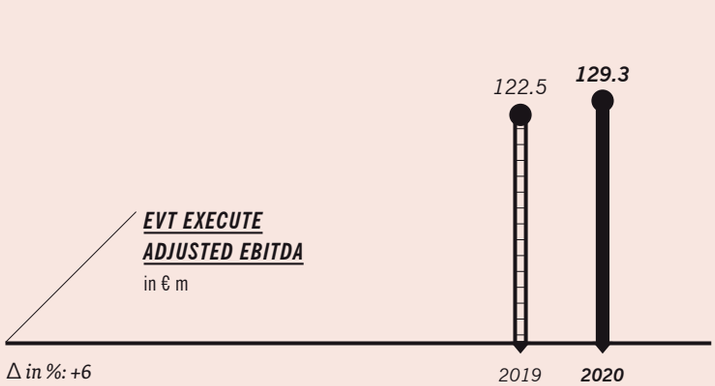
		EVT Execute	*EVT Innovate*	*Intersegment eliminations*	*Not allocated*	*Evotec Group*
External revenues[1)]		373,366	105,723	-	21,836	500,925
Intersegment revenues		115,776	-	(115,776)	-	-
- Costs of revenue		(362,193)	(96,499)	105,346	(21,836)	(375,181)
Gross margin	*%*	*26.0%*	*8.7%*	-	-	*25.1%*
- R&D expenses		(4,449)	(69,926)	10,430	-	(63.945)
- SG&A expenses		(61,786)	(15,452)	-	-	(77,238)
- Impairment result (net)		-	(3,244)	-	-	(3,244)
- Other operating income (expenses), net		16,615	50,591	-	-	67,207
Operating income (loss)		**77,329**	**(28,806)**	**-**	**-**	**48,523**
Adjusted EBITDA[2)]		*129,281*	*(22,660)*	-	-	*106,621*

[1)] Revenues in the segments consist of revenues from contracts with customers without revenues from recharges as those are not of importance for the management to assess the economic situation of the segments
[2)] Adjusted for changes in contingent considerations

EVT Execute

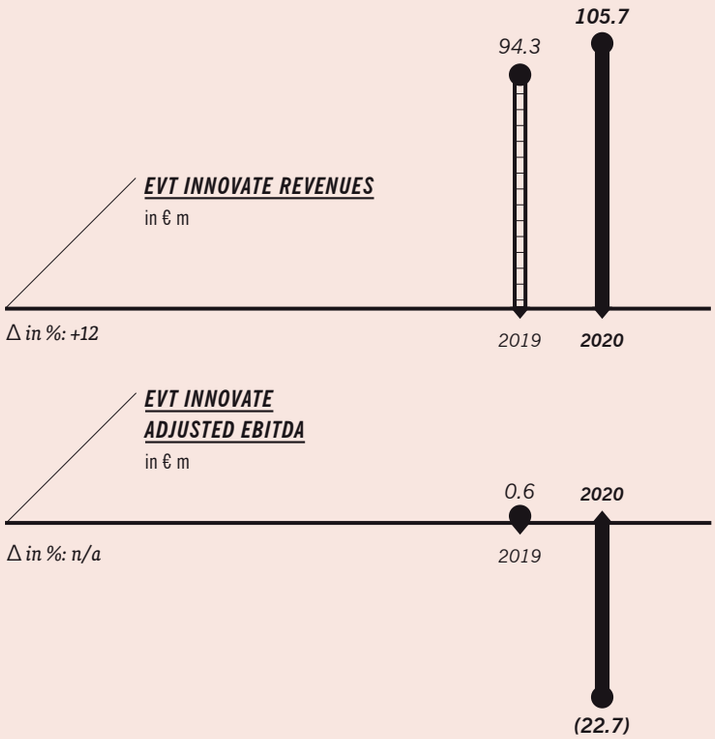
Total revenues in the EVT Execute segment rose to € 489.1 m in 2020 (2019: € 420.3 m), including intersegment revenues of € 115.8 m (2019: € 82.7 m). The segment increase in segment revenues of 16% shows both the strength of the base business with external customers and the increased internal services for the growing EVT Innovate segment. Evotec defines its base business as the ongoing business from FTE rate based research (services) excluding milestone, upfront and royalty payments. It also reflects a full year of revenue contributions from Just – Evotec Biologics for the first time in 2020 (€ 39.3 m vs. € 16.1 m in the previous year), and revenues from Evotec GT since April 2020 (€ 4.4 m). The EVT Execute segment incurred costs of revenue of € 362.2 m in 2020 (2019: € 310.9 m), which led to an equal gross margin of 26.0% (2019: 26.0%). R&D expenses in the EVT Execute segment came to € 4.4 m in the reporting period (2019: € 2.1 m), with the increase being attributable to Just – Evotec Biologics. The segment's selling, general and administrative expenses rose to € 61.8 m (2019: € 52.5 m). The adjusted EBITDA improved to € 129.3 m (2019: € 122.5 m).





EVT Innovate

At € 105.7 m, the EVT Innovate segment also generated much higher revenues than in the previous year (2019: € 94.3 m) consisting entirely of third-party revenues. The revenue increase was mainly due to higher project revenue from ID Lyon, additional revenues from the area of kidney diseases (partnership with Vifor – Joint Venture NephThera), the Indivumed collaboration and milestone achievements in the major alliances with Bristol Myers Squibb and Bayer. The EVT Innovate segment incurred costs of revenue of € 96.5 m (2019: € 61.7 m). The gross margin decreased to 8.7% (2019: 34.6%). This was mainly due to lower revenues from milestone achievements in 2020 and higher FTE expenses related to downstream value creation potential. The EVT Innovate segment reported R&D expenses of € 69.9 m (2019: € 65.5 m). The strong increase in R&D expenses was driven by the same factors as the rise in R&D expenses at the group level, as explained further above. The segment's selling, general and administrative expenses showed a moderate increase to € 15.5 m (2019: € 14.0 m). The adjusted EBITDA reached € (22.7) m (2019: € 0.6 m) due to lower revenues from upfront, milestone and license payments, as well as increased R&D activities.



FINANCING AND FINANCIAL POSITION

— FINANCIAL MANAGEMENT PRINCIPLES —

Financial management at Evotec comprises capital structure management, cash and liquidity management including receivables management, and the management of market price risks (currencies, interest rates). Its main objectives are to secure the Group's liquidity and its creditworthiness and to reduce financial risks. The corporate Treasury division ensures uniform financial management for all of the Group's companies in accordance with the relevant legal requirements. In general, financial management operates within a given framework of guidelines, limits and benchmarks.

The Company manages cash and liquidity to secure the financial resources needed to support its business strategy.

Financial resources are usually acquired at the corporate level and distributed internally. Evotec may draw on several bilateral credit lines as required. As of 31 December 2020, the Company held unused credit lines amounting to € 52.0 m. In addition, the Company may selectively utilise further debt financing such as promissory notes or R&D funding from the EIB or the KfW, or equity-linked instruments, or raise capital through the issuance of new shares when appropriate. In October 2020, a capital increase in the form of a private placement attracted € 250 m of additional capital. Mubadala Investment Company joined Evotec's long-standing main investor, Novo Holdings, as a new long-term anchor investor, and Novo Holdings increased its shareholding. As a result, the Group's liquidity, which consists of cash on hand, bank balances and investments, rose to € 481.9 m as of 31 December 2020 (2019: € 320.0 m).

Thanks to its strong liquidity situation, Evotec is in a position to secure continued organic growth. This includes investments in a facility for the manufacture of biologics (J.POD®) for clinical development and commercial applications, projects in novel cell and gene therapies, and the expansion of its footprint in the USA and Europe. Furthermore, Evotec intends to invest in its proprietary research projects, maintain and upgrade its drug discovery and development platform, and consider potential M&A options. The Company invests in selected biotechnology companies in their start-up and early phase to accelerate its strategy. The implementation of this strategy may lead to additional cash requirements in the short and medium term.

Capital expenditure proposals are carefully evaluated by the management to ensure that they are consistent with the business strategy of either maintaining or expanding the Company's technology platform and its proprietary research. In particular larger capital investments are carefully assessed in terms of the expected financial return and payback periods or savings. The discounted cash flow method is the main management tool for such assessments, supported by key performance indicators such as payback period, return on investment, and internal rate of return.

— CASH FLOW —

The capital increase and the investments in Just – Evotec Biologics had an impact in particular on cash flows

Group *cash flow from operating activities* amounted to € 44.7 m in 2020 (2019: € 42.2 m). Revenues for milestone achievements paid by Bristol Myers Squibb in the second half of 2020 of $ 12 m (roughly € 10 m) accounted for a major part of these inflows. In 2019, the prepayment from Bristol Myers Squibb of $ 30 m (roughly € 27 m) for the extension of the iPSC collaboration received in the fourth quarter was the main reason for the positive operating cash flow. Furthermore, the operating income contributed favourably but was partly offset by an increase in working capital due to the expansion of other assets.

Group *cash flow used in investing activities* was € 155.1 m (2019: € 86.6 m). Net investments in securities and other investments (corporate bonds and timedeposits) with terms of more than three months amounting to about € 6.5 m were made. Investments in property, plant and equipment rose to € 99.1 m (2019: € 31.3 m) and included one major item of around € 49 m for the construction of the J.POD® production facility at Just – Evotec

Biologics. This item also reflects the increase in assets from the acquisition and subsequent merger of "Biopark by Sanofi SAS" with Evotec (France) SAS (€ 19.3 m from land and buildings). The acquisition of financial assets and investments accounted for using the equity method amounted to € 22.7 m and mainly related to follow-on financing rounds in Exscientia, Topas Therapeutics, Fibrocor, Facio Therapies, Immunitas Therapeutics and Carrick Therapeutics, the spin-off Dark Blue Therapeutics, and new investments in the companies leon-nanodrugs, Quantro Therapeutics, panCELLa, and Mission BioCapital.

Group *cash flow provided by financing activities* amounted to € 246.4 m (2019: net cash flow of € 211.3 m), mainly as a result of the capital increase of € 250 m in October 2020. In the previous year, the high level of cash flow provided by financing mainly related to the issuance of a promissory note in June 2019 (€ 249.1 m net). The two final tranches of the EIB loan were drawn during 2020 and provided € 18.3 m in total (2019: € 23.9 m). In addition, existing bank loans were reduced by (net) € 3.3 m. Repayments of lease obligations (mainly rent of buildings) amounted to € 20.2 m. Cash flows from option exercises amounted to € 1.6 m.

The impact of exchange rate movements on cash and cash equivalents in 2020 was € 9.5 m (2019: € 1.1 m).

CONDENSED STATEMENT OF CASH FLOWS (INCL. BRIDGE TO LIQUIDITY)

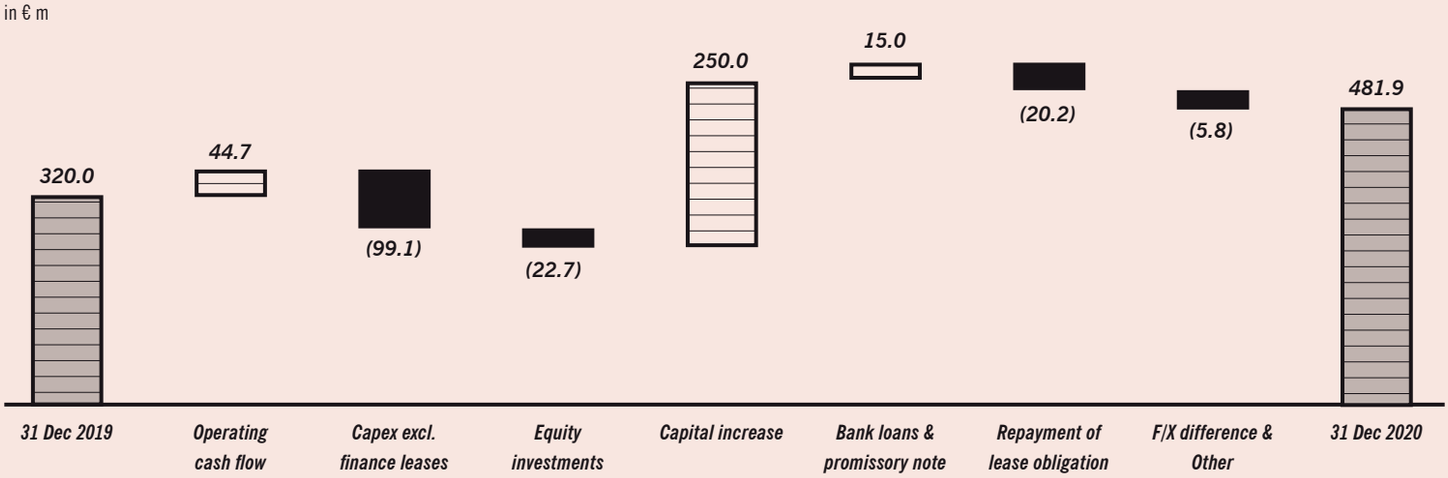
in T€

	2019	2020	Variance
Net cash provided by (used in)			
– Operating activities	42,216	**44,721**	2,505
– Investing activities	(86,634)	**(155,089)**	(68,455)
– Financing activities	211,263	**246,409**	35,146
Net increase/decrease in cash and cash equivalents	**166,845**	**136,041**	**(30,804)**
Exchange rate difference	1,134	**9,505**	8,371
Cash and cash equivalents			
– At beginning of year	109,055	**277,034**	167,979
– At end of year	**277,034**	**422,580**	**145,546**
– Investments	**42,988**	**59,350**	**16,362**
Liquidity at end of year	**320,022**	**481,930**	**161,908**

The year-on-year change in liquidity at year-end can be summarised as follows:

LIQUIDITY DEVELOPMENT

in € m



MULTIPLE-YEAR OVERVIEW FINANCIAL POSITION

The multiple-year overview of the financial position underlines the Company's highly flexible financing structure, which draws on a broad range of external and internal sources. Continuous cash inflows from operating activities cover a large part of capital expenditure and equity investments. Further expansion stages will not be impeded by a lack of capital. Assuming an efficient net debt ratio of 2x net debt/EBITDA, Evotec never fully exploited the strength of its balance sheet in the last few years.

Capital expenditures exceeded depreciation in the last five years, reflecting continuous investment and growth. The Group's net liquidity clearly improved compared with previous years, which allows continued investments in platforms, services, proprietary R&D projects, growth and capacity as well as potential M&A opportunities. At the same time, financing maturities continue to be long-term and net debt leverage is kept low.

MULTIPLE-YEAR OVERVIEW FINANCIAL POSITION

in T€

	31 Dec 2016	31 Dec 2017[1)]	31 Dec 2018	31 Dec 2019	**31 Dec 2020**
Liquidity[2)]	126,270	91,156	149,449	320,022	**481,930**
Debt[3)]	28,827	189,928	114,465	463,099	**491,965**
Net liquidity	**97,443**	**(98,772)**	**34,984**	**(143,077)**	**(10,035)**
Current liabilities	73,390	242,945	196,275	178,955	**208,459**
Non-current liabilities	66,781	91,615	150,728	524,928	**531,590**
Total stockholders' equity	213,936	331,915	424,880	477,029	**722,846**
Total liabilities and stockholders' equity	**354,107**	**666,475**	**771,883**	**1,180,912**	**1,462,895**
Cash flow from operating activities	67,360	10,828	156,240	42,216	**44,721**
Cash flow from investing activities	(5,973)	(269,033)	(39,130)	(86,634)	**(155,089)**
Cash flow from financing activities	(19,671)	240,724	(77,764)	211,263	**246,409**
Movements in investments and fx differences	(49,386)	(17,633)	18,947	3,728	**25,867**
Net increase/decrease in liquidity	**(7,670)**	**(35,114)**	**58,293**	**170,573**	**161,908**
Capital expenditures	10,003	17,565	27,867	31,322	**99,072**
Investment rate[4)]	23.0%	23.1%	30.8%	27.9%	**50.5%**
Capex to write-downs[5)]	100.2%	128.0%	144.5%	139.3%	**378.2%**
Net Debt Leverage (= Net liquidity / Adj. EBITDA)[6)]	(2.69)	1.73	(0.37)	1.16	**0.09**

[1)] 2017 restated for IFRS 15 and modified by the effect of the finalisation of Aptuit's purchase price allocation in 2018 in accordance with IFRS 3, see Note 6 in the Notes 2018

[2)] Cash and cash equivalents and investments

[3)] Loan liabilities and lease obligations

[4)] Ratio Capex / Property, plant and equipment excl. ROU (IFRS 16)

[5)] Write-down (Depreciation) excl IFRS 16

[6)] Considering IFRS 16

— LIQUIDITY —

Evotec ended the year 2020 with liquidity of € 481.9 m (2019: € 320.0 m). Cash and cash equivalents and bank balances accounted for € 422.6 m and investments (corporate bonds and time deposits) for € 59.3 m of liquidity. Cash and cash equivalents and bank balances can be accessed within a period of less than three months. The increase in liquidity in 2020 is mainly due to the capital increase of € 250 m in October.

The following is a historical trend of the Company's year-end liquidity:

LIQUIDITY AS OF 31 DECEMBER 2020

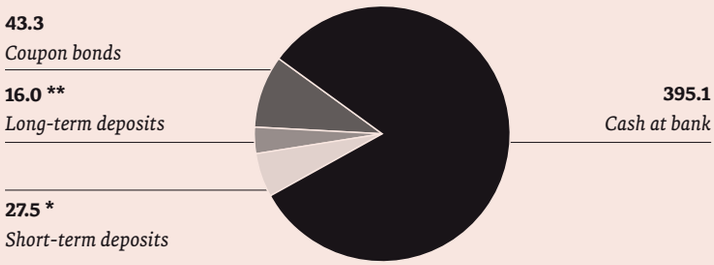
in T€

	2016	2017	2018	2019	**2020**
Cash and cash equivalents	83,940	67,017	109,055	277,034	**422,580**
Current investments	42,330	24,139	40,394	42,988	**59,350**
Total liquidity	**126,270**	**91,156**	**149,449**	**320,022**	**481,930**

Active liquidity management at Evotec is focused on funding the operational business and maintaining and preserving liquidity. At the same time, the Company seeks to maintain general flexibility and optimise returns. Evotec's cash and investments are held with several banks. The Company exclusively invests in liquid instruments with at least investment grade rating (BBB- or better, Standard & Poor's ratings or equivalent). All investments must be in line with Evotec's internal investment policy. As of 31 December 2020, the majority of the liquidity was invested short-term, in bank balances (€ 395.1 m) and current investments (€ 27.5 m) such as corporate bonds and time deposits with a remaining term of less than three months. As a result, Evotec has sufficient flexibility to seize strategic growth opportunities and finance the construction of it first J.POD® facility in North America, continued growth in ongoing research activities and platforms, and future equity investments.

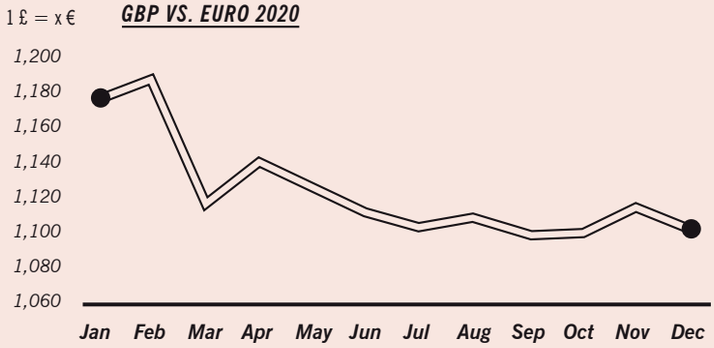
LIQUIDITY BY INVESTMENT TYPE

In € m



** short-term: maturity =< 3 months*
*** long-term: maturity => 3 months*

GBP VS. EURO 2020



Average monthly foreign exchange rates
Source: www.oanda.com

Exchange rate development, interest rates and financing

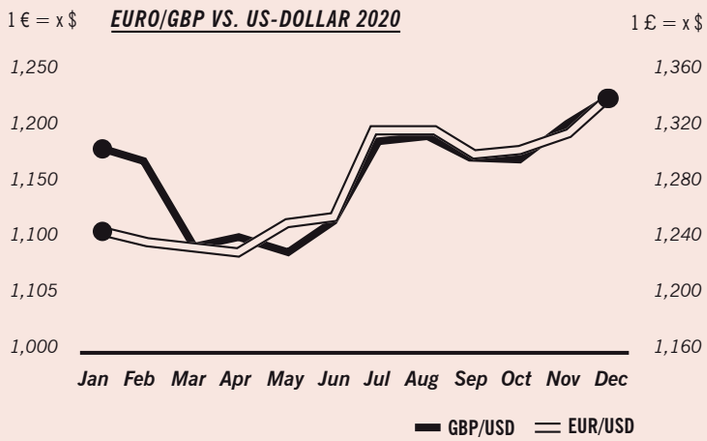
Evotec's financial performance is affected by currency movements and fluctuations in interest rates. Changes in raw material prices may affect aspects of its integrated Chemistry Manufacturing and Controls (CMC) business, and higher prices for laboratory materials may increase R&D costs and FTE rates.

— FX RATES / HEDGING —

The euro (€) to US dollar ($) exchange rate fluctuated in a broad range between $ 1.09 and $ 1.23 in 2020. After starting the year at $ 1.12, the euro showed a low of $ 1.09 between January and April and proceeded to rise almost steadily until December, ending the year at $ 1.23. On average, the US dollar depreciated against the Euro from $ 1.12 per Euro in 2019 to $ 1.15 per euro in 2020.

The pound sterling (£) to Euro (€) exchange rate fluctuated between € 1.19 and € 1.10 in 2020. From April to year-end 2020, the pound sterling depreciated almost continuously from € 1.14 to € 1.10. The average exchange rate in 2020 was € 1.13 per pound sterling compared to € 1.14 in 2019.

EURO/GBP VS. US-DOLLAR 2020



Average monthly foreign exchange rates
Source: www.oanda.com

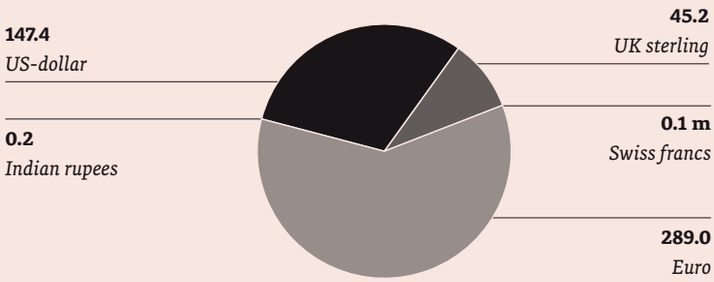
The Evotec Group is exposed to both translational and transactional foreign currency risks. The Company mainly uses forward contracts to hedge its transaction exposures.

Deposits are primarily held in the three major currencies in which the Group trades: euro, pound sterling and US dollar (see pie chart below). In 2020, approximately 45% of the Company's revenues were generated in US dollars, and approximately 25% of its costs of revenue were in pound sterling. Therefore, the Group's foreign exchange risk mainly relates to these two currencies. Evotec uses forward contracts and spot transactions to convert US dollars to euros and pound sterling, mitigate this exposure and cover costs incurred in these currencies.

The currency holding in US dollars remained stable at € 147.4 m at the end of 2020 (31 December 2019: € 147.3 m). The currency holding in pound sterling was € 45.2 m as of 31 December 2020 (31 December 2019: € 36.5 m). It was kept at a higher level due to the growth of the UK sites and BREXIT-related uncertainties.

FUNCTIONAL CURRENCY HOLDINGS

in € m



The weaker US dollar exchange rate reduced 2020 revenues by € 5.8 m and gross profit by € 4.2 m compared to the prior year. The volatility of pound sterling against the euro, mainly due to BREXIT uncertainty, had an impact on revenues and costs of Evotec's UK sites after conversion into euro. It had a negative impact on revenues of € 1.1 m and a positive impact on costs of € 1.2. m. Overall, currency fluctuations had a negative impact of € 6.8 m

on group revenues and of € 4.0 m on gross profits, which translated into a decline in the gross margin of 0.4 percentage points compared to the previous year.

The liquidity position decreased by € 1.3 m at the end of 2020 due to currency effects. This was mainly due to the significant decrease of the US dollar versus the euro (31 December 2020: €/$ 1.23) compared to the closing rate of the prior year (€/$ 1.12). The Company mostly uses its foreign currency holdings for operational purposes in the same currency. In order to protect itself against adverse currency movements, Evotec entered into forward contracts, selling US dollars against pound sterling and euros. This resulted in a realised foreign exchange gain of € 1.9 m and an unrealised gain of € 3.8 m in 2020 (2019: loss of € 0.5 m). The economic hedging relationships are not recognized as hedging relationships in the consolidated financial statements.

As of 31 December 2020, the Company held derivative financial instruments of $ 70.5 m (31 December 2019: $ 30.0 m), thereof $ 25.5 m in forward contracts selling US dollars for pound sterling, and $ 45.0 m in forward contracts selling US dollars for euros. These forward contracts all have a maturity of less than 12 months.

Interest rates
Reinforced by the COVID-19 pandemic, the European Central Bank (ECB) continued its policy of quantitative easing in the EU under its new president Christine Lagarde. The ECB's interbank interest rate (3-month Euribor) remained negative in 2020 and even decreased further from (0.38%) to (0.54%) during the year.

The main impact of low or negative interest rates on the financial performance of Evotec is a reduction in interest income received on cash deposits and short-term investments. In addition, interest expenses paid on bank loans with variable interest also decline.

— DEBT / NET DEBT —

Much lower net debt thanks to capital increase
The Company also makes use of bank loans as a tool to manage its short-to-long-term liquidity. Compared with 31 December 2019, total bank loans increased slightly by € 15.0 m to € 346.4 m as of 31 December 2020 (2019: € 331.2 m). All bank debt was denominated in euros. For the expansion of its co-owned pipeline, Evotec made further use of the EIB loan and increased the utilisation of this long-term facility by € 18.3 m to the maximum of € 75.0 m.

As a result of the capital increase, the net debt ratio changed to a net cash position of (negative) 1.5x adjusted EBITDA. By definition, this figure relates net liquidity/debt to adjusted EBITDA. With the effect of IFRS 16, i.e., taking into account the effects of additional depreciation and amortization from rights of use and the additional lease liabilities, the net debt ratio was 0.1 in relation to adjusted EBITDA (2019: 1.2x adjusted EBITDA), which can be seen in the multiple-year overview of the financial position on page 49 of this Management Report.

— CAPITAL EXPENDITURE TO DEPRECIATION —

Increased investments in upgrading and expanding Evotec's platforms
Capital expenditure rose significantly as planned to € 99.1 m in 2020 (2019: € 31.3 m), mainly driven by investments in the expansion of the production capacity of the J.POD® and the acquisition of the assets of Biopark by Sanofi SAS (mainly land and buildings) as part of the merger with Evotec (France) SAS. In addition, a variety of other investments were made to support continued growth and maintain the highest technology and infrastructure standards. This includes the expansion of the sites in Göttingen, Abingdon and Princeton, the launch of the new site in Orth an der Donau (Evotec GT), and group-wide investments in equipment and supporting infrastructure. Moreover, major technology enhancements were deployed in a number of high value and strategically important areas, such as additional capacities and controls of iPSC processes, state-of-the-art acoustic tubes technology for sample management, translational biology (initiation of Autobahn labs), high content imaging (as part of the CRISPR technology), and proteomics. Investments were also made to enhance the efficiency and quality of technology platforms, for example by developing the AI-based humanoid antibody library (HAL), which will add to Evotec's biologics offering. Just as importantly, expanding, upgrading and digitising supporting administrative tools and systems will continue to consume significant capex in order to secure and optimise growth and scalability.

Depreciation of property, plant and equipment amounted to € 42.1 m (2019: € 36.5 m), mainly due to higher investments. Of this amount, € 15.9 m can be attributed to IFRS 16 and the related lease liabilities (2019: € 14.7 m).

ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY

— CAPITAL STRUCTURE —

Adjusted financing structure: € 250 million capital increase completed; equity ratio increases significantly to almost 50%
In 2020, Evotec's share capital increased by 8.6% to € 163.9 m (31 December 2019: € 150.9 m) and additional paid-in capital by 31.0% to € 1,030.7 m (31 December 2019: € 786.9 m), mainly due to the capital increase in October 2020.

The capital increase is also the main reason for the significant increase in stockholders' equity of € 245.8 m to € 722.8 m as of the end of 2020 (31 December 2019: € 477.0 m).

Furthermore, a total of 32,594 stock options (2019: 50,000 options) were exercised in 2020. As of 31 December 2020, no options were available for future exercise. Options have been accounted for under IFRS 2 as an equity-settled plan using the fair value at the grant date.

At the Annual General Meetings in 2012, 2015, 2017 and 2020, contingent capital amounting to € 4.0 m, € 6.0 m, € 6.0 m and € 1.2 m, respectively, was approved for use in the share performance plans and the restricted shares

plan. In 2020, a total of 1,501,254 shares (2019: 1,789,784) were issued from conditional capital for exercised Share Performance Awards (SPA). During the first quarter of 2020, a total of 307,832 SPAs (2019: 230,231) were granted to the Management Board and key employees. These awards could result in a maximum of 615,664 bearer shares (2019: 460,462) being issued at maturity after four years. In the third quarter of 2020, an additional 17,780 restricted share awards (RSA) were granted to key employees, which could result in the same number of bearer shares being issued at maturity at the most.

As of 31 December 2020, the total number of awards granted for future exercise amounted to 1,570,113 (2019: 2,149,562), approximately 1.4% of issued shares in each of 2020 and 2019.

As a result, Evotec's equity ratio increased significantly to 49.4% at the end of 2020 (2019: 40.4%).

— ASSETS AND LIABILITIES —

CONDENSED BALANCE SHEET
in € m

	2019	***2020***	*Variance*
Cash, cash equivalents and investments	320,022	**481,930**	161,908
Trade accounts receivables incl. related parties	83,616	**87,896**	4,280
Inventories	10,749	**13,585**	2,836
Other current assets	55,143	**75,433**	20,290
Deferred tax assets	34,330	**24,950**	(9,380)
Property, plant and equipment	239,229	**337,297**	98,068
Intangible assets, excluding goodwill	116,994	**98,036**	(18,958)
Goodwill	255,919	**247,370**	(8,549)
Equity investments and other long-term investm.	41,229	**58,999**	17,770
Other non-current assets	23,681	**37,399**	13,718
Total assets	**1,180,912**	**1,462,895**	**281,983**
Current maturities of loans and finance leases	20,731	**30,008**	9,277
Trade accounts payable	31,319	**42,549**	11,230
Current provisions	33,150	**41,848**	8,698
Current contract liabilities	71,067	**66,477**	(4,590)
Other current liabilities	22,688	**27,577**	4,889
Long-term loans and finance leases	442,368	**461,957**	19,589
Non-current provisions	22,538	**22,899**	361
Non-current contract liabilities	33,785	**22,437**	(11,348)
Other non-current liabilities	26,237	**24,297**	(1,940)
Total stockholders' equity	477,029	**722,846**	245,817
Total liabilities and stockholders'equity	**1,180,912**	**1,462,895**	**281,983**

— CURRENT AND NON-CURRENT ASSETS —

The Company's total assets rose by € 282.0 m to € 1,462.9 m as of 31 December 2020 (2019: € 1,180.9 m), mainly due to the inflows from the capital increase, the follow-on investments in Just – Evotec Biologics, the takeover of "Biopark by Sanofi SAS", and the start of operations of Evotec GT in Austria (see "Major business events" chapter on page 41 of this Management Report.

Liquidity, which consists of cash and cash equivalents and investments, increased by € 161.9 m to € 481.9 m (31 December 2019: € 320.0 m). The increase in liquidity mainly resulted from the capital increase (see "Financing and financial position" chapter on page 47 of this Management Report.

Trade accounts receivable and accounts receivable from related parties rose at a disproportionately lower rate of 5% compared to sales growth of 12%, from € 83.6 m at 31 December 2019 to € 87.9 m as of 31 December 2020, and were reduced in particular compared with the two previous quarters. Other current assets grew by € 20.3 m to € 75.4 m (31 December 2019: € 55.1 m) and related mainly to receivables from R&D tax credits from Evotec's sites in France and the UK, and VAT receivables from the activation of software licences.

Investments accounted for using the equity method and other long-term investments increased from € 41.2 m to € 59.0 m at 31 December 2020 due to several follow-up financing rounds. New investments included leon-nanodrugs, Quantro Therapeutics, panCELLa and Mission BioCapital.

Property, plant and equipment increased significantly by € 98.1 m to € 337.3 m in 2020 (31 December 2019: € 239.2 m). The increase was mainly due to advance investments in the J.POD® (reported as construction in progress), the acquisition of Biopark by Sanofi SAS, and the start of operations of Evotec GT.

Intangible assets decreased by € 19.0 m to € 98.0 m, mainly due to scheduled amortisation on the valuations of customer lists, technologies and trademarks from purchase price allocation. Goodwill fell by € 8.5 m to € 247.4 m, mainly due to the currency-related reduction of the valuations of Aptuit, Cyprotex and Just – Evotec Biologics.

Deferred tax assets decreased to € 25.0 m (31 December 2019: € 34.3 m), mainly due to the usage of tax loss carry forwards in Evotec International. Other non-current assets amounted to € 37.4 m (31 December 2019: € 23.7 m) and related almost exclusively to R&D tax credits in France.

— CURRENT AND NON-CURRENT LIABILITIES —

The current portion of loans increased from € 6.3 m as of 31 December 2019 to € 15.4 m, as a relatively large part of loans with maturities in 2021 was reclassified during the 2020 financial year due to the shorter remaining term. Current lease obligations came to € 14.6 m and remained stable versus 31 December 2019 (€ 14.3 m). Current trade accounts payable increased from € 31.3 m to € 42.5 m in the financial year, while current provisions rose from € 33.2 m to € 41.8 m. Current contract liabilities slightly decreased to € 66.5 m (31 December 2019: € 71.1 m) and resulted mainly from the Bristol Myers Squibb collaborations and related upfront payments received.

The long-term portion of bank loans increased by € 6.1 m to € 331.0 m as of 31 December 2020 (31 December 2019: € 324.9 m), mainly due to the increase in an unsecured EIB loan to support the expansion of the co-owned pipeline. Long-term lease obligations increased from € 117.5 m to € 130.9 m, driven by new rental contracts for the expansions in Abingdon (UK) and Redmond (USA). Non-current contract liabilities decreased to € 22.4 m in 2020 (31 December 2019: € 33.8 m) and consist mainly of advance payments from Bayer and Bristol Myers Squibb.

— WORKING CAPITAL —

The Company's working capital remained negative and changed from € (8.7) m as of 31 December 2019 to € (1.5) m as of 31 December 2020. The increase in other current assets (tax assets, among other things) in particular had an impact on working capital.

WORKING CAPITAL CALCULATION
in T€

= Current assets without cash on hand, bank balances and investments
- Current liabilities excluding loan and lease liabilities

	2019	***2020***	*Variance*
Trade accounts receivables incl. related parties	83,616	**87,896**	4,280
Inventories	10,749	**13,585**	2,836
Other current assets	55,143	**75,433**	20,290
Current Assets	**149,508**	**176,914**	**27,406**
Trade accounts payable	31,319	**42,549**	11,230
Current provisions	33,150	**41,848**	8,698
Current contract liabilities	71,067	**66,477**	(4,590)
Other current liabilities	22,688	**27,577**	4,889
Current Liabilities	**158,224**	**178,451**	**20,227**
Working Capital	**(8,716)**	**(1,537)**	**7,179**

— OFF-BALANCE-SHEET FINANCING INSTRUMENTS AND FINANCIAL OBLIGATIONS —

The Company is not involved in any off-balance-sheet financing transactions in the sense of the sale of receivables, asset-backed securities, sale-and-lease-back agreements or contingent liabilities in relation to special-purpose entities not consolidated.

Other commitments and contingencies consist of consultancy agreements, purchase commitments and guarantees. The future payment obligations resulting from long-term commitments and contingencies total € 14.0 m (31 December 2019: € 23.8 m). Please see section 31b of the Notes to the consolidated financial statements.

The Company has licensed or acquired certain third-party intellectual property for use in its business. Under these agreements, Evotec has a commitment to pay milestones dependent on progress, or make milestone and license payments dependent on present and future net income or on third-party sub-licensing fees.

MULTIPLE-YEAR OVERVIEW BALANCE SHEET STRUCTURE

in T€

	31 Dec 2016	*31 Dec 2017[1)]*	*31 Dec 2018*	*31 Dec 2019*	***31 Dec 2020***
Cash, cash equivalents and investments	126,270	91,156	149,449	320,022	**481,930**
Trade accounts receivable incl. related parties	28,300	46,113	48,030	83,616	**87,896**
Inventories	4,305	5,568	5,660	10,749	**13,585**
Deferred tax assets	10,462	19,233	43,329	34,330	**24,950**
Property, plant and equipment	43,018	76,069	90,519	239,229	**337,297**
Intangible assets, excluding goodwill	33,267	135,033	122,989	116,994	**98,036**
Goodwill	85,688	220,447	220,791	255,919	**247,370**
Other assets[2)]	22,797	72,856	91,116	120,053	**171,831**
Total assets	**354,107**	**666,475**	**771,883**	**1,180,912**	**1,462,895**
Loans and finance leases	28,827	189,928	114,465	463,099	**491,965**
Trade accounts payable	11,997	26,078	31,137	31,319	**42,549**
Provisions	30,340	39,132	47,965	55,688	**64,747**
Contract liabilities	56,484	44,844	112,228	104,852	**88,914**
Other liabilities[3)]	12,523	34,578	41,208	48,925	**51,874**
Total stockholders' equity	213,936	331,915	424,880	477,029	**722,846**
Total liabilities and stockholders' equity	**354,107**	**666,475**	**771,883**	**1,180,912**	**1,462,895**
Working capital[4)]	(8,822)	12,150	(39,036)	(8,716)	**(1,537)**
Current ratio[5)]	2.31	0.73	1.27	2.62	**3.16**
Receivables turnover[6)]	5.81	5.72	7.82	5.34	**5.70**
Intangibles and goodwill to total assets	33.6%	53.3%	44.5%	31.6%	**23.6%**
Provisions to total liabilities and stockholders' equity	8.6%	5.9%	6.2%	4.7%	**4.4%**
Equity ratio	60.4%	49.7%	54.9%	40.4%	**49.4%**

[1)] 2017 restated for IFRS 15 and modified by the effect of the finalisation of Aptuit's purchase price allocation in 2018 in accordance with IFRS 3, see Note 6 in the Notes 2018

[2)] Consist of tax receivables, deferred tax assets, contract assets, prepaid expenses, equity investments, other long-term investments and other financial assets

[3)] Consist of current and deferred tax, deferred income and other financial and non-financial liabilities

[4)] Working capital = Current assets excl. cash, cash equivalents and investments minus current liabilities excl. bank loans

[5)] Current ratio = Total current assets / Total current liabilities

[6)] Receivables turnover = Revenues / Trade account receivables

SUSTAINABLE BUSINESS DEVELOPMENT*

Sustainability and compliance with environmental, social and governance (ESG) criteria is of vital importance to the Evotec Group and is an essential component of all the company's business processes. For Evotec, sustainability means effectively combining economic success with ecological and socially responsible activities successfully and in the long term while complying with the relevant guidelines, codes and laws. In this way, Evotec assumes responsibility for current and future generations and at the same time secures the basis for its long-term commercial success.

To get a detailed overview about Evotec's sustainability activities and the Company's ESG performance, please see our "Sustainability Report 2020" which is available on the Evotec website under the following link: https://www.evotec.com/en/invest/financial-publications.

** This section of the Management Report is not subject to audit*

Reporting pursuant to section 289c and section 315c of the German Commercial Code*

Evotec publishes as part of its Sustainability Report a non-financial Group Report in accordance with section 289c and section 315c of the German Commercial Code. This report can be found on Evotec's website in the "Invest" section under Financial Publications.

Post-balance sheet events

There are no material events to be reported.

** This section of the Management Report is not subject to audit*

Risk and opportunity management

RISK MANAGEMENT OVERVIEW

Evotec operates in a complex and ever-changing global business environment. Many internal and external factors therefore affect the achievement of the Group's objectives. For this reason, the assessment of opportunities and risks is embedded in its decision-making. In its risk and opportunity policy, Evotec moves beyond the status quo, aiming to achieve strategic financial and non-financial goals and create sustainable value.

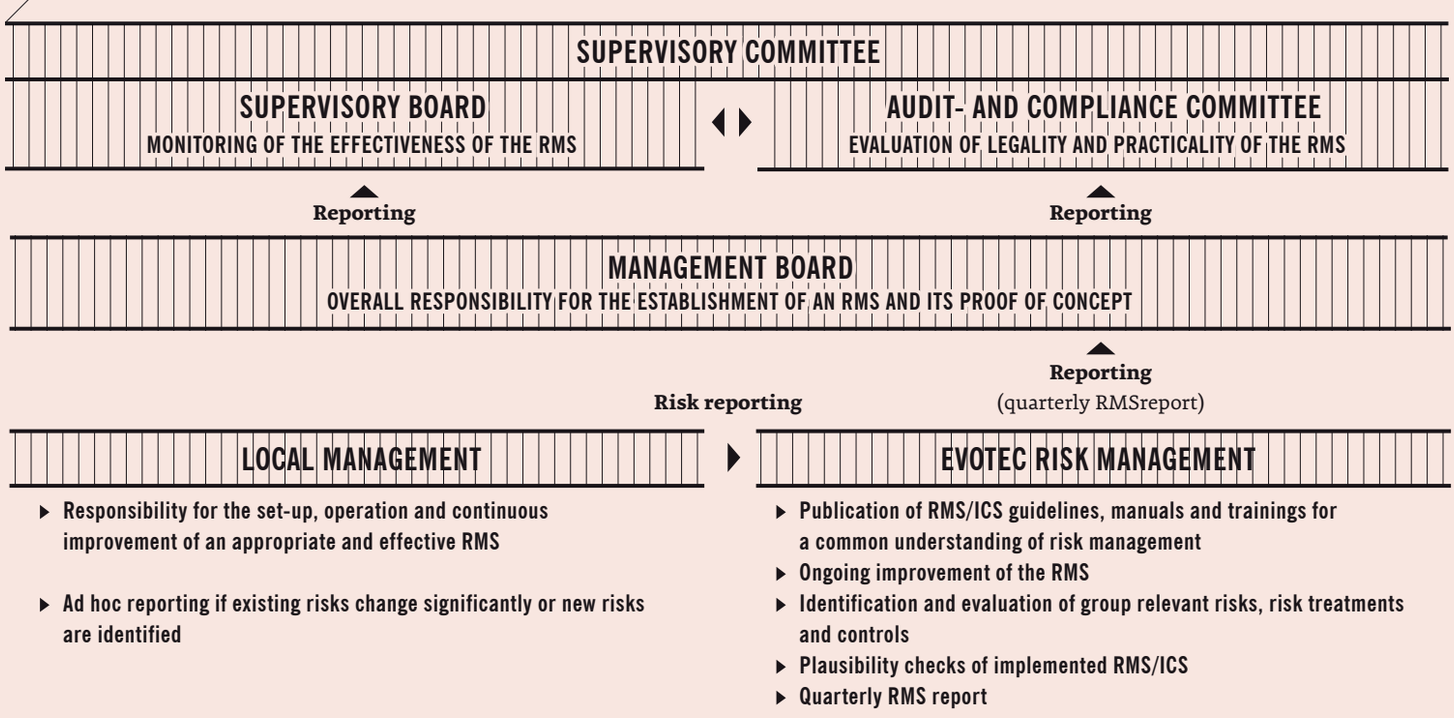
Within the Evotec Group, risks are defined as future events, developments and changes that may negatively affect or jeopardise the achievement of its strategic objectives. Nevertheless, deliberately taking and managing risks is an essential part of the Group's strategy to safeguard any opportunity that may have a positive impact on its projected targets.

Evotec's risk management system comprises all the controls that ensure a structured management of opportunities and risks throughout the Group. The Company sees the management of risks and opportunities as a continuous challenge. The full range of actual and potential developments within the Group and its operating environment must be identified, analysed and assessed. Suitable measures to mitigate risk are taken when needed to optimise the Group's risk situation whilst keeping potential opportunities open. Its risk management is supported by internationally recognised standards (Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission - COSO) and by a group-wide internal control system (ICS) and a compliance management system (CMS).

RISK MANAGEMENT PROCESS

The Company's risk management system is attuned to the early detection, assessment and management of major risks, in particular those that may threaten its existence (early risk detection system). Thanks to extensive, continuous analysis and monitoring of individual risks, Evotec can weigh operational and economic parameters and initiate specific measures to mitigate or entirely prevent the potential negative impact of risks.

RISK MANAGEMENT STRUCTURE AND DUTIES



The responsibility for the risk management system and the underlying cornerstones of risk policy and strategy is assumed by Evotec's Management Board. The group-wide co-ordination, implementation and development of the risk management system is handled by the Group's risk management department, which routinely reports directly to the Chief Financial Officer (CFO).

The Group's risk management sets the main guidelines and closely communicates with all corporate units and all risk-relevant operational and support divisions both at the group level and in the subsidiaries. It helps to identify and assess risks, advising on and monitoring the shaping and implementation of suitable countermeasures. In this context, contacts for risk reporting and risk management are continuously identified and nominated in all business units.

Risk detection

Corporate risk management has the sole right to maintain and update the risk portfolio in the risk management tool. Risk is detected both at the group level, through continuous monitoring of business activities, the overall economic environment, the competitive environment etc., and at the divisional and regional levels, through the designated risk reporters and risk managers in key positions. In co-operation with corporate risk management, the detected risks are analysed as regards their effects and classified into pre-defined risk categories and possible risk aggregates.

Risk assessment

Risks are assessed based on two criteria: probability of occurrence and potential damage. The assessment must be made for a worst-case scenario, a likely impact scenario and a realistic worse-case scenario.

The worst case is the assessment of the worst or most adverse scenario in terms of the amount of damage. The likely impact scenario is a probable outcome assessment that also takes account of external experience and benchmark analyses. The realistic worst case is the most likely outcome for Evotec. It takes account of the other scenarios and the Company's own, specific experience. The aggregation of risks and the composition of the overall portfolio are then based solely on the probability-weighted likely impact and realistic worse-case scenarios.

Aside from the adjusted group EBITDA as one of Group's key performance metrics, the risk assessment primarily takes account of the possible effect on its liquidity.

The classification of risks and the risk matrix generated for the internal quarterly risk report are based on the following three-level risk classes.

PROBABILITY OF OCCURRENCE

Category	*Risk*
Low	**< 5%**
Medium	**5 – 20%**
High	**> 20%**

POTENTIAL FINANCIAL IMPACT ON LIQUIDITY

Risk class	*Risk*
Low	**< € 2 m**
Medium	**€ 2 – 5 m**
High	**> € 5 m**

In due consideration of corporate strategy and development, the Company reviews the levels of probability of occurrence and financial impact once per year to see if any changes need to be made. In 2020, neither risk classes nor risk categories needed to be adjusted.

These reporting criteria apply exclusively to the Group. As the subsidiaries vary in size, the regional entities are in charge of adjusting critical damage levels in their local risk management systems to fit local financial capacities.

Risks that do not have any direct impact on liquidity (e.g. write-downs) or that cannot be assessed (yet) due to a lack of available data and information must also be recorded. They are recorded pro memoria with a value of "1", or an alternative assessment parameter (other than liquidity) is recorded in the risk management tool. The prioritisation of these risks within risk reporting is the responsibility of the corporate risk management.

Risk management

Regardless of the risk categorisation, all active risks must be managed with appropriate measures (= measure to reduce, prevent or transfer risks). Acceptance of risk without initiating any measures is permitted only in individual cases and generally not for high risks. The risk management is in charge of preparing, implementing and monitoring appropriate measures. The status of all mitigating activities and their efficiency is documented in the risk management tool and reviewed by the Group's risk management on a quarterly basis.

Risk reporting

Based on the risks identified and reported through bottom-up and top-down procedures, corporate risk management submits quarterly risk reports to the Management Board, the Supervisory Board's Audit and Compliance Committee and to the Supervisory Board itself. The continuous risk report focuses on the presentation of the top 20 risks for the Group as regards the quantitative development and the status of the protective measures that have been or are planned to be implemented. In addition, every report includes a cash stress test that examines whether Evotec can absorb the impact of all risks on liquidity in the event that the relevant risks materialise simultaneously. Up until today, Evotec has always passed these tests successfully. For this reason, a probability-weighted aggregation of risks at the group level using stochastic simulations has not been necessary. The risk management system is currently undergoing an adjustment process, in particular to fulfil the requirements of the early risk detection standard IDW PS 340 as to risk aggregation, risk appetite and risk tolerance.

Risk monitoring

The Supervisory Board is in charge of monitoring the efficiency of the risk management system. The Management Board and the Supervisory Board review the processes of the risk management system once every

year during risk reporting. Moreover, Evotec gives high priority to responsible and value-based corporate governance. As in previous years, the Management Board and the Supervisory Board have made a statement of compliance to the German Corporate Governance Codex according to section 161 of the German Stock Corporation Act (AktG). This declaration is available to the shareholders on the Company's website under https://www.evotec.com/en/invest.

Internal Control System for Financial Reporting

Pursuant to Section 91 paragraph 2 of the German Stock Corporation Act ("AktG") in conjunction with Section 289 paragraph 4 of the German Commercial Code ("HGB"), the Management Board is responsible for implementing and maintaining guidelines, procedures and measures to ensure the propriety of the Group's financial reporting processes.

The internal control system of Evotec comprises both process-integrated and process-independent protective measures. The process-integrated measures are organisational, automatic systems and controls that are built into structures and processes and ensure a certain level of protection. These measures include:

- Clear separation of duties
- Dual control principle
- Variance analyses
- Plausibility checks

Process-independent protective measures are conducted on an annual basis by the independent audit and consulting firm PricewaterhouseCoopers GmbH and supervised by the Group's Risk Management. This ensures the legally obligatory monitoring of the effectiveness of the internal control system by the Executive Board in accordance with § 91 paragraph 2 of the German Stock Corporation Act ("AktG"). At the same time, organisational structures and processes are reviewed. As part of the independent audit, control tests are generally conducted by the audit and consulting firm PricewaterhouseCoopers GmbH for all national subsidiaries. This audit was conducted for all locations in Germany and Austria in the fourth quarter of 2020. Due to the COVID-19 crisis in the 2020 financial year, the control tests for the other national companies were carried out once on the basis of self-assessments and checked for plausibility by random sampling by the audit and consulting firm PricewaterhouseCoopers GmbH. The companies had to evaluate and confirm the appropriateness, documentation and efficiency of the key controls based on a 3-level evaluation scale. In the 2021 business year, Evotec intends to undertake full on-site controls by third parties again.

The internal control system developed by Evotec included in particular during the audit,

- whether matters relevant to financial reporting and disclosure of contracts entered into are identified and appropriately presented,
- whether processes for segregation of duties and the dual control principle are established in the preparation of the consolidated financial statements, and
- whether risks in connection with the relevant IT accounting systems are mitigated by a set of defined IT controls such as authorisation restrictions or defined rules for access, changes and system recovery.

In this context, the documented internal control system includes all essential processes that are relevant for the correct and complete presentation of financial reporting (IT processes, treasury processes, purchasing process, order-to-cash process, record-to-report process, etc.).

Specific group accounting-related risks can arise, for example, after the conclusion of unusual or complex business transactions. Furthermore, business transactions that are not routinely conducted can result in additional risks related to group accounting. To this end, the internal control measures aimed at the regularity and reliability of Group accounting ensure that business transactions are recorded completely and promptly in accordance with legal requirements. The control activities also ensure that reliable and comprehensive information is provided through the accounting records.

Based on the information on which it is based, the Board of Directors has concluded in its review that Evotec's internal control over financial reporting, which is based on the framework established by the Committee of Sponsoring Organisation of the Treadway Commission ("COSO" framework), is fully functional, adequate and effective, both in terms of its design and operation.

The results of the effectiveness review are presented once a year to the Executive Board, the Audit and Compliance Committee of the Supervisory Board and the Supervisory Board itself.

OVERVIEW OF INDIVIDUAL RISKS

Evotec is exposed to various risks arising from its activities and from the sector. Each of these risks could have a significant negative impact on its general business, its financial situation and its results.

Evotec has classified the most important risks in the following categories: strategic risks, market risks, financial risks, legal/compliance risks, ownership and patent risks, HR risks, information technology risks, and operational risks.

The table below is an overview of these risks.

Based on the realistic worse-case scenario, the changes in assessments compared to the previous year are as follows:

▲ **Higher than in the previous year**

Lower than in the previous year ▼

CORPORATE RISK OVERVIEW (AGGREGATED)

	Propability of occurence	Potential financial impact	Year-on-year change
1. Strategic risks			
Failure to achieve strategic targets[1]	Medium	High	
Disruptive market participants[2]	Medium	Medium	
Future risks to success in drug discovery and development[3]	Medium	Medium	▼
Failure of mergers and acquisitions[4]	Medium	High	
Political risks	High	Medium	
2. Market risks			
Competitive situation[5]	Low	Medium	
Commercial risks from out-licensing and licenced products[6]	Medium	Medium	
Overall economic development[7]	Low	Medium	
Risks related to the COVID-19 pandemic	High	Low	**new**
Loss of individual major clients[8]	Medium	High	
3. Financial risks			
Liquidity risk	Low	Low	▼
Default risks	Medium	Medium	
Currency risks	Medium	High	
Interest rate risks	High	Low	**new**
Loss of R&D tax credits	Medium	High	
Changes in tax authorities's practice as regards taxation issues	Medium	Low	**new**
4. Legal/compliance risks			
Litigation	Low	Medium	
Contractual risks	Low	Low	
Regulatory risks	Medium	Medium	
Risk of stricter regulations	Medium	Medium	
Product liability risks	Low	Low	
Quality risks in R&D	Medium	Medium	
General governance and compliance risks (fraud, corporate governance)	Low	Low	▼
5. Ownership and patent risks			
Dependence on technology patents and proprietary technologies	Medium	Low	▼
Dependence on licences granted for partnered assets	Medium	Low	▼
6. HR risks			
Loss of highly qualified staff (key employees)[9]	Medium	Medium	
7. Information technology risks			
Loss of data	Medium	High	
Data integrity and protection	Medium	High	
Cyber risks	High	High	
GDPR risks	Medium	High	
8. Operational risks			
Environmental, health and occupational safety risks	Medium	Low	
Process risks[10]	Medium	Low	
Major disasters on sites	Low	High	

In accordance with our risk inventory, we have adjusted our risk aggregations and individual risks vs. the previous year.
We believe this more concise presentation of risks provides more clarity and transparency.
The changes in risk allocation and types of risk are listed below:

[1] *Previous year: Implementation and achievement of strategic goals*
[2] *Previous year: Pricing pressure*
[3] *Previous year: Risk of failure*
[4] *Previous year: Risks from M&A*
[5] *Previous year: Outperformance by competitors*
[6] *Previous year: Dependence on individual out-licensing events*
[7] *Previous year: Changing market environment*
[8] *Previous year: Dependence on individual larger customers*
[9] *Previous year: Dependence on key personnel*
[10] *Previous year: Knowledge monopolies and knowledge management due to the Company's growth*

Based on the principles of risk factor assessment described above, the Management Board believes that no risks have been identified currently that jeopardise the continued existence of Evotec, either alone or in any foreseeable aggregation.

1. Strategic risks

The risk of **failure to achieve strategic targets** depends on internal and external factors. Evotec has limited control over the latter. Firstly, the achievement of the Company's strategic targets hinges upon its clearly defined and communicated strategy for sustainable and profitable growth in its business model. The implementation of this strategy entails the risk of misjudgement of potential future developments. Many different factors can play a role here, and they are reflected in further company risks. This may include another financial crisis, a persisting COVID-19 pandemic or acquisitions that do not yield the expected results. In its internal research and development activities, Evotec continues to focus on the most valuable and promising projects. The Company is building an extensive product pipeline by developing its own drugs, from its existing portfolio and from collaborations with academic or research institutions, into major value drivers and contributing them to partnerships. Evotec's investments in the future represent a considerable opportunity to achieve its strategic targets, but they also entail the risk that it might invest in products, partnerships and/or technologies that prove unsuccessful in the end. In addition, marketing strategies may fail, or a lack of market acceptance of new research products may affect Evotec's market position and thereby also the achievement of strategic or financial targets and future value creation potential. In order to achieve its strategic targets, the Company must above all continue and expand its top-quality, innovative services. In the light of the internal and external parameters that can impact the achievement of Evotec's strategic targets, of which some are beyond its control (e.g. the COVID-19 pandemic), the Company believes that the risk is medium to high.

We believe that the potential threat of **disruptive market participants** is a medium risk currently. As a pioneer of innovative drug discovery, we address the growing competitive and price pressure with high-quality, innovative and flexible-access services and a unique business model based on proprietary technology platforms. Reasonable cost management, continued development of capacities and technologies, diversification of revenues as well as revenues from valuable, result-driven alliances are critical factors for Evotec in maintaining a significant role in the world of drug discovery in the pharma and biotechnology sector.

We rate **future risks to success in drug discovery and development** due to failure as medium risks as some of the factors of success are beyond our control. Evotec is involved in many alliances in drug discovery and development, and it also runs its own research programmes, mostly aiming to initiate new and strategically more interesting alliances. The Company usually runs late-phase clinical development projects only if a partner bears the development cost. The continued expansion of the EVT Innovate segment via a portfolio of co-owned R&D projects is another major strategic target. This type of investment offers a favourable risk-reward profile up to the clinical stage in selected areas of the highest strategic medical relevance, which allows Evotec to advance its business model in the long term. For the most part, Evotec has limited control over the further development of these investments, and it is exposed to the aforementioned typical risks of drug discovery and development.

None of Evotec's drugs have obtained marketing authorisation to date, and there can be no assurance that Evotec or one of its strategic partners will successfully develop and market new drugs in future. There is a risk that upfront, milestone and potential license payments on future drug sales by customers will be lower than anticipated in the Company's strategic planning. This could thus lead to impairments of individual intangible assets, affect Evotec's financial position and jeopardise the corresponding strategic target in the medium to long term.

Evotec has strategic growth targets which it intends to achieve through a combination of organic growth and the acquisition of complementary service and research capacities. We consider the potential **long-term failure of mergers and acquisitions** to be a medium risk at this point. To address the potential risks threatening the success of such transactions, Evotec has established a comprehensive due diligence process for all acquisition targets which is run by specialised Evotec staff, external consultants and legal advisers. However, we cannot completely rule out adverse developments, as factors entailing residual risk beyond Evotec's control may remain even after the transaction is completed (e.g. unexpected sector risks or environment risks). The integration of operations and personnel may represent further risks to the organisation, its management and employees if synergies fail to meet expectations or unharmonised processes and systems operate in parallel for longer than planned. In addition, mergers and acquisitions could bear further specific risks such as unexpected liability claims or costs, the potential loss of key personnel, and the depreciation of technologies, intellectual property, contracts and scientific methods. Intangible assets and goodwill from past acquisitions account for a significant part of the Company's assets. If management's expectations regarding the future potential of these acquisitions cannot be realised, there is a risk of partial or full impairment of these intangible assets and goodwill. Evotec therefore strives to ensure the proper adjustment and smooth integration of the new companies' technologies, cultures, systems and processes and act as ONE Evotec. Based on the experience of past acquisitions, the Company makes use of all necessary resources and departments to ensure a smooth integration process.

Political risks, which we consider to be strategic risks, mainly include geopolitical decisions that lead to global trade conflicts or an uncertain economic situation, e.g. due to BREXIT. We consider this to be a medium risk, particularly due to BREXIT and the related, uncertain medium-to-long term effects.

We address these risks by continuously monitoring political uncertainties and actively working with stakeholders in order to assess and minimise potential negative effects where possible. For this purpose, special task forces comprising representatives from all necessary business units prepare and implement measures in a timely manner.
To address the BREXIT risk, the key political threat in 2020, a dedicated task force examined several areas of risk that may have a significant impact on Evotec:

Supply chain and production: delays in customs clearance followed by delays in delivery and transit of goods needed for the processing of customer orders may occur due to new processes at the loading stations. In particular cases, this may result in delays in the provision of services needed to execute customer orders. To mitigate the risk, Evotec temporarily increased its stock of essential components at its UK sites, and it will continue to thoroughly analyse goods availability and take appropriate action. Under

the current agreement, there is no risk of substantially elevated costs due to customs duties, but expenses for ancillary import and export services (customs brokerage) are still likely to be higher. We have mitigated the risk by installing processes and sufficient logistics personnel to fulfil any customs regulations for future deliveries.

Distribution and logistics: Evotec regularly ships test compounds between its UK sites, its international customers, and other European Evotec sites in order to fulfil its customer orders. Following the uncertainties regarding customs clearance for goods being shipped into and from the UK, delays in customer projects are possible, which potentially may lead to loss of sales or even termination of contracts. However, Evotec may use its other European or US sites to cover the majority of its range of services in the UK. Deployment of Evotec's other sites enables the Company to compensate for most interruptions in the UK and thus to mitigate this risk.

Personnel: Evotec continuously analysed the possible effects on the employees concerned in 2020, completed the necessary consulting and information and prepared potential courses of action. The personnel-related BREXIT risks are known and limited.

Data protection and free movement of data: due to the absence of regulations within the agreement, in principle the UK is a third country without an adequate level of data protection, and the exchange of personal data between the UK and other countries is limited according to GDPR, or permitted only when adhering to appropriate protective measures. However, Evotec included standard contractual clauses regarding any processing activities (so-called SCCs) in a contract between all affiliated companies to mitigate this risk. Any issues related to GDPR are generally part of IT risks.

Patent rights: due to the European Patent Convention (EPC), patent rights will remain largely untouched following the exit of the UK from the EU, since the UK will continue to be a member of the EPC.

Payment transactions and exchange rates: due to some provisions regarding the exchange of payment-transaction data between banks in the UK and the rest of Europe becoming invalid, there may be delays in payment transactions. To prevent liquidity shortfalls at its UK subsidiaries, Evotec might at any time increase their cash balance temporarily if needed. As sufficient cash funds are available, this is very unlikely to be necessary. .

2. Market risks

The world of drug discovery in the pharmaceutical and biotechnology sector has grown rapidly in recent years. As a result, Evotec is closely monitoring the **competitive situation** and the competitive environment. There is a potential risk that competitors are faster in marketing their products, obtaining patent protection and/or developing new drugs that are more efficient or cheaper or seem more cost-efficient than the products that benefit Evotec, e.g. via revenue sharing. Royalties could therefore be lower in future, or they could be lost altogether. Moreover, there is a risk that competitors step up their investments in the expansion of their drug discovery and development solutions units, thereby increasing competition.

Evotec addresses this risk with a diversified business model based on innovative, multifunctional technologies and platforms that took years to develop. We therefore consider this risk to be medium to low at this point.

The **commercial risk from out-licensing and licensed products** is a medium risk, in our view. The Company continues to be engaged in a number of active drug discovery and early development programmes. The resulting drug candidates are meant to be licensed to pharmaceutical companies for clinical development and commercialisation. There is a risk of failing to reach the out-licensing target. Furthermore, the continuation of established collaborations and partnerships during the further development along the value chain entails certain commercial risks. In addition, a significant portion of Evotec's service business depends on the Company's partners and customers continuing to develop programmes which were developed with Evotec's support during earlier stages of development. Still, the market environment and competitive landscape for out-licensing and licensed products can always change during the lifetime of individual projects. The actual timing and commercial value of individual projects or the direct returns from partnering individual projects could therefore deviate significantly from initial projections.

Moreover, in its efforts to provide drug candidates to the pharmaceutical industry, Evotec depends on individual out-licensing or partnering agreements and therefore on individual – typically larger – customers. The total amount of payments and the split of these payments obtained in a future out-licensing agreement are unknown and depend on many factors, such as the degree of innovation and the IP position as well as on external factors outside the Company's control. In addition, the reliance on collaboration partners is subject to additional risks. For example, Evotec's partners may not devote sufficient time and resources to the continued development, introduction or marketing of the products resulting from the collaboration. To mitigate this risk to the extent possible, detailed project reporting is established within Evotec and stipulated in any collaboration agreement. Nevertheless, we continue to rate this a medium risk.

Due to its global activities, Evotec is exposed to risks arising from the **overall economic development,** which may have an adverse effect on its revenue and earnings performance in the event of an economic slowdown.

The **COVID-19 pandemic** is an extraordinary shock for the economies of the EU and the rest of the world, and it has severe economic and social consequences. In 2020, economic activity in the euro area is expected to have experienced a high single-digit percentage decline. If the COVID-19 pandemic continues or aggravates, Evotec may be exposed to considerable risks. We have introduced comprehensive measures to address these risks. The most significant threats for Evotec may arise from inefficient internal safety measures for the protection of our employees. If these measures fail and employees or entire teams are sent to quarantine or if entire sites are shut down by the authorities, considerable project delays will be possible. Aside from delayed revenues from the projects, this may also pose financial risks for the medium to long term as follow-on projects may be delayed.

We have developed, communicated and implemented extensive safety measures at all sites in order to reduce the risks for our employees as best we can. Among other things, this includes mandatory face masks in all of Evotec's facilities, the expansion of home office options, weekly COVID-19 task force consultations, and maximum numbers of people allowed in rooms. In addition, we have introduced shiftwork where possible to reduce the number of employees working in labs.

Aside from personnel risks, logistics and procurement may be exposed to further hazards. Service providers and service partners put under

quarantine restrictions could lead to delivery failure, shortage or delay, which could in turn entail internal delays at Evotec. We have addressed this risk by optimising inventories and continuously communicating with our suppliers and logistics providers. This also includes the forward-looking analysis of stock material and services which are continuously bought and used by Evotec and which could be subject to shortage in future due to global COVID-19 vaccinations (e.g. cold chain freight services). Here, too, appropriate measures have been prepared and introduced.
Although the direct financial effect of the coronavirus pandemic has been less severe for Evotec than for other sectors up to now, due to the high likelihood of occurrence we rate this as a medium risk.

We classify the **dependency on individual larger customers** as a medium-high risk, which, however, is also associated with significant opportunities. In the current fiscal year, the revenue contribution of Evotec's three largest customers was 23% (see also table "Development of Top 10 Customers" on page 32 of this Management Report) compared to 30% in 2019. Although Evotec generally has long-term contracts with its major customers, there is a risk that customers may terminate contractual relationships earlier than planned for strategic reasons or reasons for which Evotec is responsible. High quality services, innovative solutions and close interaction with customers are key measures to reduce the likelihood of early contract termination or to identify its risk at an early stage. Nevertheless, the risk cannot be fully controlled due to strategic decisions of our customers that cannot be influenced. If a customer exits a drug discovery and development project, future revenues would be lost in a high volume. Where contractually permitted, Evotec will always seek to continue the advanced research projects with new partners.

3. Financial risks

Revenue fluctuations, expenditures, external events and changes in the business environment might negatively impact Evotec's short-to-medium term profitability and **liquidity.** To actively address any related risk and safeguard its cash position, Evotec has defined minimum liquidity levels and regularly undertakes scenario planning. In full compliance with the Company's investment policy, the general risk of losing a significant amount of cash in cash investments is mitigated by spreading investments in high-quality credit instruments across several banks and by monitoring these banks and investments on an ongoing basis. The selected instruments are used exclusively to secure the underlying transactions, but not for trading or speculation.

Due to a private placement in 2020, Evotec has sufficient cash reserves currently. Nevertheless, all options of refinancing are reviewed on a regular basis, including potential capital increases and the use of debt instruments. Overall, we see little liquidity risk at this point.

Default risks may occur if a customer is unable to meet his obligations.
They are controlled as required by credit and solvency checks of the contractual partners and mitigated by means of corrective measures. However, Evotec's customers are generally financially stable pharmaceutical companies, research institutions and larger biotechnology companies, and we therefore consider the risk to be medium.

Evotec's business and reported profitability are affected by fluctuations in foreign exchange rates mainly between the US dollar, pound sterling and the Euro. The Company manages these **currency risks** via close market monitoring, forwards, natural hedges and selective hedging instruments. Hedging transactions are entered into directly in relation to existing underlying transactions and/or future transactions that can be reliably anticipated. The purpose of this strategy is to manage the Company's current and future currency requirements and to reduce the exchange rate risks of current and future financial periods. Despite active currency management, this risk cannot be fully eliminated due to unpredictable volatility within the mentioned currencies. In terms of probability of occurrence and extent of loss, we currently see medium risk and high risk, respectively.

Interest rate risks may arise from inevitable negative interest on investments of available cash after capital increases, financing, etc. Due to the European Central Bank's negative interest rate of (0.5)% currently, Evotec's banks are also charging negative interest on its balances. The Corporate Treasury Team continuously screens the market for suitable short or medium term investment options in order to avoid negative interest. Although interest rate risks are high in terms of probability of occurrence, we rate the financial impact as low currently.

R&D tax credits derived in various countries such as France and the UK, where Evotec runs operations, account for a substantial part of the Company's other operating income and contribute positively to its financial performance. It depends on the political framework in the respective countries whether, how and to what extent a company is allowed to claim R&D tax credits. The R&D tax credit policies in these countries have been quite stable in the last few years. In Italy, the legal requirements have changed for the 2020 financial year, leading to a reduction in other operating income. Notwithstanding this, Evotec currently continues to classify the risk in terms of probability of occurrence as medium, as in Evotec's opinion no changes have currently been announced in the short term in the other countries. Evotec monitors the political and legislative landscape on a regular basis in this regard. A full or partial expiration of these programmes or a change in approval criteria may affect the Company's financial performance negatively.

R&D tax credits form a significant component of other operating income in several countries, such as France and the UK, where Evotec has operations, and contribute positively to Evotec's financial performance. It depends on the respective policy framework of the country concerned how and to what extent a company is allowed to claim R&D tax credits. In Italy, the legal requirements have changed for the financial year 2020, leading to a significant reduction in other operating income. As of the current reporting date, there are no indications that legislation in the remaining countries will be negatively changed for Evotec. Nevertheless, due to the COVID-19 pandemic-related global economic downturn and the resulting increase in government costs, there is a higher risk that tax relief will be reduced or eliminated in the short term and permanently due to legislative changes. A full or partial expiration of these programmes or a change in the eligibility criteria could negatively impact our financial performance. Evotec regularly monitors the political and regulatory landscape in this regard, but could not completely avoid the negative effect on our results due to the lack of influence and compensation possibilities. In the short term, there are no indications of further regulatory changes in the countries relevant to Evotec, so we currently continue to rate the risk as medium in terms of probability of occurrence, as we do not currently believe that any near-term changes have been announced in the remaining countries.

The risk of **changes in case law or tax authorities' practice as regards taxation issues** is a medium risk, in our view. Due to the complexity of our business model and the necessity to include individualised clauses in our customer contracts, any significant contracts are analysed as to their legal and tax-related implications. Evotec is reviewing its process for contract drafting and contract authorisation to ensure tax treatment is assessed prior to signing. Appropriate action can then be taken in time if needed.

4. Legal/compliance risks

Evotec strives to address legal risks as early as possible and respond pro-actively. Permanent measures are meant to entirely prevent any compliance violations. The risks referred to below are all considered to be (rather) medium risks.

Despite our pro-active measures, we are exposed to risks from **litigation** and cannot completely rule out infringements of legislation. As a result, we are exposed to the potential risk that legal action, court rulings or out-of-court settlements may have adverse financial consequences. For major and/or complex transactions, Evotec pro-actively seeks external advice to mitigate the related risks.

The Company is bound by numerous complex contracts with a low degree of standardisation, in particular customer contracts. Contractual clauses that are flawed or contentious or unfavourable for Evotec may entail legal liability risks and financial risks. We address this risk by continuously involving our corporate legal department as well as external legal advisers when needed. Thanks to this cumulative expertise of established review and contract drafting processes, Evotec has not recorded any judicial or material out-of-court settlements with customers in the past 10 years, so we consider the risk to be low.

Research and development activities as well as the approval and marketing of pharmaceutical products are subject to extensive regulation by the US Food and Drug Administration, the European Medicines Agency and similar regulatory agencies in other regions. The approval of the relevant authorities is required before a product can be tested in humans and later sold within a given market. The regulatory approval process is arduous and time-consuming, and the timing of receipt of approval is difficult to predict. Regulatory approval of products that benefit Evotec through revenue sharing may therefore not be received, or the approval may be restricted to certain geographical regions or indications, even if the further development of Evotec's drug candidates is successful. Regulatory approval might also later be withdrawn or it may be considerably delayed. This may significantly affect revenues. **Regulatory risks** and risks arising from changing or **stricter regulations** are addressed by continuously monitoring global and local legislations to ensure that looming changes are detected in time. For this purpose, Evotec also employs external partners such as consultants, auditors and legal advisers under contract. Provided such connections exist, Evotec also engages in early dialogue with the authorities, e.g. regulatory authorities, to create transparency and ensure that its research and development activities conform with relevant legal and ethical requirements.

It is possible that the Company will be responsible for potential **product liability** stemming from product research, development or manufacturing. Evotec is covered by liability insurance, but in the event that claims exceeding the limits of this insurance coverage occur, there could be an impact on the Company's financial position or results. Evotec acts very prudently and responsibly to prove that clinical product candidates are safe and effective for human use and approvable by regulatory agencies. In this context, the direct clinical development, the conduct of human trials and the interaction with the regulatory authorities are usually carried out by Evotec's licensing partners.

Evotec's business processes are designed to meet the highest scientific quality, and the quality of our drug discovery and development solutions is part of our non-financial performance indicators. The success of our business therefore hinges upon the fulfilment of both our own and legal quality standards.

For example, certain certified operations are managed under the regulations of Good Manufacturing Practice (GMP), Good Laboratory Conduct (GLC) and Good Laboratory Practice (GLP), which are periodically audited by regulatory agencies such as FDA, MHRA, AISA and the Company's customers. Audit findings may lead to a loss of the GxP certification with the regulatory agencies or a loss of the approved supplier status at the Company's customers and a subsequent loss in revenues.

To minimise potential **quality risks in R&D activities,** Evotec has established a quality management system monitored by the Quality Assurance Committee. The Quality Assurance Committee submits regular reports to the Company's management, and it defines quality requirements. In addition, it is in charge of compliance monitoring, reviewing and reporting as well as the implementation of quality improvement measures.

In terms of **governance and compliance risks,** Evotec is mainly exposed to privacy breach and the potential risk of antitrust violations or fraud, e.g. through price fixing, illicit gratuities and the acceptance of unauthorised invitations.

All of Evotec's employees are obliged to adhere to the Company's Code of Conduct, which is applicable across the entire group. Compliance with internal company policies is paramount to the Company's success and ensures a safe work environment for its employees and early detection of potential risks. It is essential for Evotec to ensure that the Company in general and its employees individually conduct business in a legal, ethical and responsible manner. Employees are obliged to report any incidents they suspect of having breached the ethical guidelines laid out in the Company's Code of Conduct to their supervisor or to the Company's Compliance Officer. Evotec's corporate Legal & Compliance department is in charge of compliance monitoring. Its routine activities include reporting to the Management Board and the Supervisory Board, and the development and implementation of certain compliance guidelines and trainings.

5. Ownership and patent risks

If Evotec's business activities conflict with patents or other intellectual property rights of third parties, activities may be suspended or there may be a legal dispute. Also, in the event that Evotec believes that its patents or other intellectual property rights have been infringed upon by a third party, the Company might file lawsuits. These actions could have an influence on Evotec's financial position or results.

The risks associated with intellectual property include the following:

▸ Evotec is dependent on **patents** and **patented technologies,** both its own and those licensed from others. Consequently, the Company places great emphasis on patent protection and patent monitoring. The Company's success depends in part on its ability and the ability of its licensors to obtain patent protection for technologies, processes and drug candidates, to preserve trade secrets, to defend patents against third parties seeking to invalidate such patents and to reinforce rights against infringing parties. Any disputes could result in sizeable additional expenses, project delays and absorption of management attention and in a dramatic reduction of project values or even in full project abandonment.

▸ Evotec holds **licences** relating to some of its proprietary pre-clinical and clinical research projects. Any termination of these licences could result in the loss of significant rights and assets and endanger existing partnering collaborations or freedom to operate. However, Evotec strives to maintain long-term and trusting relationships with its partners and is therefore confident that such licence agreements will remain unaffected.

We consider both these risks to be rather low as we see little financial risk.

6. HR risks

Evotec, like many biotechnology companies, very much depends on the recruitment and long-term retention of highly qualified management and highly specialised scientific staff. The **loss of any of Evotec's key employees** could impede the achievement of its short-term financial targets as well as its medium- and long-term strategic goals. Evotec offers an intellectually challenging workplace for scientists to perform at their best in world-class quality drug discovery and development and provides attractive working conditions. The advantage of employing highly qualified and very experienced staff with comprehensive and significant knowledge of specific programmes and projects also entails the risk of creating dependence on these colleagues and the risk of loss of knowledge in case they discontinue work. To reduce this risk, Evotec has established defined documentation processes, shared knowledge platforms, lab journals, clearly defined job functions and project meetings to secure some of the relevant knowledge, findings and data. At the same time, LTI awards for senior employees serve as a long-term retention measure. For reasons of risk mitigation and business strategy, Evotec has set up its organisation such that key employees develop a common level of knowledge, with well-defined rules of substitution and succession. Furthermore, recruiting and retaining qualified scientific personnel to perform research and development work is critical to Evotec's success. If Evotec is unable to attract and retain personnel on acceptable terms despite its corporate culture, reputation and industry leadership position, this may delay Evotec's development efforts or otherwise harm its business. Successful integration of the new staff in cultural, operating and administrative terms is a central strategic human resources challenge for the Group.

Although staffing issues play a major strategic role for Evotec, we believe this is a medium risk currently due to the appeal of the sector in general and Evotec in particular.

7. Information technology risks

Efficient processes and smooth business operations are highly dependent on the good performance of a unified and safe corporate IT infrastructure. Major system failures may therefore lead to major business interruptions. All of the risks named below are given the highest priority and rated as high regardless of the fact that potential damage can vary greatly depending on scale, duration and cause.

IT services are essential to the Company's success. Evotec recognises that a **loss of data** may result in a financial loss or liabilities, loss of client trust as well as reputational damage.

Evotec invests in the resilience and expansion of its systems, makes upgrades to security systems, backs up data to different geographical locations, enhances IT policies and consolidates user awareness. These measures mitigate the effect of hazards such as natural disasters, power failures, system upgrade failures, theft and data corruption as much as reasonably possible.

Compliance with corporate guidelines relating to **data integrity and protection,** which also regulate the assignment of access rights, is mandatory. The Company performs regular IT risk assessments to identify and rectify weaknesses. In addition, an IT Security Committee meets weekly to analyse threats, investigate reported incidences and make recommendations to management. Where weaknesses are identified, remedies are initiated immediately.

Due to the rising number of external attacks on IT systems, the measures established to prevent **cyber risks** have become much more significant in the last few years. The related risks are: loss or destruction, payment of blackmail money, unauthorised encryption or corruption of data arising from captured passwords, virus attacks, or other unauthorised modifications to the Company's systems. Evotec's own and/or client data may be inaccessible or destroyed and may disrupt the Company's day-to-day business. To protect the Company from virus attacks and cybercrime activities, Evotec employs antivirus and antimalware software, as well as firewalls running at relevant points of entry. In addition, systems are updated as often as possible, enabling the installation of new versions or patches with better secured authorised access, improved protection against malware and viruses to all systems possible. Systems that cannot be updated for technical reasons (e.g. due to lack of technical support) are – where feasible – isolated from the main network or replaced. In addition, relevant employees (e.g. in the financial and IT departments) are educated and regularly reminded of the risks and kinds of potential attacks that may occur (e.g. "fake president": scam mails sent on behalf of management). Evotec has increased resources and investments in order to further secure its IT and data on all its sites. Despite the Company's efforts and in light of rapid technology changes and the evolving sophistication of attack methods used to infiltrate systems globally, there is a possibility that a cyber-attack could occur that could adversely affect the Company's business, financial performance and reputation.

Considering the significantly expanded regulations under **GDPR,** Evotec is permanently reviewing the handling of relevant internal and external data and its respective flow, storage and access. In this regard, the Company has intensified its employee training efforts to increase awareness of the need to review and adjust internal data protection procedures and improve restricted access applications. In addition, Evotec has defined routines and installed

internal and external contact persons in the event of certain potential types of data breach. However, in case of a confirmed and reported breach, Evotec may face heavy fines, which may impact its financial performance and reputation.

8. Operational risks

Evotec continuously enhances its operational risk management and optimises the accountability and performance assessment mechanism of all departments and functions. The Company actively gathers data on operational risk to enable proactive risk prevention opportunities. The long-term objective is to monitor the level of operational risk across the Group on a monthly basis to gain insights preventively, thereby reducing the Company's operational risks and saving costs in the long term.

As a global corporation, Evotec is exposed to extensive **environmental, health and occupational safety risks** potentially arising from production and supply chain processes as well as from various external events, such as force majeure, natural disasters, government decisions, pandemics (e.g. COVID-19) or other global and local incidents. Evotec has several business continuity plans tailored to different locations which are updated if the general environment changes. In addition, local task forces were installed at individual sites that introduce further measures and ensure appropriate communication with employees and major stakeholders. As a result, Evotec is well prepared to respond as quickly as possible to external disruptions with a direct or indirect impact on its business. The Company has also prepared further measures, including the possibility to draw on alternative materials or suppliers, internal exchange of materials and the definition of a clear code of conduct for employees and visitors and mobile work.

Aside from the safety of our processes, the safety of our employees and the protection of the environment are also given high priority at Evotec. Any misconduct may lead to personal, property, environmental and reputational damage, which in turn may cause short-term business interruptions, (temporary) shutdowns of projects, and penalties. Based on continuous threat analyses, Evotec has established guidelines, standards and measures that should reduce any environmental, health and occupational safety risks to a minimum. Due to its significance for Evotec, we rate this as a medium risk.

Evotec recognises the importance of balanced knowledge management, for example in the context of external reporting deadlines or adequate runtimes of processes. Due to its steady growth, the Company must continuously adjust its organisational and functional management as well as standards, business processes and structures in accordance with its current and future scale. For example, Evotec's global finance function has initiated organisational improvement measures and additional change management measures in order to avoid knowledge monopolies and make the finance organisation more robust and flexible. This is also meant to prevent **process risks** such as inefficiencies and ensure accurate and high-quality financial data.

In the event of a **direct or secondary disaster** that results in stoppages of the Group's activities on one or multiple sites, or in damages and/or interruptions to the operations of key suppliers, Evotec may be forced to suspend or incur significant delays in parts or all of its activities. In each case, there is a potential risk that the Company's financial position and operating results may be substantially affected. We therefore rate this risk as high from a financial standpoint. In addition, the implementation of research and development plans may be impacted by damages to Evotec's research facilities as well as medical and other institutions at which testing is conducted. In case of major disasters such as extreme weather events, earthquakes or plane crash, Evotec may suffer loss of business due to inability to execute contracts and fulfil client deliverables. Evotec has created business continuity plans as well as disaster recovery plans and has insurances for these rare events.

OPPORTUNITIES REPORT

In addition to possible risks, Evotec also identifies and evaluates opportunities arising from its business activities. Some of the Company's significant opportunities are described below.

A major pillar of Evotec's strategic plan is the creation of an extensive co-owned pipeline of product candidates without taking the financial risk of clinical development. The Company's many development partnerships with pharmaceutical companies represent **significant strategic opportunities.** Evotec participates in the potential success of a number of clinical assets currently. These clinical development programmes are financed by the Company's partners and therefore do not involve any financial risks for Evotec (apart from the risks inherent in the companies themselves in which Evotec holds an interest). However, they do harbour significant value creating potential. Within the EVT Innovate segment, Evotec continuously invests in academic or internal R&D projects. These projects are positioned as starting points for future strategic partnerships with significant commercial value creating potential.

Thanks to its profitability and liquidity position, Evotec can expand its business activities through both organic and inorganic growth, including acquisitions contributing unique technologies or skills that complement the Company's drug discovery offering. This could have a positive impact on the Company's business and its strategic and financial targets.

The last few years have been a phase of extensive restructuring and transition for the pharmaceutical industry, as many companies are faced with pending patent expiries, compensation and cost pressure. This has led to a decreasing number of research-based pharmaceutical companies taking the full risk of drug discovery and development. As a result, R&D outsourcing continues to grow. Outsourcing to external providers of innovative solutions converts fixed costs into variable costs and in certain areas offers access to expertise without having to invest in internal, underutilised capacities or infrastructure. In addition, external partners often have more innovative solutions and technologies which can improve product development in terms of both quality and time.

Evotec is able and in a position to leverage these **market opportunities** and therefore pursues a business model that protects its existing business and at the same time generates future business opportunities. Evotec is a provider of high-quality drug discovery services. Its excellent reputation in the market plays a major role in generating new business. In addition, Evotec goes to great lengths to continuously upgrade and expand its technological capacity and ensure continued superior quality in its services, thereby generating business opportunities. Evotec's drug discovery platform is well established in the industry and has generated a significant growing revenue stream over the past years. This has resulted in a high level of customer satisfaction, which we can leverage to generate new business.

Furthermore, Evotec currently operates from a **sound liquidity position.** This financial stability allows Evotec to continue to make a wide range of investments, including a novel biologics facility (J.POD®), novel cell and gene therapy projects, the expansion of its presence in the US and Europe, as well as proprietary research projects, the further development of its proprietary drug discovery and development platform. In addition, Evotec's strong cash position enables it to evaluate potential M&A opportunities and generate potential exit points for higher value partnerships through its EVT Innovate initiatives. As Evotec's conservative mid-term financial planning does not yet assume any product commercialisation and subsequent commercial milestone and royalty payments, any successful product commercialisation would provide significant upside to Evotec's business planning and profitability.

Evotec co-owns a strong pipeline of more than 100 partnered programmes and more than 20 unpartnered projects. Assuming industry standard attrition rates and with respect to the broad product portfolio, the probability increases that one or more product opportunities will reach the market and generate significant royalty streams which will contribute to the economic success of Evotec.

Human resources are highly valuable assets for companies in the pharmaceutical and biotechnology industries. The Company believes that its success in alliances and partnerships is attributable to its key personnel. Roughly 39% of Evotec's employees have worked for the Company for more than five years. **Retention of employees who have outstanding expertise and skills** in the long term may therefore have a positive impact on the Company's business and its strategic and financial targets. Leaving aside the troubles of the COVID-19 pandemic, the current crisis may also create opportunities. Pharmaceuticals and biotech have broadened their appeal, and they enjoy increasing confidence and standing as a driving force for the future. The increased media attention may also increase the Company's appeal and improve its chances to attract highly qualified people.

Outlook

The information set forth in this section contains forward-looking statements. These statements are neither promises nor guarantees, but are subject to a variety of risks and uncertainties, many of which are beyond Evotec's control and could cause actual results to differ materially from those contemplated in these forward-looking statements. Our forecasts for the 2021 financial year are based on our updated business planning for the Group, which takes account of current business developments and potential risks and opportunities. In addition, our forecasts also take account of macroeconomic conditions, economic factors relevant to the pharmaceutical and biotechnology industries, and our corporate strategy. These are described in the "Macroeconomic conditions and business environment" chapter. In addition, the future development of Evotec continues to be subject to general risks and opportunities (see "Risk and opportunities management" chapter). From today's perspective, we do not expect the coronavirus pandemic to have any major negative effects on or implications for the Company's expected development and strategy.

BUSINESS DIRECTION AND STRATEGY

In accordance with the strategic Action Plan 2025, "The data-driven R&D Autobahn to Cures" ("Evotec Infinite Strategy"), Evotec's management focuses on growth and value creation by expanding the Company's position as a leader in high-quality drug discovery and development solutions. By collaborating with partners and applying the most suitable therapeutic modalities, Evotec aims to develop new or at least best-in-class cures for the treatment of diseases so far deemed incurable. This strategy is expected to result in the building of a very extensive co-owned pipeline, which will form the basis for future royalty payment streams. Evotec aims to build the largest pool of royalty payment streams in the industry by continuously expanding the co-owned pipeline.

The strategy is to develop and apply innovative technologies and processes for all modalities allowing the development of more precise and efficient therapies. The Company acts as a partner, granting access to its platform and creating a position for itself to become the preferred external innovation partner in drug discovery and development through joint innovation projects. The type of partnership determines the type of revenue to be generated in either the EVT Execute or the EVT Innovate segment. In the EVT Execute segment, the fee-for-service model accounts for the lion's share of revenues. In the EVT Execute segment, the majority of revenue is generated on the basis of FTEs (Full Time Equivalent) or Fee-for-Service. Within this model, any project-specific intellectual property remains with the partner. The EVT Innovate segment comprises partnered projects with intellectual property originating from either both partners' joint efforts or from Evotec alone. Thanks to these innovative, tailored and risk-balanced collaborations, the business segment generates both fee-for-service revenues

and milestone and royalty payments for progress made within a project. In order to expand its pool of innovative approaches, the Company enters into translational (BRIDGE) partnerships with academic institutions and selectively participates in ventures via strategic investments and company formations.

ACTION PLAN 2025 "THE DATA-DRIVEN R&D AUTOBAHN TO CURES" AND ITS EIGHT STRATEGIC BUILDING BLOCKS ("EVOTEC INFINITE STRATEGY")

Evotec's new products, services and technologies are all based on either internal organic growth and process innovations, R&D activities, technology agreements with other companies, or acquisitions of assets and companies. Evotec upgrades its capacities and capabilities continually to maintain the best infrastructure and skills. Paired with the great expertise of our employees, this is essential for meeting the high expectations of our partners in drug discovery and development. According to Deloitte's 2020 Global Life Science Outlook advancing medical progress is delivering a steady stream of new and more detailed insights, which are gradually creating a more holistic understanding of health and disease. In particular, the fast-growing understanding of the molecular biology of a disease and its origin will accelerate the development of more precise and personalised treatment methods. Thanks to this technological progress and the steadily growing insights into diseases, the chances to address the still-high number of incurable diseases are increasing significantly.

Evotec believes this to be a promising and value-generating direction and systematically pursues its path by investing in highly innovative methods for research into disease areas of significant unmet medical need. Many years of investments in proprietary technology platforms and an R&D Autobahn for all modalities generate an ever-growing number of internal R&D projects suitable to be developed and positioned for commercial partnering or spin-off.

Also in 2021 and beyond, Evotec will continue its endeavour of re-defining the drug discovery and development paradigm by developing platforms and therapeutic approaches with game-changing potential. Moreover, the Company will establish a number of these unique developments on the market and make them available for drug discovery and development alliances. The Action Plan 2025 supports this plan and includes the following eight elements, which are described in more detail on page 5 of this Management Report.

EVO*iR&D* **– integrated Data-Driven Reseach & Development**
This is based on Evotec's extensive multimodality infrastructure and expertise in drug discovery and development, which covers the entire process from concept through to investigational new drug status. Formulation clinical services and drug manufacture complete the Company's offering. In addition, the entire Evotec R&D Autobahn is digitally supported by the most promising technologies for data processing and analysis to create improved predictive power, which in turn enhances the efficiency of the entire platform.

EVO*panOmics* **– industrialised high-throughput multi-omics platform**
EVO*panHunter* **– advanced data analysis and prediction platform**
Evotec's approaches to precision medicine also include internally developed platforms. PanOmics is a proprietary platform for generating "multi-omics" data (genomics, transcriptomics, proteomics, metabolomics). The PanHunter analytics and software platforms complement Evotec's PanHunter Platform by leveraging artificial intelligence (AI) and machine learning (ML)-based analytics tools that enable the analysis of highly complex omics datasets. They serve to process large amounts of complex data, make efficient toxicological predictions and find tailored and targeted therapies.

EVO*cells* **– from cells to therapies**
Cell therapy is an innovative, rapidly growing new drug modality. It is a promising development in particular for the treatment of hereditary and rare diseases. For many years, Evotec has been building an industrialised iPSC infrastructure, **EVO***cells*, and the associated extensive iPSC portfolio. iPSC stands for induced pluripotent stem cells.

EVO*genes* **– from genes to therapies**
Gene therapy is another rapidly developing area also driven by innovation and growth. In 2020, Evotec extended its portfolio to include gene therapy and established an R&D site in Orth an der Donau, Austria, with an experienced team of gene therapy experts. R&D investments into novel and proprietary delivery vehicles to extend the application of therapeutic genes is underway.

EVO*access* **– Just – Evotec Biologics & J.POD® – Biologics for all**
Just – Evotec Biologics integrates all the essential components needed for the development of biotherapeutics. High-performance AI and ML algorithms are the main structure of the J.Design platform and its novel humanoid antibody library (J.HALSM). In addition, the J.POD®, a production facility for biologics/antibodies, is currently under construction. Highly productive, intensified processes, modular concepts and flexibility combine to transform the efficiency of manufacture of biologics, making access to such products less expensive.

EVO*equity* **– BRIDGEs & Operational Venturing**
Evotec has been pursuing an equity investment strategy for several years to participate in products or companies and thereby gain early access to innovations. Our BRIDGE model, which connects academic, industrial and investment partners, is one of our strategies to build a large product portfolio. Evotec invests in and supports translational research with its proprietary industrial platform. The BRIDGEs are a starting point for investments (co-ownerships). Evotec also invests in companies pursuing promising projects or technologies, which is another way to generate co-ownerships.

EVO*royalty* **– co-own & share products**
Evotec's pipeline includes more than 100 co-owned product developments (opportunities) in various stages of development that originate from various sources. The portfolio consists of partnerships, Evotec's own projects, and equity investments. Evotec strives to continuously expand and advance its co-owned pipeline. Its strategy for the partnered programmes is to leave the clinical development to the partner and benefit from milestone payments and product revenue sharing.

With the eight elements, Evotec has reached a point where we can implement our strategy and keep the Company in a sustainable competitive position on its growth path until 2025 and beyond. The eight core elements are parts of one integrated whole. They are interwoven and must not be seen as separate items. As a result of this action plan, we see virtuous learning loops, operational synergies, cost efficiency, fast market access and, due to longer patent protection in the marketing phase, a return profile for individual projects that is much better than the numbers observable in the sector.

In late 2020, Evotec set the following non-financial targets for 2021 for the EVT Execute and EVT Innovate segments and for the group:

EVT EXECUTE	EVT INNOVATE	GROUP
▸ Expansion of existing and conclusion of new integrated service alliances ▸ Introduction and acceleration of AI/ML offerings across all modalities ▸ J.POD® 1 to be put into operation in the USA	▸ Acceleration of cell therapy initiatives ▸ New co-owned R&D partnerships based on Evotec's own R&D and the use of Evotec's proprietary platforms ▸ Initiation of new clinical trials and progress in the co-owned pipeline	▸ Equity investments and initiation of new BRIDGEs

FINANCIAL OUTLOOK FOR 2021

Revenues from contracts with customers, unpartnered research and development expenses and adjusted EBITDA are the most important financial performance indicators for the management of the Evotec Group.

In € m	*Actual figures for 2020*	*Forecasts for 2021*	*Main assumptions*
Group revenues	**500.9**	550–570[1)]	Growth driven by ▸ current orders on hand ▸ foreseeable new contracts ▸ extension of contracts ▸ prospective milestone payments
Adjusted group EBITDA	**106.6**	105–120[2)]	▸ Growing base business ▸ Improved prospects of milestone payments
Unpartnered R&D expenses	**46.4**	50–60	▸ Long-term expansion of the pipeline ▸ Focus on first-in-class platforms and projects

[1)] At unchanged exchange rates against the average rate for 2020, this forecast range would be approximately € 565 m to € 585 m, ceteris paribus.
[2)] At unchanged exchange rates against the average rate for 2020, this forecast range would be around € 115 m to € 130 m, ceteris paribus.

— EXPECTED OPERATING RESULTS —

A milestone achievement is a single event that is subject to certain risks and uncertainties of which some are beyond Evotec's control. The number of projects with potential for milestone payments is rising. When taking account of the probability of success, the total amount of revenues from milestone payments is therefore becoming less volatile. In general, milestones should contribute significantly to the company's overall profitability.

In 2021, Evotec expects group revenues to grow in a range of € 550–570 m. This assumption is based on current orders on hand, foreseeable new contracts and the extension of contracts as well as prospective milestone

payments as well as the current status of the main foreign currency exchange rates (especially USD; GBP). Furthermore, the forecast takes account – as far as possible – of the current global uncertainties related to the COVID-19 pandemic.

Regardless of the challenges arising from COVID-19, Evotec still expects the adjusted group EBITDA to grow to € 105–120 m. This projection takes account of increasing expenses for promising R&D projects and the ramp-up of the Just – Evotec Biologics business via investments, the expansion of the J.POD® capacities in the US and potential plans to build a second J.POD® in Europe.

Evotec's activities are all related to research and development (R&D). Aside from the partnered ("co-owned") and funded R&D, Evotec will invest in its own unpartnered R&D more than ever before to further expand its long-term and sustainable pipeline of first-in-class projects and platforms. Evotec expects unpartnered R&D investments in this area between € 50 and 60 m in 2021.

EXPECTED LIQUIDITY AND STRATEGIC MEASURES

The Company's operational financing plan does not necessarily require any additional external financing to fund organic growth in the medium term. However, any strategic moves to further boost growth and strengthen the Company's competitive position or increase critical mass via potential company or product acquisitions, equity investments or extended R&D efforts will need to be considered separately. Evotec intends to achieve significant organic capacity growth as a result of its corporate strategy and the Action Plan 2025. The Company already started to increase investments in the expansion and development of individual locations in 2020. In Toulouse, Evotec acquired 100% of the Biopark by Sanofi SAS, and it intends to significantly expand its capacities there in the short-to-medium term. A new building has been completed in Göttingen to expand the areas of cell therapy and PanOmics. In addition, the Company also kicked off the expansion of the existing campus in Abingdon, Oxfordshire, UK, in 2020, which it intends to evolve into a major integrated research and development centre. In the next two years, Evotec will also build new capacities for proteomics in Munich, and a new building for the planned iPSC centre will be erected in Hamburg in the next few years. In addition, the Company initiated the construction of the first J.POD® facility in North America, an integral part of the J.DESIGN platform of Just – Evotec Biologics. This facility of the future fulfils all production requirements for the coming years and strengthens Evotec's leading position as a major partner in drug discovery and development with pioneering technologies. The new facility is expected to be completed in the second half of 2021. Options are currently being examined to build another J.POD® facility in Europe.

DIVIDENDS

The payment of dividends depends on Evotec's financial situation and liquidity requirements, general market conditions, and statutory, tax and regulatory requirements. Evotec currently intends to retain any potential future profits and reinvest them in the Company's growth strategy to even better advance long-term growth and sustainability. In addition, Evotec SE will not be authorised to pay dividends before its annual profits exceed the losses carried forward. Evotec SE does not generate any distributable profits currently.

OPPORTUNITIES

The most important opportunities for Evotec are summarised in the "Opportunities" section of the "Risk and opportunity management" chapter on page 65 of this Management Report.

GENERAL STATEMENT ON EXPECTED DEVELOPMENTS BY THE MANAGEMENT BOARD

Evotec intends to further strengthen and expand its business as a leading highest quality, innovative provider of drug discovery and development solutions across all therapeutic modalities. The Company is well-positioned to generate value for pharmaceutical and biotechnology companies and for foundations, addressing the industry's growing demand for innovation.

The Management Board is convinced that Evotec will benefit from the continuing trends and challenges in the pharmaceutical sector. Although its R&D investments are higher today than ever before in the Company's history, the Management Board expects Evotec to achieve strong growth in revenue, and adjusted EBITDA exceeding the level seen in 2020. With its strong cash position, Evotec will be able to further strengthen its strategic role in the drug discovery and development market and in building the facility of the future, while creating shareholder value.

Information pursuant to section 289a paragraph 1 and section 315a paragraph 1 of the German Commercial Code and explanatory report

Evotec management primarily aims to generate shareholder value. For that reason, any proposed change of control or takeover offer that could uncover hidden reserves and value for the benefit of Evotec shareholders will be carefully analysed with regard to the expected synergies and future value creation. A change of control is generally considered to have occurred if, as a result of any takeover, exchange or other transfer, a single shareholder or a group of shareholders acting in concert acquires more than 30% of the outstanding voting rights, or if, as a result of a merger or reverse merger, the shareholders of Evotec from the effective date of such a transaction own less than 30% of the voting rights in the merged entity. Evotec has no specific takeover defence measures in place.

COMPOSITION OF SHARE CAPITAL, VOTING RIGHTS AND AUTHORISATION TO ISSUE NEW SHARES

As of 31 December 2020, the share capital of Evotec SE amounted to € 163,914,741.00 and was divided into 163,914,741 non-par value shares. All shares are bearer shares and have equal voting rights. Evotec management is not aware of any restriction on the voting rights or the right to transfer. No binding lock-up agreements have been made by the Company with any shareholder, and neither share loans nor pre-emptive share purchase rights are known to the Company. Moreover, the Company does not control voting rights of any shares owned by employees.

No shareholder holds the right to have representatives on the Supervisory Board, or is restricted or bound to specific votes at the Annual General Meeting. Existing stock option schemes do not allow for immediate vesting or additional issuance in the case of a takeover offer.

The shareholders have authorised the Management Board to issue new shares or option or conversion rights as follows:

Authorised capital: Pursuant to section 5 paragraph 5 of the Articles of Association of the Company, the Management Board, with the approval of the Supervisory Board, having partially used the authorised capital in a capital increase on 12 October 2020, is authorised to increase the Company's share capital by up to € 17,854,142 in one or more tranches until 13 June 2022 by issuing new shares against cash or non-cash consideration. Any shares to be issued on this basis will be subject to the statutory subscription rights of Evotec's shareholders. However, with the approval of the Supervisory Board, the Management Board may exclude the pre-emptive rights of its shareholders for some of the shares on one or several occasions under certain well-defined conditions.

Conditional capital: As of 31 December 2020, the remaining conditional capital of the Company amounted to € 38,437,456.00. Conditional capital amounting to € 8,478,167.00 shall be used only to the extent that holders of stock options, share performance awards (SPA) or restricted share awards, granted by Evotec on the basis of the shareholders' resolutions of 18 June 2001, 14 June 2012, 9 June 2015, 14 June 2017 and 16 June 2020, exercise their rights to subscribe for new Evotec shares. In 2020, conditional capital in the total amount of € 1,533,848.00 was used as holders of stock options and SPAs exercised their rights to subscribe for new shares in the Company. Additional conditional capital of € 29,959,289.00 exists to issue no-par-value bearer shares to owners or creditors of convertible bonds and/or warrant-linked bonds, participation rights and/or income bonds (or a combination of such instruments) that may be issued by Evotec on the basis of the authorisation passed at the Annual General Meeting on 19 June 2019. Any such contingent capital increase shall only be used to the extent that option or conversion rights are utilised, or the owners or creditors are obligated to carry out their duty of conversion, and to the extent that no treasury shares or new shares from an exploitation of authorised capital are utilised for servicing.

The Company has not issued any convertible bonds or option debentures in the last three years and none are currently outstanding.

SHAREHOLDINGS EXCEEDING 10% OF VOTING RIGHTS

As of 31 December 2020, the following investors held voting rights in Evotec SE equivalent to more than 10%: On 27 February 2017, Evotec was last notified that the direct shareholdings of Novo Holdings A/S, Hellerup (Denmark) amounted to 10.10%. Novo Holdings A/S participated in the capital increase of Evotec SE that closed on 12 October. As a result, it held voting rights as of 31 December 2020 equivalent to 10.75%. On 30 June 2020, Evotec was notified by T. Rowe Price Group Inc., Baltimore, Maryland, USA that it held voting rights equivalent to 10.03% (7.45% via shareholdings, 2.59% via instruments).

CORPORATE GOVERNANCE STRUCTURE

Evotec's corporate governance structure is further detailed in the "Corporate Governance Statement", which is available on the Company's website under https://www.evotec.com/en/invest/corporate-governance.

AUTHORISATION OF MANAGEMENT TO REPURCHASE STOCK

Up to 8 June 2020, Evotec was authorised by resolution of the Annual General Meeting 2015 to acquire its own shares with a computed proportion of the share capital totalling up to € 13,171,087.00. Together with other own shares, which are in the possession of the Company or are attributable to the Company pursuant to section 71a et seq of the German Stock Corporation Act (AktG), the own shares acquired on the basis of these authorisations may at no time exceed 10% of the Company's current share capital. The authorisation by the Annual General Meeting does not allow trading in own shares. The respective authorisation was effective until 8 June 2020. Evotec did not use its authorisation to acquire own shares.

AMENDMENT TO THE COMPANY'S ARTICLES OF ASSOCIATION/ APPOINTMENT OF THE MANAGEMENT BOARD

Any amendment to the Company's Articles of Association requires a shareholder resolution. According to sections 133 and 179 of the German Stock Corporation Act (AktG) and section 17 of the Articles of Association, the shareholder resolution amending the Company's Articles of Association requires an affirmative vote of at least three-quarters of the Company's share capital present at an Annual General Meeting. Appointment and dismissal of members of the Management Board are governed by sections 84 and 85 of the German Stock Corporation Act (AktG).

CHANGE-OF-CONTROL PROVISIONS

The Management Board merely has customary rights in the event of change of control. The contracts of the members of the Management Board contain a standard clause that governs a potential takeover of the Company by a third party. This change-of-control clause allows the members of the Management Board to terminate their existing contracts in the event of a takeover. Further information regarding the agreed severance payments can be found in Note 34e to the consolidated financial statements and in the "Remuneration report" on page 72 of this Management Report.

Declaration of corporate management*

More information on Company management practices can be found in the Company's "Declaration of Corporate Management" according to section 289f of the German Commercial Code (HGB) in the "Invest" section on Evotec's website at https://www.evotec.com/en/invest/corporate-governance.

* *This section of the Management Report is not subject to audit*

Remuneration report

The remuneration report summarizes the principles used to determine the total remuneration of the members of the Management Board of Evotec SE and explains the structure and amount of the remuneration paid to the members of the Management Board. It also describes the principles and amount of the remuneration paid to the members of the Supervisory Board. The remuneration report is based on the recommendations of the German Corporate Governance Code (GCGC) and includes the disclosures required by the Handelsgesetzbuch (HGB – German Commercial Code), Aktiengesetz (AktG – German Stock Corporation Act), German accounting standards (GAS) and International Financial Reporting Standards (IFRS). The remuneration report is part of the combined Management Report.

REMUNERATION SYSTEM FOR THE MEMBERS OF THE MANAGEMENT BOARD

The remuneration system for Evotec's Management Board is established by the Supervisory Board, based on a proposal by the Remuneration and Nomination Committee. After approval by the Supervisory Board, the remuneration system is submitted to the Annual Shareholders' meeting for endorsement ("say on pay"). The current system of Management Board remuneration was endorsed at the Annual Shareholders's Meeting on 19 June 2019, by a majority of about 89%. Following the rules of the German Act Implementing the Second Shareholder Rights Directive (ARUG II) and the recommendations of the revised GCGC, a revised system will be presented to the Annual Shareholders' meeting for approval in June 2021.

The current Management Board remuneration is based on the following principles:

Focus on sustainable growth of Evotec
Management Board members are expected to make a long-term commitment to and on behalf of the Company. As a result, they can benefit from a sustained increase in the Company's value. For this reason, a substantial portion of their total remuneration is linked to the long-term performance of the Evotec share in the form of Share Performance Awards ("SPAs", as outlined below).

Compensation linked to performance
Evotec's size and economic position is also to be reflected in Management Board remuneration. Exceptional achievements are to be adequately rewarded, while falling short of targets results in an appreciable reduction in remuneration.

Ensuring competitiveness
Evotec wants to attract outstanding candidates for the Management Board and retain members for the long term. Remuneration should be attractive compared to similar companies.

Following these principles, the Supervisory Board determines the structure of the remuneration system, the weighting of the compensation components, the individual target compensation and the monetary caps for both the variable compensation elements and the total compensation. Regular review by the Supervisory Board ensures that the remuneration system and the compensation levels are appropriate. Several criteria are applied for this purpose:

Situation of the Company
The Supervisory Board takes the economic situation as well as Evotec's success and prospects into consideration when deciding on the structure and assessment of remuneration.

Strategic alignment
The performance targets for the Management Board are set in line with Evotec's business strategy and the medium-term budget plans.

Market practice
The Supervisory Board observes the remuneration levels for Management Board members in comparable companies. The peer group includes German and international biotech and pharmaceutical companies of similar size and complexity to fairly reflect Evotec's global presence and the potential markets to recruit Management Board members.*

Senior management and staff remuneration
When reviewing the Management Board remuneration, the Supervisory Boards considers the development of Management Board remuneration over time in relation to the compensation paid to Evotec's workforce in Germany. In this vertical comparison, the Supervisory Board determines the ratios of Management Board remuneration to the compensation paid to Evotec' senior management and to the remaining staff.

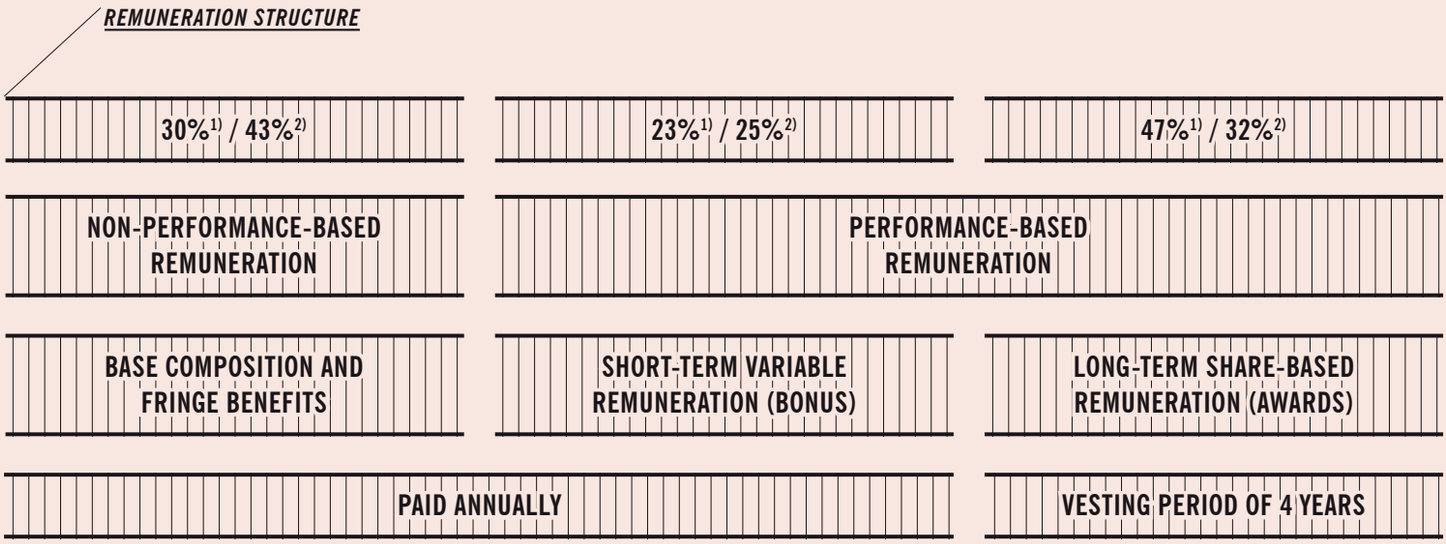
Responsibilities and achievements
The criteria for determining the individual remuneration include the tasks and responsibilities of the members of the Management Board and their individual performance.

Corporate Governance best practices
The Supervisory Board considers corporate governance best practices when revising the remuneration system. If needed, advice is obtained from independent external remuneration experts.

**The following companies were included in the most recent peer group comparison: Abcam, Bachem, Biotest, Carl Zeiss Meditec, Charles River, Clinigen, Galapagos, Genmab, Ligand, Morphosys, QIAGEN, Siegfried Pharma, Stallergenes, Sartorius, Tecan, MedPace*

STRUCTURE AND COMPONENTS OF THE MANAGEMENT BOARD REMUNERATION

The Management Board remuneration comprises both non-performance-based and performance-based components and is divided into three main elements: base compensation, short-term variable compensation, and long-term share-based compensation. Fringe benefits and pension allowances are also part of the remuneration system.



1) CEO target remuneration 2) CSO, COO, CFO target remuneration

OVERALL TARGET AND MAXIMUM MANAGEMENT BOARD REMUNERATION

Considering the remuneration levels in the peer group and the development of the compensation for the top management tier and overall staff as well as corresponding thoughts on appropriateness, the Supervisory Board determined the total target compensation in fiscal year 2020 for the individual members of the Management Board as shown further below in the "Remuneration Granted" table.

The minimum and maximum remuneration amounts of a Management Board member for fiscal year 2020 are also shown in the table. The maximum possible remuneration constitutes the maximum expenditure of Evotec SE for each member of the Management Board for 2020. The amounts were calculated as the total of all components of the remuneration for the Management Board in the event of minimum and maximum target achievement, respectively. Please note that the maximum pay-out for 2020 is 100% of target value for the short-term variable compensation and 350% of target value for the long-term variable compensation.

NON-PERFORMANCE-BASED REMUNERATION

Non-performance-based remuneration comprises fixed base compensation paid in 12 monthly instalments at the end of each month and fringe benefits such as pension allowances, contribution to commuting expenses, contributions to certain premiums for insurance policies as well as the benefit derived from the private use of a company car or a car allowance. In addition to the aforementioned remuneration, business-related private payments, expenditures, and expenses are reimbursed.

PERFORMANCE-BASED REMUNERATION

With reference to the principles mentioned above, Management Board remuneration is linked to company performance and sustainable growth of the company. Consequently, the Management Board remuneration

comprises both a short-term and a long-term performance-based element: a short-term variable compensation ("Bonus") and a long-term share-based compensation ("Share Performance Plan"), which was approved by the AGMs 2015 and 2017. The pay-out amount of these two components depend on the extent predefined goals were attained. In case these goals were not met, the pay-out amount of the performance-based components may be reduced to zero. If, however, the targets were significantly exceeded, the pay-out amount is subject to a ceiling or "cap".

Short-term variable compensation (bonus)
The bonus is determined based on the attainment of certain targets specified by the Remuneration and Nomination Committee of the Supervisory Board and subsequently approved by the Supervisory Board for each financial year.

The STI bonus scheme for the Management Board is based on the achievement of clearly measurable corporate objectives equally set for each Management member by the Supervisory Board rather than individual objectives. Such corporate objectives are geared to support the mid- and long-term growth strategy of the Company. They generally relate to financial objectives, such as growth in total revenues, adjusted EBITDA and total deal value from new partnerships and alliances, as set in accordance with the relevant guidance for that specific financial year, as well as additional operational, strategic, cultural and sustainability objectives. In its March meeting after a financial year, the Supervisory Board reviews the achievement of these corporate objectives and approves the respective bonus pay-outs.

The target bonuses for the one-year variable compensation amount to 100% of the fixed remuneration for the Chief Executive Officer (2019: 100%) and to 70% of the fixed remuneration for all other members of the Management Board (2019: 70%). Currently, the remuneration system does not account for over-achievement of corporate objectives. As a result, the pay-out amount cannot exceed the target value. However, the Supervisory Board plans to allow for up to 150% pay-out of the target values in case of success as part of the revised Management Board remuneration system.

Long-term variable compensation (Share Performance Plan)
In addition to the one-year variable compensation, the members of the Management Board are eligible for an annual grant of Share Performance Awards (SPAs) under Evotec's Share Performance Plan 2017. The Evotec Share Performance Plan is an important step in supporting the interests of the Company's shareholders and in establishing an attractive state-of-the-art long-term compensation that is in line with remuneration and corporate governance standards as well as the German Corporate Governance Code.

The number of granted SPAs is determined by dividing a defined percentage of the Board member's total direct compensation (base salary, target annual bonus and target long-term incentives) by the applicable fair market value of an SPA. The percentage amounts to 50% of total direct compensation for the Chief Executive Officer (2019: 50%) and to 35% of total direct compensation for all other members of the Management Board (2019: 35%). To provide for a more concise approach to calculate target values, the Supervisory Board plans to show the target value as percentage of base salary instead of percentage of total direct compensation beginning in 2021 (200% of base salary for CEO and 91.5% of base salary for other members of Management Board).

The Share Performance Plans are based on a forward-looking, multi-year assessment period. For each annual award of SPAs, a performance measurement period of four consecutive calendar years applies. Two equally weighted key performance indicators (KPIs) have been set forth by the Annual General Meeting 2017 oriented on long-term value creation and consisting of "Share Price" (Aktienkurs) and "Relative Total Shareholder Return" (relative Aktienrendite). Relative Total Shareholder Return is a measure to determine the performance of an investment in the shares of the Company compared to the TecDAX. Relative Total Shareholder Return measures the return on a share investment over time, including dividends as well as share price performance (positive and negative) and adjusted for any equity issues or share-splits. The KPIs are measured for each year of the performance measurement period. The achieved performance for a year is locked-in for the remaining Vesting Period.

For each of the two KPIs there is a "Minimum Target", which has to be reached for Share Performance Awards to be exercised (partially), and a "Maximum Target", which, once it is met, allows for all Share Performance Awards for the respective KPI (100%) to be exercised to the full amount, once the Vesting Period has expired (one Share Performance Award entitles the holder to subscribe to no more than two shares of Evotec SE).

100% of the KPI "Share Price" (the "Target Share Price") is achieved for a calendar year if the average share price of the Company stock in the closing auction of XETRA trading (or a corresponding successor system) on the last thirty (30) trading days in the respective performance period, i.e. a calendar year (the "Closing Price") exceeds by 8% the average share price of the Company stock in the closing auction of XETRA trading (or a corresponding successor system) on the last thirty (30) trading days before the start of the respective performance period (the "Opening Price"). The Minimum Target for the KPI "Share Price" is reached if the Closing Price is higher than the Opening Price. The Maximum Target for the KPI "Share Price", which entitles all Share Performance Awards for this KPI to be exercised for the respective performance period, is reached if the Closing Price is 16% or more above the Opening Price.

100% of the KPI "Relative Total Shareholder Return" is achieved for a calendar year (the "Target Relative Total Shareholder Return"), if the Total Shareholder Return for the shares of the Company (average share price of the Company at the closing auction of XETRA trading, or a successor system, on the 30 trading days prior to the relevant date plus dividends, and adjusted for any equity issuance or share-splits), matches the Total Shareholder Return of the German TecDAX index during the same period. The Minimum Target for the KPI "Relative Total Shareholder Return" is achieved when the annual Total Shareholder Return for the shares of the Company is 10%-points below the Total Shareholder Return of the TecDAX during the respective performance period (i.e. each calendar year). The Maximum Target, at which all the Share Performance Awards for the KPI "Relative Total Shareholder Return" can be exercised, is achieved when the annual Total Shareholder Return for the shares of the Company is at least 10%-points above the average Total Shareholder Return of the TecDAX during the respective performance period. Relevant values of the Total Shareholder Return of the Company and of the Total Shareholder Return of the TecDAX will be calculated annually and based on the average TecDAX (Total Return Index) during the 30 trading days prior to the relevant date.

The right to exercise awards from the Share Performance Plan arises only on expiry of the Vesting Period. Depending on the achievement of the Key Performance Indicators for each of the four years, each Share Performance Award entitles the participant to the subscription of up to a maximum of two Company shares (200% cap). After each of the four performance periods (i.e. each calendar year) for a tranche of Share Performance Awards has ended, the target achievement for the two KPIs is determined for the respective calendar year and the corresponding numbers of subscription rights are calculated and provisionally set. At the end of all the four performance periods, i.e. the four calendar years of one tranche, the subscription rights determined for each year are added and represent the total number of exercisable subscription rights.

Each participant is required to make a payment of the nominal amount of € 1 (one Euro) per share to Evotec upon exercising, regardless of the trading price of the Evotec share at that point in time. The new shares received are not subject to any specific lock-up; they are freely tradable immediately subject to insider trading rules which are the sole responsibility of each participant.

The Supervisory Board reserves the right at its sole discretion to replace the shares to be allocated to the participants with a cash payment and/or Evotec shares kept in treasury by the Company. The value of the shares to be used in calculating the cash payment shall be the average share price during the 30 day trading period immediately before the Vesting date.

While the Share Performance Plan 2017 includes a monetary cap with a maximum pay-out of 350% of the initial target value, the preceding Share Performance Plan 2015 defines a maximum regarding the number of share-based awards (SPA) upon allocation. The monetary value of the allocated shares under these plans is primarily determined by the market price at execution and not capped.

— EXCEPTIONAL DEVELOPMENTS —

The criteria for the assessment of the performance-related compensation and the annual targets set at the beginning of a fiscal year by the Supervisory Board do not change over the fiscal year. Any retroactive amendment of the target figures or the comparison parameters is excluded.

Exceptional developments, whose effects substantially distort the actual target achievement may be appropriately taken into consideration by the Supervisory Board for the target assessment in justified and rare exceptional cases. This may result in an increase or decrease of the STI pay-out amount (bonus). Possible exceptional developments during the year include, for example, exceptional changes in the economic situation (for example, due to an economic crisis, healthcare crisis with an impact on the global economy) because of which the original corporate targets become irrelevant, provided that they were unforeseeable. Generally unfavourable market developments are not considered exceptional intra-year developments. Should exceptional developments requiring an adjustment emerge, the Company will report on them in detail and with transparency. The Supervisory Board may also take appropriate account of such exceptional developments in justified and rare exceptional cases by limiting the content and the extent of the subscription rights granted under LTI.

If justified, the Supervisory Board may retain or reclaim variable remuneration components (clawback). Such clawback provisions are included in the actual service contracts with all Management Board members.

REMUNERATION REPORT OF THE MANAGEMENT BOARD

The Management Board compensation for 2020 was carried out in full compliance with the Company's Remuneration System as approved by the AGM and the monetary caps for both the total compensation and the respective compensation components.

The 2020 corporate objectives related to financial objectives, such as growth in total revenues, adjusted EBITDA and total deal value from new partnerships and alliances. This was, among other things, to be achieved by executing significant integrated collaboration in EVT Execute and EVT Innovate with a total volume of more than € 100 million in transaction value. Further targets included building at least two new academic BRIDGEs and preparing the Company for sustainable growth. The individual corporate objectives for 2020 are set out in the following table:

CORPORATE OBJECTIVES 2020

	When	End product	Weighting
1. Continue growth path with optimal integration of Just – Evotec Biologics			
Grow total revenues > € 460 m	**Q4**	€ 500.9 m	**20%**
Achievement of a stable adjusted EBITDA > € 110 m	**Q4**	€ 106.6 m	**20%**
2. Make co-ownership value visible and more investable			
New alliances from existing platforms (e.g. iPSC, Nurture, EvoTox) (total > € 100 m value)	**Q4**	Novo Nordisk, Bayer, Takeda	**20%**
Expand with at least 2 high value BRIDGES and implement EVT Equity strategy	**Q4**	Autobahn Labs, Dark-Blue, ...	**5%**
Make EVT Innovate values better tangible and investable (e.g. project valuations, spin-offs, ...)	**Q4**	Valuation simulation, Capital Markets Days, Curexsys, ...	**5%**
3. Go for LONG as ONE – Define Evotec Infinite Strategy			
Implement "Action Plan 2025" with focus on long-term growth drivers in all modalities	**Q4**	Integration of Just – Evotec Biologics, Evotec GT, QRBeta, ...	**15%**
Leading Goal: Way of thinking and working as ONE next generation global and long-term team	**Q4**	Multiple trainings and growth initiatives	**5%**
Sustainability & Diversity Goal: Define specific long-term Sustainability & Diversity Strategy	**Q4**	Science targets, ESG manager, strategy formulation	**5%**

The bonus for the financial year 2020 will be paid out to the Management Board members in March 2021. Based on the actual achievement of the Corporate Objectives 2020 the total bonus for the members of the Management Board for the financial year 2020 amounts to T€ 1,211 (for 2019: T€ 1,157), thereof T€ 476 for Dr Werner Lanthaler (for 2019: T€ 470), T€ 277 for Dr Cord Dohrmann (2019: T€ 252), T€ 236 for Craig Johnstone (for 2019: T€ 238) and T€ 222 for Enno Spillner (for 2019: T€ 197).

In addition to their one-year variable compensation, the members of the Management Board received a total of 77,214 SPAs in January 2020 (2019: 86,283) under the Company's Share Performance Plan, thereof 38,400 SPAs for Dr Werner Lanthaler, 14,647 SPAs for Dr Cord Dohrmann, 12,450 SPAs for Craig Johnstone and 11,717 SPAs for Enno Spillner. The fair value of all SPAs granted as multi-year variable compensation amounted to T€ 1,930 on the day of calculation on 1 January 2020. The reduced amount of SPAs in 2020 compared to 2019 is due to the increased fair market value recognised per SPA. The SPAs that were granted in January 2020 vest and become exercisable after four years in January 2024. The SPAs can be exercised either by selling the respective shares that were granted pursuant to the achievement of the relevant KPIs on the open market or by lodging the shares into a personal share account.

The first SPA grant under the current Share Performance Plan 2017 occurred after the Annual General Meeting on 14 June 2017. Given a vesting period of four years, these SPAs will vest in September 2021 and will be reported on in the remuneration report 2021.

Remuneration tables

For 2020, the performance-unrelated and one-year variable compensation of the active members of the Management Board totalled T€ 3,079, of which the variable part amounted to T€ 1,311.

The following tables present for each Management Board member:

- The remuneration granted in the year under review including fringe benefits (such as pension allowances, contribution to commuting expenses, contributions to certain premiums for insurance policies as well as the benefit derived from the private use of a company car or a car allowance) and including the maximum and minimum amounts for variable compensation components

- The allocation of fixed compensation, fringe benefits, short-term variable compensation and long-term variable compensation in the year under review, broken down into the relevant reference years

	Remuneration granted (in T€)	I	II	III	IV												
a		Dr Werner Lanthaler				Enno Spillner				Dr Cord Dohrmann				Dr Craig Johnstone			
b		CEO				CFO				CSO				COO			
c																	
d		**2019**	**2020**	**2020 (min)**	**2020 (max)**	**2019**	**2020**	**2020 (min)**	**2020 (max)**	**2019**	**2020***	**2020 (min)**	**2020 (max)**	**2019**	**2020**	**2020 (min)**	**220 (max)**
1	Fixed compensation	470	480	480	480	315	320	320	320	360	400	400	400	340	340	340	340
2	Fringe benefits	107	105	80	130	54	66	44	70	16	15	15	22	42	42	42	66
3	**Total**	**577**	**585**	**560**	**610**	**369**	**386**	**364**	**390**	**376**	**415**	**415**	**422**	**382**	**382**	**382**	**406**
4	One-year variable compensation for 2020	420	*476*	0	480	171	*222*	0	224	238	*377*	0	280	74	*236*	0	238
5	Multi-year variable compensation	840	960	0	3,360	206	293	0	1,026	248	366	0	1,281	311	311	0	1,089
5a	"Long-term incentive ("SPA", as described in the text above) (Plan term until 5 years after grant) (Number of SPA granted x fair market value at calculation date)	840	960	0	3,360	206	293	0	1,026	248	366	0	1,281	311	311	0	1,089
6	**Total**	**1,837**	**2,015**	**560**	**4,450**	**746**	**876**	**364**	**1,640**	**862**	**1,033**	**415**	**1,983**	**767**	**931**	**382**	**1,733**
7	Service cost	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	**Total**	**1,837**	**2,015**	**560**	**4,450**	**746**	**876**	**364**	**1,640**	**862**	**1,033**	**415**	**1,983**	**767**	**931**	**382**	**1,733**

** A special bonus of € 100,000 was granted*

Notes:

- *a Name of the Management Board member*
- *b Function of the Management Board member, e.g. CEO, CFO*
- *c Date on which the member joined/left the Management Board, if in the financial year under consideration n (year under review) or n-1*
- *d Financial year under consideration n (year under review) or n-1*
- *I Benefits granted in financial year n-1*
- *II Benefits granted in financial year n (year under review)*
- *III Minimum value of granted compensation components that can be achieved in financial year n (year under review), e.g. Zero*
- *IV Maximum value of granted compensation components that can be achieved in financial year n (year under review)*
- *1 Non-performance-related components, e.g. fixed salary, fixed annual pay-off payments (amounts correspond to amounts in "Allocation" table); values in columns II, III and IV are identical*
- *2 Non-performance-related components, e.g. benefits in kind and fringe benefits (amounts correspond to amounts in "Allocation" table); values in columns II, III and IV are identical*
- *3 Total of non-performance-related components (1+2) (amounts correspond to amounts in "Allocation" table); values in columns II, III and IV are identical*
- *4 One-year variable compensation for fiscal year (pay-out in March the year after), e.g. bonus, short-term incentive (STI), share in profits, without deferred components*
- *5 Multi-year variable compensation (total of rows 5a - ...), e.g. multi-year bonus, deferred components from one-year variable compensation, long-term incentive (LTI), subscription rights, other share-based compensation*
- *5a Multi-year variable compensation, broken down into plans and stating the period of time*
- *6 Total of non-performance-related components and variable components (1+2+4+5)*
- *7 Service cost in accordance with IAS 19 from pension schemes and other benefits (amounts correspond to amounts in "Allocation" table); values in columns II, III and IV are identical*
- *8 Total of non-performance-related components and variable components and service cost (1+2+4+5+7)*

Allocation (in T€)

		Dr Werner Lanthaler		Enno Spillner		Dr Cord Dohrmann		Dr Craig Johnstone	
b		CEO		CFO		CSO		COO	
c									
d		**2019**	**2020**	**2019**	**2020**	**2019**	**2020***	**2019**	**2020**
1	Fixed compensation	470	480	315	320	360	400	340	340
2	Fringe benefits	107	105	54	66	16	15	42	42
3	**Total**	**577**	**585**	**369**	**386**	**376**	**415**	**382**	**382**
4	One-year variable compensation for 2020	420	*476*	171	*222*	238	*377*	74	*236*
5	Multi-year variable compensation	12,980	5,450	0	0	6,699	6,072	320	616
5a	Share Performance Programme 2012 (term until 2019)	12,980	0	0	0	5,732	0	320	0
	Share Performance Programme 2015 (term until 2021)	0	5,450	0	0	0	5,347	0	616
5d	Stock Option Programme 2001 (term until 2021)	0	0	0	0	0	725	0	0
5h	Stock Option Programme 2011 (term until 2019)	0	0	0	0	967	0	0	0
6	Other	0	0	0	0	0	0	0	0
7	**Total**	**13,977**	**6,505**	**540**	**583**	**7,313**	**6,739**	**776**	**1,236**
8	Service cost	0	0	0	0	0	0	0	0
9	**Total**	**13,977**	**6,505**	**540**	**583**	**7,313**	**6,739**	**776**	**1,236**

** A special bonus of € 100,000 was granted*

Notes:

- *a Name of the Management Board member*
- *b Function of the Management Board member, e.g. CEO, CFO*
- *c Date on which the member joined/left the Management Board, if in the financial year under consideration n (year under review) or n-1*
- *d Financial year under consideration n (year under review) or n-1*
- *1 Non-performance-related components, e.g. fixed salary, fixed annual pay-off payments (amounts correspond to amounts in "Remuneration granted" table)*
- *2 Non-performance-related components, e.g. benefits in kind and fringe benefits (amounts correspond to amounts in "Remuneration granted" table)*
- *3 Total of non-performance-related components (1+2) (amounts correspond to amounts in "Remuneration granted" table)*
- *4 One-year variable compensation for fiscal year (pay-out in March the year after), e.g. bonus, short-term incentive (STI), share in profits, without deferred components*
- *5 Multi-year variable compensation (total of rows 5a - ...), e.g. multi-year bonus, deferral, long-term incentive (LTI)*
- *5a-h Multi-year variable compensation, broken down into plans and stating the period of time*
- *6 Other, e.g. clawbacks, which are entered as a negative amount with reference to previous disbursements*
- *7 Total of non-performance-related components and variable components (1+2+4+5+6)*
- *8 Service cost in accordance with IAS 19 from pension schemes and other benefits (amounts correspond to amounts from row 4 of the "Remuneration granted" table and row 7 of the "Allocation table"); this is not an allocation in the financial year*
- *9 Total of non-performance-related components and variable components and service cost (1+2+4+5+6+8)*

Term of contract and early termination clauses

In accordance with the Code, new members of the Management Board are appointed for three years. Prolongations of existing contracts might be up to five years as has been agreed with the Chief Executive Officer and with the Chief Scientific Officer.

The contracts of the Management Board members contain a change-of-control clause, which allows them to terminate their current contracts in the event of a change of control. Should members of the Management Board make use of their right to terminate their contracts in the event of a change of control, they are entitled to severance payments determined as follows: for Dr Werner Lanthaler, the severance payment shall be equal to 24 times his monthly base salary (changed to 18 months of base salary plus target bonuses for this period of time in the new contract starting March 2021); and for Dr Cord Dohrmann, Dr Craig Johnstone and Enno Spillner, the payment shall be equal to 18 times their monthly base salary plus target bonuses for this period of time. In no case shall the respective severance payment be higher than the total compensation due for the remaining term of the respective Management Board member's contract.

In accordance with the Code, in case of an early termination of their respective service agreement in the absence of a change-of-control situation, payments to the members of the Management Board shall not exceed the amount of two annual remunerations and shall not exceed the amount of remuneration that would be due until the expiration date of the service agreement.

REMUNERATION PAID TO MANAGEMENT BOARD FOR OTHER BOARD MANDATES

Members of the Management Board do not receive any remuneration for intra-group director or board roles. If Supervisory Board mandates are assumed at non-group entities, the Supervisory Board decided that such remuneration received for non-group supervisory board or board of director mandates shall not be offset.

PENSION PROVISIONS FOR FORMER MANAGEMENT BOARD MEMBERS

The Company has made a provision for a pension for one former Management Board member amounting to T€ 205 (2019: T€ 190). No such further provisions are due for other former Management Board members or their surviving dependants.

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the members of the Supervisory Board is prescribed in the Company's Articles of Association.

According to section 113 AktG, Supervisory Board remuneration is to be appropriate to the task of the Supervisory Board members and the situation of the Company. The personal requirements of Supervisory Board members, especially of the Chair of the Supervisory Board, regarding qualification and the amount of time have increased significantly in recent years. Evotec SE expects this trend to continue in the future, which is accompanied by an increasing risk exposure and higher liability risks of Supervisory Board members.

The members of Evotec's Supervisory Board are entitled to fixed payments as well as out-of-pocket expenses. In accordance with the recommendations of the Code, the Chair and the Vice Chair positions on the Supervisory Board as well as the Chair positions and memberships in committees are considered when determining the remuneration of individual members. Consequently, following the approval of the AGM 2019, the fixed compensation is T€ 50 per Supervisory Board member. The Chair of the Supervisory Board is paid T€ 125, and the Vice Chair is paid T€ 60. Supervisory Board members serving on its committees shall be paid T€ 10 per committee membership; the Chair of a committee shall be paid T€ 25.

For their contributions in 2020, the individual members of the Evotec Supervisory Board received the following compensation in 2020:

REMUNERATION OF THE SUPERVISORY BOARD 2020

* Tenure ended at AGM 2020

** Tenure started at AGM 2020

	Total remuneration in T€[1]
Prof. Dr Wolfgang Plischke	150
Prof. Dr Iris Löw-Friedrich	70
Kasim Kutay**	32.5
Dr Mario Polywka	50
Roland Sackers	85
Dr Elaine Sullivan	60
Michael Shalmi*	27.5
Total	**475**

[1] *Cash remuneration*

There are currently no consultancy agreements in place between Evotec and current or former members of the Supervisory Board.

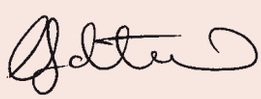
DIRECTORS' AND OFFICERS' LIABILITY INSURANCE (D&O INSURANCE)*

Evotec procured directors' and officers' liability insurance cover for its Management and Supervisory Board members, its senior management and the directors of its subsidiaries at a cost to the Company of T€ 139 (2019: T€ 132). An appropriately sized deductible was agreed upon for the members of the Supervisory Board. The deductible agreed upon for the members of the Management Board is in line with the stipulations of the legal provisions of the VorstAG.

Hamburg, 16 March 2021

Dr Werner Lanthaler

Dr Cord Dohrmann



Dr Craig Johnstone

Enno Spillner

* *This section of the Management Report is not subject to audit*

Consolidated Financial Statements (IFRS)

'20

EVOTEC SE AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2020

in T€ except share data	*Note reference*	***as of 31 Dec 2020***	*as of 31 Dec 2019*
ASSETS			
Current assets:			
Cash and cash equivalents	6	**422,580**	277,034
Investments	6	**59,350**	42,988
Trade accounts receivables	7	**79,005**	82,251
Accounts receivables from associated companies and other long-term investments		**8,891**	1,365
Inventories	8	**13,585**	10,749
Current tax receivables		**21,718**	22,777
Contract assets	9	**12,607**	11,451
Other current financial assets		**10,704**	1,640
Prepaid expenses and other current assets	10	**30,404**	19,275
Total current assets		**658,844**	**469,530**
Non-current assets:			
Investments accounted for using the equity method and other long-term investments	11	**58,999**	41,229
Property, plant and equipment	12, 13	**337,297**	239,229
Intangible assets, excluding goodwill	14	**98,036**	116,994
Goodwill	15	**247,370**	255,919
Deferred tax asset	20	**24,950**	34,330
Non-current tax receivables	16	**36,485**	22,718
Other non-current financial assets		**22**	23
Other non-current assets		**892**	940
Total non-current assets		**804,051**	**711,382**
Total assets		**1,462,895**	**1,180,912**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in T€ except share data	Note reference	as of 31 Dec 2020	as of 31 Dec 2019
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Current loan liabilities	17	**15,392**	6,343
Current portion of lease obligations	13	**14,616**	14,388
Trade accounts payable		**42,549**	31,319
Provisions	18	**41,848**	33,150
Contract liabilities	19	**66,477**	71,067
Deferred income		**4,172**	2,338
Current income tax payables		**3,362**	7,305
Other current financial liabilities		**-**	190
Other current liabilities		**20,043**	12,855
Total current liabilities		**208,459**	**178,955**
Non-current liabilities:			
Non-current loan liabilities	17	**331,019**	324,886
Long-term lease obligations	13	**130,938**	117,482
Deferred tax liabilities	20	**20,399**	21,199
Provisions	18	**22,899**	22,538
Contract liabilities	19	**22,437**	33,785
Deferred income		**3,693**	5,038
Other non-current financial liabilities		**205**	-
Total non-current liabilities		**531,590**	**524,928**
Stockholders' equity:			
Share capital[1)]	22	**163,915**	150,903
Additional paid-in capital		**1,030,702**	786,865
Accumulated other comprehensive income		**(37,522)**	(19,562)
Accumulated deficit		**(434,249)**	(441,177)
Equity attributable to shareholders of Evotec SE		**722,846**	**477,029**
Non-controlling interest		**-**	-
Total stockholders' equity		**722,846**	**477,029**
Total liabilities and stockholders' equity		**1,462,895**	**1,180,912**

1) 163,914,741 and 150.902.578 shares issued and outstanding in 2020 and 2019, respectively

See accompanying notes to consolidated financial statements.

EVOTEC SE AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020

in T€ except share and per share data	*Note reference*	***Year ended 31 Dec 2020***	*Year ended 31 Dec 2019*
Revenues from contracts with customers	23	**500,924**	446,437
Costs of revenue		**(375,181)**	(313,546)
Gross profit		**125,743**	**132,891**
Operating income and (expenses)			
Research and development expenses	24	**(63,945)**	(58,432)
Selling, general and administrative expenses	25	**(77,238)**	(66,546)
Impairment of intangible assets	14	**(3,244)**	(10,272)
Impairment of goodwill		**-**	(1,647)
Other operating income	26	**72,175**	76,498
Other operating expenses		**(4,968)**	(9,898)
Total operating income and (expenses)		**(77,220)**	**(70,297)**
Operating income		**48,523**	**62,594**
Non-operating income (expense)			
Interest income		**1,339**	2,232
Interest expense		**(8,465)**	(7,456)
Other income from long-term investments	11	**1,500**	80
Share of the result of associates accounted for using the equity method	11	**(10,434)**	(2,210)
Other income from financial assets		**70**	32
Other expense from financial assets		**(43)**	-
Foreign currency exchange gain (loss), net		**(6,935)**	1,220
Other non-operating income		**683**	234
Other non-operating expense		**(431)**	(164)
Total non-operating income (expense)		**(22,716)**	**(6,032)**
Income before taxes		**25,807**	**56,562**
Current tax expense	21	**(12,065)**	(12,628)
Deferred tax income (expense)	21	**(7,490)**	(6,706)
Total taxes		**(19,555)**	**(19,334)**
Net income		**6,252**	**37,228**
thereof attributable to:			
Shareholders of Evotec SE		**6,252**	38,072
Non-controlling interest		**-**	(844)
Weighted average shares outstanding		**153,752,241**	**149,725,607**
Net income per share (basic)		**0.04**	**0.25**
Net income per share (diluted)		**0.04**	**0.25**

See accompanying notes to consolidated financial statements.

EVOTEC SE AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020

in T€	*Note reference*	***Year ended 31 Dec 2020***	*Year ended 31 Dec 2019*
Net income		**6,252**	**37,228**
Accumulated other comprehensive income			
Items which are not re-classified to the income statement			
Remeasurement of defined benefit obligation	30	**(580)**	(1,047)
Taxes	20	**149**	(525)
Items which have to be re-classified to the income statement at a later date			
Foreign currency translation		**(17,655)**	9,075
Revaluation and disposal of investments		**126**	135
Other comprehensive income		**(17,960)**	**7,638**
Total comprehensive income		**(11,708)**	**44,866**
Total comprehensive income attributabla to:			
Shareholders of Evotec SE		**(11,708)**	45,710
Non-controlling interest		**-**	(844)

See accompanying notes to consolidated financial statements.

EVOTEC SE AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020

in T€	Note reference	**Year ended 31 Dec 2020**	Year ended 31 Dec 2019
Cash flows from operating activities:			
Net income		**6,252**	37,228
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation of property, plant and equipment	12	**42,122**	36,456
Amortisation of intangible assets	14	**13,936**	12,349
Depreciation of current assets		**160**	1,254
Impairment of intangible assets	14	**3,244**	10,272
Impairment of goodwill	15	**-**	1,647
Stock compensation expense		**5,285**	3,649
Non-cash foreign exchange loss	21	**-**	59
Interest income/expense		**6,269**	5,224
Loss on sale of financial assets		**43**	-
Gain on sale of financial assets		**(70)**	(32)
Share of the result of associates accounted for using the equity method	11	**17,274**	2,210
Adjustment of acquisition costs of associates accounted for using the equity method	11	**(6,839)**	-
Fair value adjustments on long-term investments	11	**(1,500)**	(80)
Loss on sale of property, plant and equipment		**50**	139
Gain on sale of property, plant and equipment		**(51)**	-
Deferred tax expense (benefit)	20	**7,490**	6,706
Decrease (increase) in:			
Accounts receivables	7	**(4,178)**	(32,475)
Inventories	8	**(3,631)**	(1,364)
Other assets		**(25,851)**	(5,059)
Other tax assets		**(13,836)**	(16,856)
Increase (decrease) in:			
Accounts payable		**2,165**	(2,029)
Contract liabilities and deferred income	19	**(14,618)**	(14,684)
Provisions	18	**4,912**	3,955
Current income taxes payable		**15,486**	12,349
Other liabilities		**2,677**	(12,622)
Cash received during the year for:			
Interest		**1,191**	827
Taxes		**11,428**	6,911
Cash paid during the year for:			
Interest		**(3,465)**	(4,490)
Taxes		**(21,224)**	(9,328)
Net cash provided by operating activities		**44,721**	**42,216**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

in T€	Note reference	Year ended 31 Dec 2020	Year ended 31 Dec 2019
Cash flows from investing activities:			
Purchase of current investments		**(70,932)**	(25,010)
Purchase of investments in affiliated companies net of cash acquired		**(10,929)**	(40,297)
Purchase of investments in associated companies and other long-term investments	11	**(22,703)**	(11,699)
Purchase of property, plant and equipment	12	**(99,072)**	(31,322)
Purchase of intangible assets	13	**-**	(583)
Issue of convertible loan		**(6,242)**	-
Payment of subsequent contingent considerations		**-**	(149)
Proceeds from sale of current investments		**54,789**	22,426
Net cash used in investing activities		**(155,089)**	**(86,634)**
Cash flows from financing activities:			
Proceeds from capital increase	22	**249,972**	-
Proceeds from option exercise		**1,592**	1,901
Proceeds from loans		**21,539**	292,305
Repayment of lease obligation	13	**(20,174)**	(12,904)
Repayment of loans		**(6,520)**	(70,039)
Net cash provided by (used in) financing activities		**246,409**	**211,263**
Net increase (decrease) in cash and cash equivalents		**136,041**	**166,845**
Exchange rate difference		**9,505**	1,134
Cash and cash equivalents at beginning of year		**277,034**	109,055
Cash and cash equivalents at end of the period		**422,580**	**277,034**
Supplemental schedule of non-cash activities			
Additions to leases		**68,044**	7,545

See accompanying notes to consolidated financial statements.

EVOTEC SE AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020

		Share capital	
in T€ except share data	*Note reference*	***Shares***	***Amount***
Balance at 1 Jan 2019		**149,062,794**	**149,063**
Exercised stock options	22	1,839,784	1,840
Stock option plan	21	-	-
Capital increase of subsidiary with non-controlling interest		-	-
Deferred and current tax on future deductible expenses		-	-
Other comprehensive income			
Net income for the period			
Total comprehensive income (loss)			
Balance at 31 Dec 2019		**150,902,578**	**150,903**
Capital increase	22	11,478,315	11,478
Exercised stock options	22	1,533,848	1,534
Stock option plan	21	-	-
Deferred tax on future deductible expenses		-	-
Other comprehensive income			
Net income for the period			
Total comprehensive income (loss)			
Balance at 31 Dec 2020		**163,914,741**	**163,915**

See accompanying notes to consolidated financial statements.

	Income and expense recognised in other comprehensive income					
Additional paid-in capital	*Foreign currency translation*	*Revaluation reserve*	*Accumulated deficit*	*Stockholders' equity attributable to shareholders of Evotec SE*	*Non-controlling interest*	*Total stockholders' equity*
783,154	**(33,202)**	**6,002**	**(481,013)**	**424,004**	**876**	**424,880**
61	-	-	-	1,901	-	1,901
3,650	-	-	-	3,650	-	3,650
-	-	-	-	-	(32)	(32)
-	-	-	1,764	1,764	-	1,764
	9,075	(1,437)	-	7,638	-	7,638
	-	-	38,072	38,072	(844)	37,228
	9,075	**(1,437)**	**38,072**	**45,710**	**(844)**	**44,866**
786,865	**(24,127)**	**4,565**	**(441,177)**	**477,029**	**-**	**477,029**
238,495	-	-	-	249,973	-	249,973
58	-	-	-	1,592	-	1,592
5,284	-	-	-	5,284	-	5,284
-	-	-	676	676	-	676
	(17,655)	(305)	-	(17,960)	-	(17,960)
	-	-	6,252	6,252	-	6,252
	(17,655)	**(305)**	**6,252**	**(11,708)**	**-**	**(11,708)**
1,030,702	**(41,782)**	**4,260**	**(434,249)**	**722,846**	**-**	**722,846**

Notes to consolidated financial statements for the financial year 2020

(1) BUSINESS DESCRIPTION AND BASIS OF PRESENTATION

Evotec SE, Essener Bogen 7, Hamburg, Germany and subsidiaries ("Evotec" or the "Company") is a drug discovery and development company, continuously driving innovative approaches to develop new pharmaceutical products through discovery alliances and development partnerships with leading pharma and biotechnology companies as well as academic institutions, patient advocacy groups and venture capital partners. Evotec is a worldwide operation, offering high-quality, independent and integrated solutions in drug discovery and development to its customers. Thereby, Evotec covers all activities from target to clinical development. Evotec is positioned in key therapeutic areas such as neuronal diseases, diabetes and complications of diabetes, pain, inflammation, oncology, infectious diseases, respiratory and fibrosis, rare diseases and women's health.

Evotec was founded on 8 December 1993 as EVOTEC BioSystems GmbH and has been listed on Frankfurt Stock Exchange, Segment Prime Standard, under the trading symbol "EVT" since 10 November 1999.

The Company is registered under the company name Evotec SE with place of business in Hamburg in the Commercial Registry of Hamburg with HRB 68223. On 01 April 2019, Evotec AG was renamed Evotec SE.

All amounts in the notes are shown in thousands of Euro (T€), unless indicated otherwise. The euro is the reporting currency of the Company.

On 16 March 2021, the Management Board authorised the consolidated financial statements for the financial year 2020.

(2) SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

The following major business events affected Evotec's business in the financial year 2020:

▸ **Successful capital increase:**
On 12 October 2020, Evotec successfully raised capital by way of a private placement. A total of 11,478,315 new shares were issued to Mubadala Investment Company, a sovereign wealth fund fully owned by the government of Abu Dhabi (Mubadala Investment Company) and Novo Holdings A/S, with total proceeds of € 250 m. The Mubadala Investment Company invested € 200 m, Novo Holdings A/S, invested additional € 50 m. Due to the capital increase and the exercise of stock options, the subscribed capital of Evotec amounted to € 163,914,741.00, or 163,914,741 bearer shares, at the end of December 2020.

▸ **New site and site expansion**
On 1 July 2020, Evotec acquired the "Biopark by Sanofi SAS" in Toulouse from Sanofi, including all land and buildings of the former Sanofi site. Besides land and buildings (€ 19.3 m) cash and cash equivalents in the amount of € 8.4 m as well as current liabilities of € 6.0 m were acquired. The purchase is treated as acquisition of single assets as no substantive process was taken over. The takeover allows Evotec to significantly expand the existing capacities, and it secures continued long-term growth for the activities of the Toulouse site.

In addition, on April 1, 2020, the Evotec established Evotec GT, located in Orth/Donau, Austria. Evotec GT is focused on the discovery and development of gene therapy-based projects, expanding the Group's multimodality product and development portfolio to include the pioneering area of gene therapy.

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations as issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU), as well as the additional requirements of German commercial law pursuant to Sec 315e par. 1 HGB (German Commercial Law). The consolidated financial statements have been prepared on the historical cost basis unless otherwise stated in the more detailed disclosures below.

The accounting policies below have been applied consistently to all periods presented in the consolidated financial statements and have been applied consistently by all entities except as explained in the Notes "Recent accounting pronouncements, not yet adopted" as well as "Changes in accounting policies and restatements" which address changes in accounting policies.

— IMPACT OF THE COVID-19 PANDEMIC —

The global COVID-19 pandemic only slightly impacted the business of Evotec. Firstly, COVID-19-related delays of project execution (into 2021) lead to lower milestone revenues (see Note 4). Additionally, Evotec as a precaution increased its inventory level, to be prepared for any delivery bottlenecks (see Note 9).

— USE OF ESTIMATES —

The preparation of the accompanying consolidated financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses during the reporting period as well as the disclosure of contingent assets and liabilities as of the balance sheet date of the financial year.

The main estimates and assumptions affect the following subjects:
- Acquisitions (see Note 5),
- Revenues from contracts with customers (see Note 23) and
- Impairment testing and fair values (see Note 11, 15 and 16).

Other estimates and assumptions were exercised in the following areas:
- Provisions (see Note 18 and 30),
- Measurement of the share option plans and the Share Performance Awards (see Note 21),
- Valuation of deferred tax assets (see Note 20),
- Assessment of lease terms (see Note 13) and
- Exercising significant influence on an investee (see Note 34d).

Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are made prospectively in the period in which the estimates are revised.

— PRINCIPLES OF CONSOLIDATION —

The consolidated financial statements include the accounts of Evotec SE and all companies which are under its control. Evotec controls an entity if it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial statements from the date on which control is obtained until the date Evotecs control ceases.

If Evotec loses control over a subsidiary, all assets and liabilities of that subsidiary together with any related non-controlling interests and other equity components are derecognised. Any resulting gain or loss is recognised in the income statement. Any retained interest in the former subsidiary is measured at fair value at the time of loss of control.

All intercompany receivables, liabilities and all intercompany revenue, income, expenses and all intragroup profits or losses are eliminated in the consolidation.

— TRANSACTIONS IN FOREIGN CURRENCY —

The assets and liabilities including goodwill of foreign subsidiaries with functional currencies other than the Euro are translated into Euro using the respective exchange rates at the end of the reporting period, while the income statements of such subsidiaries are translated using monthly average exchange rates during the period. Gains or losses resulting from translating foreign functional currency financial statements are recognised directly in other comprehensive income and realised on termination of the respective position.

Transactions in foreign currencies are translated into the respective functional currency using the monthly foreign exchange rate. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the respective functional currency using the exchange rates at the end of the period. Gains or losses resulting from translating foreign currency denominated transactions into the respective functional currency are included in other non-operating income and expense or other comprehensive income.

The transaction in foreign currency included in the consolidated statement of cash flows are translated at average exchange rates during the respective period.

— FINANCIAL INSTRUMENTS —

A financial instrument is a contract that gives rise to a financial asset of one contract partner and a financial liability or equity instrument of the other contract partner.

Recognition of financial instruments
Initial recognition of financial instruments takes place upon conclusion of contract, with receivables, payables, cash and loans being initially recognised when originated.

Derecognition of financial instruments
Financial assets are derecognised if either the payment rights arising from the instrument have expired or substantially all risks and rewards attributable to the instrument have been transferred. Financial liabilities are derecognised if the obligations have expired or have been discharged or cancelled.

Measurement of financial instruments
At initial recognition, non-derivative financial instruments are measured at fair value. The subsequent measurement depends on the classification of the categories as defined in IFRS 9. Classification is based on two criteria: the Group's business model for managing assets and whether the instruments' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Non-derivative financial assets
For subsequent measurement, financial assets are categorised into either measured at amortised cost, measured at fair value through OCI or measured at fair value through P&L.

Debt instruments are held by Evotec with the intention to collect contractual cash flows (interest and principal) and to sell these debt instruments. Consequently, they are measured at fair value through OCI (see Note 17 for more details). Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Equity instruments are measured at fair value through profit and loss. At Evotec this primarily relates to the long-term investments. For equity instruments there exists a right to choose per financial instrument to classify them as at fair value through other comprehensive income. A subsequent reclassification of the cumulative amounts of the other comprehensive income to profit and loss is not possible. Evotec has decided not to exercise this right at this time.

All other non-derivative financial assets are measured at amortised cost.

Non-derivative financial liabilities
For subsequent measurement, non-derivative financial liabilities are measured at amortised cost.

Impairment of financial assets
Impairment is recognised for all financial assets not held at fair value through profit or loss and contract assets using the forward-looking expected credit loss model. See Notes 6 and 7 for details.

Offsetting financial instruments
Financials assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, Evotec has the legal right to offset the amounts and either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments and hedge accounting
Evotec uses foreign currency derivative financial instruments as well as interest swaps to hedge its exposure to foreign exchange risks and interest rate fluctuations. Derivative financial instruments are measured at fair value through P&L. For these economic hedge relationships Evotec does not apply hedge accounting under IFRS 9. Derivatives embedded in host contracts are accounted for separately if the economic characteristics and risk of the host contract and the embedded derivative are not closely related. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes.

Basis for determining fair values of financial instruments
The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments.

The fair value is determined by reference to the quoted bid price at the reporting date. The fair value of unquoted equity instruments or of financial assets without an active market is estimated using a valuation technique based on assumptions that are not supported by prices from observable markets.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

The fair value of interest rate swaps is determined by reference to broker quote.

The fair value of contingent considerations arising in a business combination is calculated on the basis of discounted expected cash flows and related probabilities.

Unless otherwise reported, the fair values of financial instruments equalled the carrying amounts.

— CASH AND CASH EQUIVALENTS —

The Company considers all highly liquid short-term investments with original maturities at the date of acquisition of three months or less to be cash equivalents.

— CONTRACT ASSETS —

A contract asset is the right to a consideration in exchange for goods or services transferred to the customer. If Evotec fulfils its contractual obligations by transferring goods or services to a customer before the customer pays the consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

— INVENTORIES —

In accordance with IAS 2, inventories are valued at the lower of cost or net realisable value, with cost being generally determined on the basis of an average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Costs consist of purchased component costs and manufacturing costs, which are comprised of direct material and labour costs and systematic allocated costs. Costs are removed from inventories to costs of revenue based on specific identification.

— PROPERTY, PLANT AND EQUIPMENT —

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Property, plant and equipment acquisitions, including leasehold improvements, are recorded at cost less any vendor rebates. Leased property, plant and equipment meeting certain criteria are capitalised at the lower fair value or present value of the minimum lease payments.

Depreciation of property, plant and equipment is generally calculated using the straight-line method over the estimated useful lives of the assets. Depreciation of leasehold improvements is calculated using the straight-line method over the shorter of the related lease term or the estimated useful life. The useful lives are as follows, whereas the useful lives of buildings and leasehold improvements and plant, machinery and equipment changed due to disposals in comparison with the previous year:

Buildings and leasehold improvements	1–22 years
Plant, machinery and equipment	3–12 years
Furniture and fixtures	3–10 years
Computer equipment and software	3–5 years

The depreciation period is reviewed at each balance sheet date. Differences from previous estimates are accounted for as a change in an accounting estimate in accordance with IAS 8. The change in the useful lives of plant, machinery and equipment is due to new additions to property, plant and equipment and not to changes in estimates. The costs included in property, plant and equipment related to assets under construction are not depreciated until the assets are placed into service by the Company. Upon sale or retirement, the costs and the related accumulated depreciation are removed from the respective accounts and any gain or loss is included in other operating income and expense. Maintenance and repairs of property, plant and equipment are expensed as incurred.

— LEASES —

Evotec as a lessee

Evotec recognises and measures all leases (excluding short-term leases and leases of low-value assets) using a single model. The Company recognises liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

Evotec recognises right-of-use assets at the commencement date (i.e. the point in time the underlying leased asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets include the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Right-of-use assets relating to buildings	1–20 years
Right-of-use assets relating to plant and machinery	3–15 years
Right-of-use assets relating to motor vehicles	3–5 years

If legal ownership of the leased asset transfers to Evotec at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the leased asset.

ii) Lease liabilities

At the commencement date of the lease, Evotec recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, Evotec uses an incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification to the lease, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

Evotec applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Evotec also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low-value.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

— ASSOCIATES —

Associates are entities in which Evotec has significant influence over the financial and operating policies. This influence is usually exercised through a direct or indirect share of voting power of 20% to 50%. Significant influence can also exist through a direct or indirect share of voting power of less than 20%; indicators are:

- Representation on the board of directors and/or on the supervisory board,
- (Significant) participation in operating policies, including participation in decisions about dividends of the investee,
- Interchange of managerial personnel,

- Material transactions between the entity and its investee,
- Provision of essential technical information.

In case one or more of the above mentioned indicators apply, Evotec verifies if significant influence exists.

Associates are accounted for in the consolidated financial statements using the at-equity method and initially measured at cost. Subsequent to acquisition, Evotec's share in the associate's profit or loss is included in the consolidated income statement. Unrealised gains and losses from transactions between Evotec and its associate are recognised only to the extent of unrelated investors' interests in the associate. The share in changes in equity without impacting the income statement is included directly in consolidated equity.

The cumulative changes after the date of acquisition increase or decrease the carrying amount of the interest in the associate. If the associate's losses attributable to Evotec equal or exceed the value of the interest in this associate, no further losses are recognised as long as no additional funding obligation exists.

Evotec promotes new, innovative business methods such as by spinning off novel treatment approaches and platforms whilst retaining an equity interest. In this scenario, Evotec acts as "operational" venture capital provider, which means that in addition to capital, it also provides execution infrastructure. Associated therewith is the risk of partial or total impairment of the investments in the associated company due to a failure of the development of novel treatment approaches or platforms of the investee.

— INTANGIBLE ASSETS, EXCLUDING GOODWILL —

Intangible assets, excluding goodwill, consist of separately identified intangible assets such as developed technologies, customer related intangibles and patents, which were acquired in business combinations, purchased licences and patents.

Intangible assets with definite useful lives are recorded at cost and are amortised using the straight-line method over the estimated useful lives of the assets. Depreciation of favourable contracts is calculated using the straight-line method over the term of the respective contracts. The useful lives are as follows:

Trademarks	2 – 10 years
Developed technologies	6.25 – 18 years
Customer related intangibles	5 – 8 years
Patents and licences	15 years or shorter life
Favourable contracts	41.4 years

Developed technologies acquired in business combinations are amortised as soon as the intangible assets start to generate sustainable benefits and tested for impairment at least annually.

The amortisation period is reviewed at each balance sheet date.

— GOODWILL —

Goodwill recognised in a business combination according to the acquisition method is recognised as an asset. Goodwill is measured at the acquisition date as

- the fair value of the consideration transferred; minus
- the net recognised amount of the identifiably assets acquired and liabilities assumed at fair value.

If the net assets exceed the fair value of the consideration transferred, the income from bargain purchase is recognised in profit or loss.

— PROVISIONS —

Provisions are recognised when the Company has a present obligation as a result of a past event which will result in a probable outflow of economic benefits that can be reliably estimated. The amount recognised represents the best estimate of the settlement amount of the present obligation as of the balance sheet date. Non-current provisions are discounted applying a risk adjusted market interest rate. Expected reimbursements of third parties are not offset, but recorded as a separate asset if it is highly probable that the reimbursements will be received.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from such a contract are lower than the unavoidable expenses of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected expenses of terminating the contract and the expected net expense of continuing with the contract. Before a provision is established, Evotec recognises any impairment expense on the assets associated with that contract.

— PENSION AND SIMILAR OBLIGATIONS —

The Company's net obligation for defined benefit and other postretirement benefit plans have been calculated using the projected unit credit method. Actuarial gains and losses are recognised in other comprehensive income.

Service and interest costs for pensions and other postretirement obligations are recognised as an expense in the operating result. The Company's obligations for contributions to defined contribution plans are recognised as expense in the income statement.

— CONTRACT LIABILITIES —

A contract liability is the obligation of Evotec to transfer goods or services to a customer for which Evotec has received a consideration (or an amount of consideration is due) from the customer. If a customer pays the consideration before Evotec transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when Evotec fulfils its contractual obligation.

— SHARE CAPITAL —

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognised net of tax as a deduction from equity.

The Company applies the regulations of IAS 32 in accounting for treasury shares. When ordinary shares recognised as equity are reacquired, the amount of the consideration paid for those treasury shares is recognised as a deduction from equity. If treasury shares are subsequently sold or granted, the proceeds will be recognised net of tax as an increase in equity.

— STOCK OPTIONS AND SHARE PERFORMANCE AWARDS —

The Company applies the regulations of IFRS 2 with regard to the accounting for options granted under its stock option plans and under its Share Performance Plan. All plans are settled in shares, only Evotec has the choice to settle in cash. Compensation cost from the issuance of employee and Management Board stock options is measured using the fair value method at the grant date and is charged straight-line to expense over the service period in which the employee or member of the Management Board renders services. This is also the case for the grant of Share Performance Awards to employees and to members of the Management Board. In case the estimates regarding the achievement of the key performance indicators change, the fair value of Share Performance Awards is adjusted as long as it is not a share price-based indicator.

— REVENUES FROM CONTRACTS WITH CUSTOMERS —

Revenue is recognised when the control over separable services or research services is transferred to the customer and the customer therefore has the ability to direct the use and obtain substantially all of the remaining benefits from these services, provided that a contract with enforceable rights and obligations exists and that collectability of consideration is probable. The Company assesses collectability based on a number of factors, including past transaction history with the customer and the customer's credit-worthiness.

The Company has entered into multiple-element contracts and thoroughly determined whether the different revenue-generating elements are sufficiently separable and whether there exists sufficient evidence of their fair values to separately account for some or all of the individual elements of the contracts. Only if an element is considered to meet these criteria it represents a separate unit of accounting. When allocating the transaction price to individual performance components, Evotec uses in particular FTE-rates as indicator of the fair value of these components. Payment terms typically stipulate payments in 30 to 60 days after invoice receipt.

Evotec's revenues include service fees, FTE-based research payments revenue for delivered goods and deliverable kind of services, compound access fees as well as milestone fees, licences and royalties.

Service fees, FTE-based research payments as well as deliverable kind of services
Revenues generated from service contracts or FTE-based research contracts or deliverable kind of services are recognised as the services are rendered. Evotec applies an input-based method to measure the progress of completion of its performance obligations. In rare cases and only for specific contracts, output-based methods are applied whenever the contract warrants such measurement. Payments for those services are generally paid fully or partly in advance and recorded as a contract liability. Contract assets are recognised in case Evotec's progress of completion of its performance obligations exceeds the amount of the payments received. Those contracts may also contain variable compensation, which Evotec only includes in the transaction price when it becomes highly probable that such payments will be received. This is rarely the case upon contract inception or in early stages of contracts, owing to the nature of the services.

Recharges
Revenues from recharges of costs are recognised over the period in which the costs occur. Payments are received thereafter.

Compound access fees
Revenue from compound access fees is recognised pro rata over the related forecasted service period. Payments for compound access fees are generally paid in full or in parts in advance and recorded as contract liability until earned.

Milestone fees
Revenue contingent upon the achievement of certain milestones is recognised in the period the milestone is successfully achieved. This occurs when the Company's contract partner agrees that the requirements stipulated in the agreement have been met. Under IFRS 15, earlier recognition carries an increased risk of revenue corrections required and hence Evotec refrains from an earlier recognition. Payments of milestone fees are received after the milestone is successfully achieved.

Licences
Revenue from the sale of licences is recognised at the date of the sale. Revenue from out-licensing in combination with a collaboration is realised pro rata over the collaboration period. Payments from the sale of licences are received on the day of the sale or thereafter.

Royalties
Revenue from royalties, which are dependent on other company's respective product sales, is recognised in the period in which the royalty report or the payment is received. Payments are received either on the same day as the royalty report or thereafter. Royalties are typically contract components with a variable consideration which will as mentioned above only be realized as revenues when it is highly probable that the consideration will be received.

— RESEARCH AND DEVELOPMENT —

Research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are expensed as incurred.

Development activities relate to a plan or design for substantially improved products and processes. Development expenses are capitalised only if they can be measured reliably, the product or process is technically feasible,

future economic benefits are probable and Evotec has the intention and resources to complete development and use or sell it. Cost capitalised comprise costs of material and employee services and other directly attributable expenses. Due to the high uncertainty associated with development activities in the pharmaceutical sector the precondition for the capitalisation of development expenses is generally not fulfilled. Evotec did not capitalise any development costs in 2020 and 2019, respectively.

Research and development projects that are acquired in a business combination are capitalised at fair value when those research and development projects are expected to generate probable future economic benefits to the Company. Research and development costs acquired in a business combination are not regularly amortised until they are sustainably generating benefits.

The Company has received grants and fundings in the amount of T€ 328 (2019: T€ 88) from government authorities as well as private foundations for the support of specific research and development projects. These grants are linked to projects. The grants are recognised as a reduction mainly of research and development expense when they are received. No grants were received for capitalised development expenditures.

Under the terms of the grants, governmental agencies and private foundations generally have the right to audit qualifying expenses submitted by the Company.

— IMPAIRMENT OF NON-FINANCIAL NON-CURRENT ASSETS AND GOODWILL —

The Company reviews non-financial non-current assets (property, plant and equipment and intangible assets including goodwill) for impairment, in terms of the recoverable amount in accordance with IAS 36. An impairment review is performed at least annually for intangible assets with indefinite useful lives, intangible assets not yet available for use and goodwill, or whenever events or changes in circumstances indicate that the carrying amount of an asset or a group of assets may not be recoverable. In line with the Company's policy concerning the impairment of intangible assets with indefinite useful lives and goodwill, the Company carried out an impairment test in the fourth quarter of 2020 and 2019, see Note 14 and 15.

An impairment loss is recognised if the carrying amount of an asset (or a group of assets when considering a cash-generating unit) exceeds its recoverable amount, which is the higher of its fair value less costs to sell or value in use. The value in use for an asset or cash-generating unit, which is used by Evotec for the impairment testing of non-financial non-current assets and goodwill, is calculated by estimating the net present value of future cash flows arising from that asset or cash-generating unit. The discount rate used to calculate the value in use is determined to reflect the risks inherent for each asset or cash-generating unit. The evaluation of the net cash flow of the further use is based on a mid-range or where applicable long-range forecast. Management judgment is necessary to estimate discounted future cash flows.

In the exceptional case that the value in use of an asset in its current condition cannot be reliably estimated in accordance with the requirements of IAS 36, the fair value less costs of disposal is used to determine the recoverable amount. This is the case, for example, when management's financial planning includes future cash inflows and outflows whose origination is based on a significant improvement or enhancement of the asset's performance. Since relevant market prices are typically not available, this method is also determined on the basis of discounted future cash flows and thus unobservable input factors.

Any impairment loss is reported as a separate component of operating expenses in the consolidated income statement. An impairment of property, plant and equipment and intangible assets excluding goodwill is reversed if there has been a change in the estimates used to determine the recoverable amount leading to an increase in value for a previously impaired asset or group of assets as one cash-generating unit. It is reversed only to the extent that the assets or the group of assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been previously recognised. Impairments of goodwill are not reversed.

— OTHER OPERATING INCOME —

Evotec receives tax credits from tax development programmes in the context of qualifying research and development expenses in different jurisdictions. Such tax refunds regularly result in amounts which can be offset against taxable income, so as to provide a partial or full relief from tax or other payments to fiscal authorities. Evotec determined that under its significant tax development programmes, the feature of the credit is provided in a way which allows either offsetting against taxable income or instead, when insufficient taxable profits are available, direct reimbursement and payment in cash. In addition, the tax development programmes are provided for specific activities, often limited to specific research and development expenses. As such, Evotec accounts for such tax development programmes as other operating income and does not account for such income as tax income or offsets tax credits from income tax expense. In 2020, the amount of R&D tax credits accounted for as other operating income was T€ 25,266 (2019: T€ 28,227).

In certain cases Evotec recharges costs to third parties. The income from those recharges is recognised in other operating income when it is a direct reimbursement of costs. This is the case for the reimbursements of Sanofi in the context of the take-over of current expenses of the sites in Toulouse and Lyon. There is no underlying direct exchange of services for this income and therefore a recognition as revenues is not suitable. The relating expenses are recognised in other operating expenses as well as in research and development expenses.

— INTEREST INCOME AND EXPENSE —

Interest is recorded as expense or income in the period to which it relates. All interest income and expense including the unwind of the discount on contingent considerations are recognised in the income statement using the effective interest rate method.

Evotec considers assets with a construction term over 12 months as qualifying assets. For the purpose of determining the amount of borrowing eligible for capitalization when funds are borrowed for general purposes, the Group computes a weighted average cost of borrowing, which is then applied to qualifying assets as a capitalization rate.

— INCOME TAXES —

Income taxes comprise the current taxes on income in the individual countries as well as the deferred taxes. Income taxes are recorded in the income statement except to the extent they relate to a business combination, or for those items recorded directly in equity or other comprehensive income.

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group generates taxable income. The tax rates for domestic companies are 27–32% and for foreign companies 19–31%.

Deferred tax
Deferred tax is recognised using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred taxes are recognised for all taxable temporary differences, except:

- temporary differences arising on the initial recognition of goodwill,
- temporary differences on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss,
- temporary differences relating to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Future tax rate changes are taken into account if, in the scope of a legislative procedure, substantial prerequisites for its future applicability are met.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the income taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Tax exposures
In determining the amount of current and deferred tax Evotec takes into account the impact of uncertain tax positions and whether additional taxes and interest maybe due. This assessment relies on estimates and assumptions and may involve a series of judgement about future events. New information may become available that forces the Company to change its judgement regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expenses in the period in which such determination is made.

— NET INCOME PER SHARE —

The undiluted results per share are calculated by dividing the net income (loss) by the weighted average number of ordinary shares outstanding for the period, excluding common stock equivalents.

The weighted average number of ordinary shares is calculated as follows:

Shares in thousands	***2020***	*2019*
Issued ordinary shares 1 Jan	**150,902**	149,063
Treasury shares 1 Jan	**(250)**	(250)
Effect of weighted average share options exercised	**2,509**	-
Effect of weighted average share options exercised	**591**	913
Weighted average number of ordinary shares 31 Dec	**153,752**	149,726

Diluted net income per share is computed by dividing the net income attributable to shareholders of Evotec SE by the weighted-average number of ordinary shares and share equivalents outstanding for the period determined using the treasury-stock method. For purposes of this calculation, stock options and Share Performance Awards are considered to be common stock equivalents and are only included in the calculation of diluted net income per share when their effect is dilutive. In 2020, the number of potentially dilutive shares to be issued from stock options and Share Performance Awards amounted to 1,172,673 (2019: 1,799,458). For calculating the diluted net result per share the resulting dilutive shares are included from the beginning of the period.

FIRST TIME ADOPTION OF NEW ACCOUNTING STANDARDS IN THE FINANCIAL YEAR 2020

Standards/Interpretation		*Effects*
IFRS 3	Clarification, that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.	Effect by determining if a business was acquired
IFRS 9, IAS 39 and IFRS 7	**Interest Rate Benchmark Reform** A number of reliefs, which apply to all hedging relationships that are directly affected by interest benchmark reform.	No effects
IAS 1 and IAS 8	New definition of the key term "material", that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."	No effects
IFRS 16	COVID-19-Related Rent Concessions: The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic.	No effects
CONCEPTUAL FRAMEWORK	The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.	No effects

RECENT ACCOUNTING PRONOUNCEMENTS, NOT YET ADOPTED

The following standards and interpretations published by the IASB are not yet mandatory because they have not been endorsed by the EU yet, or the date of their first mandatory application has not yet been reached and they have not been adopted by Evotec at an early stage:

Standards/Interpretation		*Mandatory application*	*Endorsement by European Commission*	*Expected Effect*
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	**Interest Rate Benchmark Reform – Phase 2:** Modification of financial assets, financial liabilities and leasing liabilities, requirements regarding accounting and disclosure of hedging relationships under application of IFRS 7	1 Jan 2021	Yes	No material effects
IFRS 3	Replacement a reference to the Framework for the Preparation and Presentation of Financial Statements, without significantly changing its requirements.	1 Jan 2022	No	No effects
IAS 16	Change in accounting of proceeds before intended use.	1 Jan 2022	No	No effects
IAS 37	Specification which costs an entity needs to include when assessing whether a contract is onerous or loss making.	1 Jan 2022	No	No effects
IFRS 9	Clarification with regard to fees in the 10 per cent test for derecognition of financial liabilities.	1 Jan 2022	Yes	No effects
IAS 1	In the future, only "material" accounting policies are displayed in the notes	1 Jan 2023	No	Effects are still being analyzed
IAS 8	Clarification to help entities to distinguish between accounting policies and accounting estimates.	1 Jan 2023	No	No material effects
IFRS 17	New accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure.	1 Jan 2023	No	Effects are still being analyzed
IAS 1	Change in classification of liabilities as current or non-current	1 Jan 2023	No	No effects

(4) SEGMENT INFORMATION

EVT Execute and EVT Innovate were identified by the Management Board as operating segments. The responsibility for EVT Execute was allocated to the COO, Dr Craig Johnstone, while the responsibility for EVT Innovate was allocated to the CSO, Dr Cord Dohrmann. The organisation of the whole Evotec Group was structured accordingly. Please refer to the Group Management Report for further information. The segments' key performance indicators are used monthly by the Management Board to evaluate the resource allocation as well as Evotec's performance. Intersegment revenues are valued with a price comparable to other third-party revenues. The evaluation of each operating segment by the management is performed on the basis of revenues and adjusted EBITDA. Revenues in the segments consist of revenues from contracts with customers without revenues from recharges as those are not of importance for the management to assess the economic situation of the segments (please see column "Transition" in the below chart). The adjusted EBITDA is calculated without non-operating income (expense) as well as the adjustments listed in the reconciliation below. Expenses and income below operating result are not part of the segment result.

The segment information for the financial year 2020 is as follows:

in T€	*EVT Execute*	*EVT Innovate*	*Intersegment elimination*	*Transition*	*Evotec Group*
Revenues	373,366	105,723	-	21,835	500,924
Intersegment revenues	115,776	-	(115,776)	-	-
Costs of revenue	(362,193)	(96,499)	105,346	(21,835)	(375,181)
Gross profit	**126,949**	**9,224**	**(10,430)**	**-**	**125,743**
Operating income and (expenses)					
Research and development expenses	(4,449)	(69,926)	10,430	-	(63,945)
Selling, general and administrative expenses	(61,786)	(15,452)	-	-	(77,238)
Impairment of intangible assets	-	(3,244)	-	-	(3,244)
Other operating income	20,792	51,383	-	-	72,175
Other operating expenses	(4,177)	(791)	-	-	(4,968)
Total operating income and (expenses)	**(49,620)**	**(38,030)**	**10,430**	**-**	**(77,220)**
Operating income (loss)	**77,329**	**(28,806)**	**-**	**-**	**48,523**
Interest result					(7,126)
Other income from long-term investments					1,500
Share of the loss of associates accounted for using the equity method					(10,434)
Other income (expense) from financial assets, net					27
Foreign currency exchange gain (loss), net					(6,935)
Other non-operating income					252
Income before taxes					**25,807**
EBITDA adjusted	**129,281**	**(22,660)**			**106,621**

The adjusted EBITDA for the financial year 2020 is derived from operating income (loss) as follows:

in T€	*EVT Execute*	*EVT Innovate*	*Evotec Group*
Operating income	**77,329**	**(28,806)**	**48,523**
plus depreciation of tangible assets	39,332	2,791	42,123
plus amortisation of intangible assets	13,654	283	13,937
plus impairment of intangible assets	-	3,244	3,244
EBITDA	**130,315**	**(22.488)**	**107,827**
plus change in contingent consideration (earn-out)	(1,034)	(172)	(1,206)
EBITDA adjusted	**129,281**	**(22,660)**	**106,621**

The reduction in adjusted EBITDA is mainly due to lower milestone payments due to COVID-19-related delays of projects to 2021, the expiry of Sanofi payments for the Toulouse site from the second quarter of 2020 and the loss of R&D tax credits due to changes in Italian law.

The segment information for the financial year 2019 is as follows:

in T€	*EVT Execute*	*EVT Innovate*	*Intersegment elimination*	*Transition*	*Evotec Group*
Revenues	337,605	94,329	-	14,503	446,437
Intersegment revenues	82,698	-	(82,698)	-	-
Costs of revenue	(310,855)	(61,676)	73,488	(14,503)	(313,546)
Gross profit	**109,448**	**32,653**	**(9,210)**	**-**	**132,891**
Operating income and (expenses)					
Research and development expenses	(2,144)	(65,498)	9,210	-	(58,432)
Selling, general and administrative expenses	(52,524)	(14,022)	-	-	(66,546)
Impairment of intangible assets	-	(10,272)	-	-	(10,272)
Impairment of goodwill	-	(1,647)	-	-	(1,647)
Other operating income	30,845	45,653	-	-	76,498
Other operating expenses	(8,818)	(1,080)	-	-	(9,898)
Total operating income and (expenses)	**(32,641)**	**(46,866)**	**9,210**	**-**	**(70,297)**
Operating income (loss)	**76,807**	**(14,213)**	**-**	**-**	**62,594**
Interest result					(5,224)
Other income from long-term investments					80
Share of the loss of associates accounted for using the equity method					(2,210)
Other income (expense) from financial assets, net					32
Foreign currency exchange gain (loss), net					1,220
Other non-operating income					70
Income before taxes					**56,562**
EBITDA adjusted	**122,507**	**636**			**123,143**

The adjusted EBITDA for the financial year 2019 is derived from operating income (loss) as follows:

in T€	*EVT Execute*	*EVT Innovate*	*Evotec Group*
Operating income	**76,807**	**(14,213)**	**62,594**
plus depreciation of tangible assets	33,589	2,867	36,456
plus amortisation of intangible assets	12,111	238	12,349
plus impairment of intangible assets	-	10,272	10,272
plus impairment of goodwill	-	1,647	1,647
EBITDA	**122,507**	**811**	**123,318**
plus change in contingent consideration (earn-out)	-	(175)	(175)
EBITDA adjusted	**122,507**	**636**	**123,143**

Non-current assets as of 31 December can be analysed as follows:

in T€	2020	2019
Germany	**101,926**	81,898
Italy	**189,351**	193,231
United Kingdom	**202,980**	189,720
France	**93,812**	88,011
USA	**144,820**	95,755
Switzerland	**13,879**	15,119
Austria	**2,853**	-
Netherlands	**1,986**	1,833
Canada	**1,935**	-
	753,541	**665,567**

(5) ACQUISITIONS

Effective 2 July 2019, Evotec acquired 100% of the shares in Just Biotherapeutics Ltd., Seattle, USA (Just). With this acquisition, Evotec is able to extend the offer of cutting-edge "machine learning"-technologies and flexible approaches for the design and manufacture of biologics.

The purchase price amounted to T€ 51,123 in cash, increased by a possible performance-based component (earn-out) as contingent consideration in the additional amount of T€ 3,882. At the date of the acquisition, the earn-out was determined on the basis of the discounted expected future cash flows. At the acquisition date, the maximum potential earn-out payment (before discounting and success rates) amounts to T€ 31,192. As of 31 December 2019, the earn-out provision is T€ 3,906.

In the financial year 2020 the earn-out provision developed as follows:

in T€	Contingent consideration
Balance as of 1 Jan 2020	**(3,906)**
Exchange rate differences	**327**
Additions	**0**
Consumptions	**0**
Net income/expense	**366**
Balance as of 31 Dec 2020	**(3,213)**

The customer list was recognised at the fair value of T€ 5,326, which was determined on the basis of discounted cash flow models. For the developed technologies, an adjustment to the fair value in the amount of T€ 9,465, also determined on the basis of discounted cash flow models, was recognised at the acquisition date. This acquisition results in a goodwill of T€ 30,911 allocated to the Execute segment.

The fair value of the remaining assets and liabilities acquired was determined on the basis of the net book values at the date of acquisition.

The net income of Evotec for the financial year 2019 includes a net loss of T€ 1,186 and revenues from contracts with customers of T€ 16,104 from the acquisition of Just. If this acquisition had taken place on 1 January 2019, Evotec would have shown revenues from contracts with customers of T€ 459,331 and a net income of T€ 31,121. Transaction costs of T€ 787 were recognised through profit or loss as selling, general and administrative expenses in 2019. This acquisition has been allocated to the Execute segment.

Below is a breakdown of the fair values of Just at the date of acquisition:

in T€	2 July 2019 Fair value
Cash and cash equivalents	**10,826**
Trade accounts receivables	**3,795**
Inventories	**3,694**
Prepaid expenses and other current assets	**1,047**
Property, plant and equipment	**32,186**
Developed technologies	**9,465**
Customer list	**5,326**
Lease liabilities	**(17,112)**
Trade accounts payable	**(1,961)**
Contract liabilities	**(5,736)**
Deferred income	**(5,984)**
Other current liabilities	**(9,118)**
Deferred tax liabilities	**(2,334)**
Net assets acquired	**24,094**
Goodwill	**30,911**
Cost of acquisition	**55,005**
Less contingent consideration	**(3,882)**
Less cash and cash equivalents acquired	**(10,826)**
Cash outflow from acquisition	**40,297**

Main estimates and assumptions

- Methods and input parameters used in determining fair value

Assets and liabilities acquired in a business combination are initially accounted for at fair value on the acquisition date. Fair values are determined using a discounted cash flow model. The model relies on input parameters which are derived from observable market data. However, such parameters do involve management judgment whenever no comparable market data is available.

Significant input parameters used in determining the fair values are the estimated useful life of the assets identified, the long-term business plan as the basis for determining the expected income from these assets and the discount rate used to discount the future cash flows of individual assets. In the financial year 2019, period-specific post-tax discount rates between 9.89% and 10.67% were used in the acquisition of Just Biotherapeutics.

- Allocating goodwill to cash-generating units

Goodwill from business combinations is allocated to cash-generating units based on how the units will benefit from the synergies of the combination. Determining if and to which extent the units will benefit from the combination is subject to estimates, such as the long-term budget. The allocated goodwill will be subject to impairment testing on the level of the cash-generating unit or group of cash-generating units to which it was allocated as further disclosed in Note 15 Goodwill. Because input parameters for impairment testing may vary between different cash-generating units or group of cash-generating units, the allocation of goodwill also impacts subsequent measurements.

(6) CASH AND CASH EQUIVALENTS AND INVESTMENTS

Included in investments are corporate bonds, which are reported at fair value. The corporate bonds and similar instruments are classified as measured at fair value through OCI. As of 31 December 2020, unrealised gains of T€ 51 (31 December 2019: gains of T€ 76) were recognised in other comprehensive income relating to those assets. In the course of managing liquidity, Evotec is investing in deposits with maturities beyond three months which are also included in investments. The deposits are measured at amortised costs.

Based on the expected credit loss an allowance of T€ 139 has been recognised as of 31 December 2020 (31 December 2019: T€ 41).

As of 31 December 2020, T€ 416 of the cash balances with credit institutions were pledged as collateral (31 December 2019: T€ 416).

(7) TRADE ACCOUNTS RECEIVABLES

The Company has assessed the non-payment risk of all trade accounts receivables. The resulting allowance as of 31 December 2020 and 2019 amounts to T€ 782 and T€ 672, respectively. This allowance represents a partial write-down of the respective receivables. There are no restrictions on trade accounts receivable.

The maturity of trade accounts receivables as of 31 December was as follows:

in T€	***31 Dec 2020***	*31 Dec 2019*
Not past due	**54,855**	60,673
Bad debt not past due	**(2)**	(6)
Past due 0-30 days	**13,284**	7,906
Bad debt 0-30 days	**(9)**	(15)
Past due 31-120 days	**5,489**	7,676
Bad debt 31-120 days	**(60)**	(64)
More than 120 days	**6,159**	6,668
Bad debt more than 120 days	**(711)**	(587)
Total trade accounts receivables	**79,005**	**82,251**

As of 31 December 2020 an allowance of T€ 332 (31 December 2019: T€ 13) has been recognised due to expected bad debt losses. The allowance has been determined with estimated, expected failure rates between 0.004% and 5.114% (31 December 2019: 0.01% and 0.048%) and is included in the allowance.

(8) INVENTORIES

Inventories consist of the following:

in T€	***31 Dec 2020***	*31 Dec 2019*
Raw materials	**13,306**	9,804
Work-in-progress	**279**	945
Total inventories	**13,585**	**10,749**

Increase in raw materials is mainly driven by the assumption of cost effects for Brexit and the COVID-19 pandemic. The main materials in the raw materials are consumables, cell culture medias and purification resins.

Allowances of T€ 428 exist on inventories at the balance sheet date (31 December 2019: T€ 431) and are included in the table above.

(9) CONTRACT ASSETS

Contract assets consist entirely of assets resulting from customer contracts.

(10) PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses as of 31 December 2020 mainly relate to payments for licences and other IT-related prepayments, maintenance as well as prepayments for insurance premiums. The other current assets mainly comprise VAT-related receivables of T€ 14,657 (31 December 2019: T€ 6,287).

in T€	***31 Dec 2020***	*31 Dec 2019*
Prepaid expenses	**9,258**	9,166
Other	**21,146**	10,109
Total prepaid expenses and other current assets	**30,404**	**19,275**

(11) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND OTHER LONG-TERM INVESTMENTS

Investments accounted for using the equity method and other long-term investments consist of the following:

in T€	*31 Dec 2020*	*31 Dec 2019*
Investments accounted for using the equity method	**39,710**	**29,767**
Investments	**19,289**	**11,462**
	58,999	41,229

The development of financial assets accounted for using the equity method in the financial year 2020 is shown below. Individually insignificant shares in companies accounted for using the equity method were presented in aggregate, provided that at the balance sheet date the equity book value did not exceed € 10 million or Evotec's share of earnings was less than € 3 million in the company's profit or loss.

in T€	*Exscientia Ltd.*	*NephTera GmbH*	*Breakpoint Therapeutics GmbH*	*Insignificant investments*	*Total*
Balance at 1 Jan 2020	**16,236**	**-**	**5,900**	**7,631**	**29,767**
Acquisition	**9,194**	**14**	**-**	**11,170**	**20,378**
Net income from 1 Jan - 31 Dec	**(4,390)**	**(3,378)**	**(3,982)**	**(5,524)**	**(17,274)**
Adjustments at fair value, affecting net income	**-**	**3,850**	**-**	**2,989**	**6,839**
Net book value 31 Dec 2020	**21,040**	**486**	**1,918**	**16,266**	**39,710**

in T€	*Exscientia Ltd.*	*NephTera GmbH*	*Breakpoint Therapeutics GmbH*	*Insignificant investments*	*Total*
Balance at 1 Jan 2019	18,399	-	-	4,168	22,567
Acquisition	-	-	1,900	7,510	9,410
Net income from 1 Jan - 31 Dec	(2,163)	-	(1,542)	(4,047)	(7,752)
Adjustments at fair value, affecting net income	-	-	5,542	-	5,542
Net book value 31 Dec 2019	**16,236**	**-**	**5,900**	**7,631**	**29,767**

Of the total fair value adjustment of T€ 6,839, T€ 3,850 relates to the investment in NephThera GmbH and T€ 2,989 relates to the investment in Curexsys GmbH. The shareholdings were acquired, inter alia, through contribution in kind. The difference between the acquisition cost and the fair value of the identified assets and liabilities of the investments was recognised in the balance in the extend of shares of independent owners at the time of acquisition.

The following table shows further financial information for the significant investments:

2020 in T€	*Exscientia Ltd.**	*NephTera GmbH*	*Breakpoint Therapeutics GmbH*
Current assets	**75,882**	**3,683**	**4,229**
Non-current assets	**11,306**	**-**	**4**
Current liabilities	**20,854**	**413**	**664**
Non-current liabilities	**-**	**-**	**-**
Revenues from 1 Jan to 31 Dec	**10,786**	**-**	**-**
Net result from 1 Jan to 31 Dec	(21,935)	(6,755)	(8,231)

** Net result included prior year adjustment T€ 2,165*

2019 in T€	*Exscientia Ltd.*	*NephTera GmbH*	*Breakpoint Therapeutics GmbH*
Current assets	41,415	-	12,290
Non-current assets	7,234	-	6
Current liabilities	77	-	496
Non-current liabilities	-	-	-
Revenues from 1 Jan to 31 Dec	10,139	-	-
Net result from 1 Jan to 31 Dec	(9,315)	-	(3,195)

The development of investments measured at fair value in accordance with IFRS 9 is shown below:

Investments

in T€	*2020*	*2019*
Balance at 1 Jan	**11,462**	6,396
Acquisition	**6,327**	4,986
Adjustments at fair value, affecting net income	**1,500**	80
Net book value 31 Dec	**19,289**	11,462

Investments were tested for fair value once a year. A change of a main investor resulted in an investment revaluation of T€ 1,500 (31 December 2019: T€ 80). For the financial year 2020 no further fair value adjustments were needed.

(12) PROPERTY, PLANT AND EQUIPMENT

The development of property, plant and equipment in 2020 and 2019 is shown in the following tables.

2020

in T€	*Buildings and leasehold improvements*	*Plant, machinery and equipment*	*Furniture and fixtures*	*Purchased software*	*Assets under construction*	*Total*
Acquisition and manufacturing costs						
Amount beginning of the year	172,259	143,208	17,734	4,637	12,577	350,415
Foreign currency translation	(4,617)	(3,403)	(406)	(90)	1,077	(7,439)
Additions	87,540	28,622	5,087	1,236	63,034	185,519
Business combination	-	-	-	-	-	-
Disposals	40,564	3,405	867	311	1,469	46,616
Reclass	437	3,202	315	110	(4,064)	-
Amount end of the year	**215,055**	**168,224**	**21,863**	**5,582**	**71,155**	**481,879**
Depreciation, amortisation and write-downs						
Amount beginning of the year	28,526	69,140	10,113	3,407	-	111,186
Foreign currency translation	755	744	(341)	(5)	-	1,153
Additions	17,412	19,649	4,144	917	-	42,122
Disposals	6,465	2,241	862	311	-	9,879
Reclass	244	(244)	-	-	-	-
Amount end of the year	**40,472**	**87,048**	**13,054**	**4,008**	**-**	**144,582**
Net book value						
Amount beginning of the year	143,733	74,068	7,621	1,230	12,577	239,229
Amount end of the year	**174,583**	**81,176**	**8,809**	**1,574**	**71,155**	**337,297**

2019

in T€	*Buildings and leasehold improvements*	*Plant, machinery and equipment*	*Furniture and fixtures*	*Purchased software*	*Assets under construction*	*Total*
Acquisition and manufacturing costs						
Amount beginning of the year	138,650	115,467	12,077	3,764	6,241	276,199
Foreign currency translation	3,275	2,786	511	52	304	6,928
Additions	9,738	16,129	5,019	652	6,869	38,407
Business combination	21,532	9,040	139	160	1,315	32,186
Disposals	1,070	2,036	120	9	70	3,305
Reclass	134	1,822	108	18	(2,082)	-
Amount end of the year	**172,259**	**143,208**	**17,734**	**4,637**	**12,577**	**350,415**
Depreciation, amortisation and write-downs						
Amount beginning of the year	10,996	53,571	6,502	2,555	-	73,624
Foreign currency translation	997	1,758	363	39	-	3,157
Additions	16,588	15,701	3,348	819	-	36,456
Disposals	55	1,890	100	6	-	2,051
Amount end of the year	**28,526**	**69,140**	**10,113**	**3,407**	**-**	**111,186**
Net book value						
Amount beginning of the year	127,654	61,896	5,575	1,209	6,241	202,575
Amount end of the year	**143,733**	**74,068**	**7,621**	**1,230**	**12,577**	**239,229**

The increase in property, plant and equipment of T€ 98,068 to T€ 337,297 is mainly due to an increase in assets under construction of T€ 58,578. The construction of the first J.POD®, a late-stage clinical and commercial manufacturing facility for biologics in Redmond, Washington progressed well and is due to the increase in assets under construction.

Buildings and leasehold improvements increased by T€ 30,850 from T€ 143,733 to T€ 174,583. On 1 July 2020, Evotec acquired the Biopark by Sanofi SAS in Toulouse from Sanofi, including all land and buildings of the former Sanofi site. The purchase price amounted T€ 19,290. Until 1 July 2020 Evotec rented the Biopark from Sanofi and accounted a Right of use asset of T€ 28,600 and a lease obligation of T€ 29,244. The disposal resulted in a gain of T€ 644, shown under other operating income.

All other additions to buildings and leasehold improvements included right of use buildings and leasehold improvements see Note 13.

(13) LEASES

Set out below are the carrying amounts of right-of use assets recognized and the movements during the period:

	2020			
in T€	*Right of use Buildings and leasehold improvements*	*Right of use Plant, machinery and equipment*	*Right of use Furniture and fixtures*	*Total*
Acquisition and manufacturing costs				
Amount beginning of the year	136,158	10,475	465	147,098
Foreign currency translation	(3,410)	(6)	-	(3,416)
Additions	66,270	1,710	64	68,044
Business combination	-	-	-	-
Disposals	40,564	3,797	-	44,361
Amount end of the year	**158,454**	**8,382**	**529**	**167,365**
Depreciation, amortisation and write-downs				
Amount beginning of the year	13,702	2,914	110	16,726
Foreign currency translation	(374)	4	-	(370)
Additions	14,306	1,692	37	16,035
Disposals	6,465	671	-	7,136
Reclass	-	-	-	-
Amount end of the year	**21,169**	**3,939**	**147**	**25,255**
Net book value				
Amount beginning of the year	122,456	7,561	355	130,372
Amount end of the year	**137,285**	**4,443**	**382**	**142,110**

	2019			
in T€	*Right of use Buildings and leasehold improvements*	*Right of use Plant, machinery and equipment*	*Right of use Furniture and fixtures*	*Total*
Acquisition and manufacturing costs				
Amount beginning of the year	111,505	9,783	233	121,521
Foreign currency translation	2,277	106	6	2,389
Additions	7,107	213	226	7,546
Business combination	16,276	373	-	16,649
Disposals	1,007	-	-	1,007
Reclass	-	-	-	-
Amount end of the year	**136,158**	**10,475**	**465**	**147,098**
Depreciation, amortisation and write-downs				
Amount beginning of the year	-	1,560	-	1,560
Foreign currency translation	345	89	3	437
Additions	13,356	1,265	107	14,728
Disposals	(1)	-	-	(1)
Amount end of the year	**13,702**	**2,914**	**110**	**16,726**
Net book value				
Amount beginning of the year	111,505	8,223	233	119,961
Amount end of the year	**122,456**	**7,561**	**355**	**130,372**

Right of use buildings and leasehold improvements increased by T€ 11,738 from T€ 130,372 to T€ 142,110. The additions to the rights of use of buildings and leasehold improvements of T€ 66,270 include facility investments in laboratory and office extensions, especially at the locations Abingdon (UK), Redmond (USA) and Göttingen (Germany).

The disposals of rights of use in buildings and leasehold improvements of T€ 40,564 are mainly related to the acquisition of the land and buildings of the Biopark by Sanofi, for further information see "12 Property, plant and equipment".

Set out below are the carrying amounts of lease liabilities and the movements during the period:

in T€	***2020***	*2019*
Amount beginning of the year	**131,870**	118,831
Foreign currency translation	**(4,126)**	(4,159)
Additions	**67,842**	10,349
Business combination	**-**	17,112
Disposals	**32,983**	-
Accretion of interest	**3,125**	2,641
Payments	**20,174**	12,904
Amount end of the year	**145,554**	131,870

The lease liabilities are due as follows:

in T€	***31 Dec 2020***	*31 Dec 2019*
Current portion of lease obligations	**14,616**	14,388
Long-term lease obligations	**130,938**	117,482
	145,554	131,870

The following amounts are recognised in profit and loss:

in T€	***2020***	*2019*
Depreciation expense of right-of-use assets	**16,035**	14,728
Interest expense on lease liability	**3,125**	2,641
Expense relating to short-term leases	**807**	106
Expense relating to leases of low-value assets	**33**	185
Total amount recognised in profit and loss	**20,000**	17,660

The Group's cash outflows for leases amounted to T€ 21,014 in 2020 (2019: T€ 15,545). Future cash outflows for leases that have not yet begun are set out in the explanation "31 Liability and other financial obligations".

(14) INTANGIBLE ASSETS, EXCLUDING GOODWILL

The development of intangible assets in 2020 and 2019 is shown in the following tables.

	2020					
in T€	*Patents and licences*	*Developed technology*	*Customer related*	*Trademarks*	*Favourable contracts*	*Total*
Acquisition and manufacturing costs						
Amount beginning of the year	10,784	99,591	68,590	6,539	62,033	247,537
Foreign currency translation	-	(746)	(943)	-	-	(1,689)
Additions	2	-	-	-	-	2
Business combination	-	-	-	-	-	-
Disposals	14	-	-	-	-	14
Amount end of the year	**10,772**	**98,845**	**67,647**	**6,539**	**62,033**	**245,836**
Depreciation, amortisation and write-downs						
Amount beginning of the year	6,559	88,498	28,283	3,628	3,575	130,543
Foreign currency translation	-	(36)	113	-	-	77
Additions	292	1,810	9,390	946	1,498	13,936
Disposals	-	-	-	-	-	-
Impairment	3,244	-	-	-	-	3,244
Amount end of the year	**10,095**	**90,272**	**37,786**	**4,574**	**5,073**	**147,800**
Net book value						
Amount beginning of the year	4,225	11,093	40,307	2,911	58,458	116,994
Amount end of the year	**677**	**8,573**	**29,861**	**1,965**	**56,960**	**98,036**

	2019					
in T€	*Patents and licences*	*Developed technology*	*Customer related*	*Trademarks*	*Favourable contracts*	*Total*
Acquisition and manufacturing costs						
Amount beginning of the year	9,981	88,680	61,967	6,539	62,033	229,200
Foreign currency translation	-	1,446	1,297	-	-	2,743
Additions	583	-	-	-	-	583
Business combination	220	9,465	5,326	-	-	15,011
Disposals	-	-	-	-	-	-
Amount end of the year	**10,784**	**99,591**	**68,590**	**6,539**	**62,033**	**247,537**
Depreciation, amortisation and write-downs						
Amount beginning of the year	6,309	76,121	19,316	2,388	2,077	106,211
Foreign currency translation	-	1,234	476	-	-	1,710
Additions	250	871	8,491	1,240	1,498	12,350
Disposals	-	-	-	-	-	-
Impairment	-	10,272	-	-	-	10,272
Amount end of the year	**6,559**	**88,498**	**28,283**	**3,628**	**3,575**	**130,543**
Net book value						
Amount beginning of the year	3,672	12,559	42,651	4,151	59,956	122,989
Amount end of the year	**4,225**	**11,093**	**40,307**	**2,911**	**58,458**	**116,994**

The favourable contracts resulted from the acquisition of the 100% shares in the Aptuit Group in August 2017 and will be depreciated over the term of 41.4 years.

In the financial year 2020, rights and licences were impaired in the amount of T€ 3,244. This impairment concerned the rights to future sales of Haplogen GmbH, Vienna. The value adjustment is due to the fact that Haplogen GmbH, Vienna has lost a significant financing partner, so that the further development of the underlying projects is no longer assured.

During the financial year 2019, an impairment of developed technologies from the acquisition of Renovis Inc., San Francisco was identified. The programme was terminated in the second quarter of 2019 and the relating technologies in of T€ 10,272 fully written down. This was allocated to the Innovate segment.

(15) GOODWILL

The Company has tested the cash-generating units for impairment on the annual designated test date in the fourth quarter 2020 based on the net book values as of 30 September 2020. The impairment tests are based on discounted cash flow models.

With respect to the development of goodwill please refer to the following detailed schedules.

2020

in T€	*OAI/Evotec International Execute*	*OAI/Evotec International Innovate*	*Aptuit Execute*	*Evotec (München) Execute*	*Evotec (US) Execute*	*Just Execute*	*Total*
1 Jan 2020	**75,098**	**9,194**	**128,317**	**7,983**	**4,232**	**31,095**	**255,919**
Business combination	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Disposal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reclass	**7,983**	**-**	**-**	**(7,983)**	**-**	**-**	**-**
Foreign currency translation	**(3,265)**	**(40)**	**(2,258)**	**0**	**(358)**	**(2,628)**	**(8,549)**
31 Dec 2020	**79,816**	**9,154**	**126,059**	**0**	**3,874**	**28,467**	**247,370**

2019

in T€	*OAI/Evotec International Execute*	*OAI/Evotec International Innovate*	*Aptuit Execute*	*Evotec (München) Execute*	*Evotec (US) Execute*	*Evotec (US) Innovate*	*Just Execute*	*Total*
1 Jan 2019	71,615	9,158	126,259	7,983	4,152	1,624	-	220,791
Business combination	-	-	-	-	-	-	30,911	30,911
Disposal	-	-	-	-	-	1,647	-	1,647
Foreign currency translation	3,483	36	2,058	-	80	23	184	5,864
31 Dec 2019	**75,098**	**9,194**	**128,317**	**7,983**	**4,232**	**0**	**31,095**	**255,919**

The Evotec (Munich) Execute goodwill is now managed in the cash-generating unit OAI/Evotec International Execute. The reason for the change is that there is no longer any clear separation of cash flows. This results in a reclassification in 2020.

The addition to goodwill in financial year 2019 results from the acquisition of Just. This goodwill was allocated to a separate cash-generating unit because the operating activities of designing and manufacturing biologics must be considered separately. The disposal in the financial year 2019 relates to the goodwill of Evotec (US) Innovate, following an impairment test in the second quarter of 2019.

The carrying amount of goodwill as at 31 December 2020 includes T€ 254,725 in accrued depreciation and impairments.

The tables below specify the assumptions for the discounted cash flow models used in the annual impairment tests in the fourth quarter 2020 and 2019, the post-tax discount rate considering the risks and rewards of the activities used in the impairment test, and the growth rate for determining the terminal value are specified. With the exception of the cash-generating units Aptuit Execute and Just Execute, for which the fair value method less disposal costs was applied, the impairment test are based on the calculation of values in use.

Cash-generating units and groups of cash-generating units 2020

	OAI/Evotec International Execute	***OAI/Evotec International Innovate***	***Evotec (US) Execute***	***Aptuit Execute***	***Just Execute***
Denominated in	GBP/EUR	GBP/EUR	USD	GBP/EUR	USD
Basis for cash flow model	LRP	LRP	MRP	MRP	MRP
Post-tax discount rate	7.24%	9.25%	7.82%	9.07%	7.97%
Growth rate for terminal value	1.5%	1.5%	1.5%	1.5%	1.5%

LRP = Long-range Plan 2021-2031 ff.
MRP = Mid-range Plan 2021-2026 ff.

Cash-generating units and groups of cash-generating units 2019

	OAI/Evotec International Execute	*OAI/Evotec International Innovate*	*Evotec (München) Execute*	*Evotec (US) Execute*	*Aptuit Execute*	*Just Execute*
Denominated in	GBP/EUR	GBP/EUR	EUR	USD	USD	USD
Basis for cash flow model	LRP	LRP/PP of 25 years	MRP	MRP	MRP	MRP
Post-tax discount rate	7.86%	9.49%	6.15%	8.33%	8.67%	10.44%
Growth rate for terminal value	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%

LRP = Long-range Plan 2020-2029 ff.
MRP = Mid-range Plan 2020-2025 ff.
PP = Project planning

In 2020 and 2019, the Company did not record impairments as a result of annual impairment assessments.

The impairment tests of the goodwill in OAI/Evotec International Execute, OAI/Evotec International Innovate, Evotec (US) Execute, Aptuit Execute, Just Execute and the relating estimated cash flows are based on past experience and expectations for the future. The impairment test of goodwill Just Execute is based on less experience, since the structure of the J.POD is a new technology and thus the correspondingly estimated capital flows are subject to a higher degree of uncertainty of assessment.

Evotec (Munich), which was a separate cash-generating unit in the previous year, was merged in financial year 2020 with the cash-generating unit OAI/Evotec International Execute, as the cash flows of Evotec (Munich) Execute were no longer separable. The previous year goodwill assigned to the cash-generating unit Evotec (Munich) Execute was allocated to OAI/Evotec International Execute and checked for impairment within this cash-generating unit.

In addition, the following key assumptions were used in the models:

- The estimates of revenues were based on knowledge of overall market conditions combined with specific expectations of customer growth and product performance.
- Cost estimates were developed using the budgeted cost base for 2021 and 2020 respectively, extrapolated to reflect volume increases, mix changes, specific investments and inflationary expectations.
- The exchange rates and interest rates used were based on current market expectations and predictions.

The sustainable growth rate in the terminal value based on current inflation expectations in the regions relevant to Evotec's business is 1.5% for all cash-generating unit units.

Management has identified the discount rate as well as the growth rate in the terminal value as key assumptions that have the potential to vary and thereby cause the recoverable amount to decrease and to be lower than the carrying amount. In addition, the gross margin was identified as a material assumption for goodwill Aptuit Execute.

The following tables show the goodwill, which might show a decrease in net book value of 2020 and 2019 if possible changes in the key assumptions occur. Those changes in the material assumptions are shown which result in the estimated recoverable amount to be equal to the carrying amount in 2020 and 2019.

	2020					
	Recoverable amount exceeding net book value	*Applied post-tax discount rate*	*Increase of post-tax discount rate*	*Applied terminal value*	*Decrease terminal value*	*Reduction in gross margin*
	in T€	in %-points	in %-points	in %-points	in %-points	in %-points
Aptuit Execute	**5,704**	**9.07**	**0.16**	**1.50**	**0.28**	**0.35**

	2019				
	Recoverable amount exceeding net book value	*Applied post-tax discount rate*	*Increase of post-tax discount rate*	*Applied terminal value*	*Decrease terminal value*
	in T€	in %-points	in %-points	in %-points	in %-points
Aptuit Execute	**10,588**	**8.67**	**0.28**	**1.50**	**0.46**

In 2020, it was verified whether the COVID-19 pandemic should be considered a triggering event in accordance with IAS 36.12 for Evotec. The analysis showed that the pandemic had only a minor and temporary impact on Evotec's business. Accordingly, the COVID-19 pandemic is not a triggering event.

In 2019, an impairment of developed technologies from the acquisition of Renovis Inc. led to a triggering event to impairment test the goodwill in the cash-generating unit of Evotec (US) Innovate. As a result of this test, the goodwill concerning Evotec (US) Innovate of T€ 1,647 was fully written-down. This impairment loss has been allocated to the EVT Innovate segment. In addition a triggering event was identified for testing the goodwill of the cash generating unit Aptuit Execute due to a change in tax regulations in Italy. As a result of this review, no impairment loss was recognized.

(16) NON-CURRENT TAX RECEIVABLES

Non-current tax receivables as of 31 December 2020 and 2019 relate to tax refunds from tax development programmes in the context of qualifying research and development expenses within France (crédit d'impôt recherche).

(17) LOAN LIABILITIES

Throughout the years 2020 and 2019, Evotec met all covenants under the various loan agreements shown below. All loans are unsecured. In 2020 and 2019, Evotec always had to maintain a minimum liquidity of T€ 35,000.

				31 Dec		31 Dec	
Country of lender	*Currency*	*Nominal interest rate*	*Maturity until*	*2020 Fair value*	*2020 Carrying amount*	*2019 Fair value*	*2019 Carrying amount*
				in T€	in T€	in T€	in T€
Germany	EUR	fixed interest rate of 0.7% to 2%	2022–2029	**261,601**	**249,369**	252,047	249,206
Germany	EUR	1.60%	2024–2027	**79,950**	**75,000**	59,832	56,703
Germany	EUR	1.20%	2021–2025	**16,341**	**16,652**	13,463	13,409
Germany	EUR	1.28%	2021	**5,000**	**5,000**	4,991	5,000
Germany	EUR	1.25%	2021	**178**	**178**	902	892
Italy	EUR	1.50%	2021	**212**	**212**	-	-
Italy	EUR	Euribor +1.7%	2021	**-**	**-**	720	720
Italy	EUR	1.80%	2020	**-**	**-**	299	299
				363,282	**346,411**	**332,254**	**326,229**

Current loan liabilities consisted of unsecured bank loans of T€ 15,392 as of 31 December 2020 (31 December 2019: T€ 6,343).

As of 31 December 2020, the Company maintained unutilised lines of credit totalling T€ 51,953 (31 December 2019: T€ 55,492).

(18) PROVISIONS

The current provisions consist of the following:

in T€	31 Dec 2020	31 Dec 2019
Other personnel expenses	**34,728**	30,722
Pensions	**1,275**	180
Other provisions	**5,845**	2,249
Total current provisions	**41,848**	**33,151**

The non-current provisions consist of the following:

in T€	31 Dec 2020	31 Dec 2019
Pensions	**15,327**	14,086
Other personnel expenses	**2,277**	2,092
Other provisions	**5,295**	6,359
Total non-current provisions	**22,899**	**22,537**

The following table summarises the development of total provisions recorded during 2020:

in T€	1 Jan 2020	Business combination	Consumption	Release	Foreign exchange	Additions	31 Dec 2020
Other personnel expenses	**32,814**	**-**	**26,492**	**716**	**(593)**	**31,992**	**37,005**
Pensions	**14,266**	**-**	**354**	**-**	**-**	**2,690**	**16,602**
Other provisions	**8,608**	**-**	**1,046**	**1,209**	**(439)**	**5,226**	**11,140**
Total	**55,688**	**-**	**27,892**	**1,925**	**(1,032)**	**39,908**	**64,747**

The following table summarises the development of total provisions recorded during 2019:

in T€	1 Jan 2019	Business combination	Consumption	Release	Foreign exchange	Additions	31 Dec 2019
Other personnel expenses	29,497	-	22,929	794	233	26,807	32,814
Pensions	12,306	-	8	-	-	1,968	14,266
Other provisions	6,162	3,882	2,849	280	145	1,548	8,608
Total	**47,965**	**3,882**	**25,786**	**1,074**	**378**	**30,323**	**55,688**

The provision for other personnel expenses mainly consists of bonus accruals (31 December 2020: T€ 22,881; 31 December 2019: T€ 21,322) and accrued vacation (31 December 2020: T€ 12,354; 31 December 2019: T€ 9,944). The provision for pensions relate mainly to pensions in France (see Note 30).

The other provisions mainly consist of the earn-out provision (31 December 2020: T€ 6,381; 31 December 2019: T€ 4,265). Additions to other provisions in financial year 2020 consist of T€ 2,942 for the acquisition of essential assets of Bioparks by Sanofi. The development of the provision for contingent consideration is shown in "Note 29 Fair Values".

(19) CONTRACT LIABILITIES

As of 31 December 2020 and 2019, contract liabilities mainly originate from the upfront payments relating to the customer contracts with BMS/ Celgene of T€ 51,101 (31 December 2019: T€ 73,197) of which T€ 33,281 (31 December 2019: T€ 39,682) is classified as current contract liabilities. Furthermore, contract liabilities relating to the customer Bayer amounted to T€ 5,483 (31 December 2019: T€ 7,604), of which T€ 3,530 (31 December 2019: T€ 7,604) is classified as current contract liabilities. Contract liabilities consist entirely of liabilities from customer contracts.

(20) INCOME TAXES

a) AMOUNTS RECOGNISED IN CONSOLIDATED INCOME STATEMENT

Income tax benefit and expense for the years 2020 and 2019 comprise the following:

T€	2020	2019
Current taxes		
— Current tax expense	**(12,804)**	(13,013)
— Adjustment for prior years	**739**	385
Total current taxes	**(12,065)**	(12,628)
Deferred taxes:		
— Tax loss carry forwards	**(9,838)**	(10,570)
— Temporary differences	**2,348**	3,864
Total deferred taxes	**(7,490)**	(6,706)
Total income tax income (expense)	**(19,555)**	(19,334)

T€	2020	2019
Income (loss) before taxes	**25,807**	56,562
Expected German income tax rate	**32.28%**	32.28%
Expected income tax benefit (expense)	**(8,331)**	(18,258)
Non-deductible expenses	**(3,395)**	(2,614)
Taxable income not recognised in income before tax	**(7,796)**	-
R&D tax credits	**5,983**	7,077
Tax free income	**5,485**	3,558
Permanent differences from GILTI	**(1,401)**	(6,029)
Tax effects from investments accounted for using the equity method	**(2,884)**	(658)
Deviation tax rates to expected tax rate	**686**	2,436
Change in tax rates	**124**	(19)
Change in recognition of deferred tax assets	**(9,317)**	(4,391)
Non-periodic taxes		
— Current Taxes	**739**	385
— Deferred Taxes	**203**	-
Other	**348**	(821)
Effective income tax income (expense)	**(19,555)**	(19,334)
Effective income tax rate	**75.77 %**	34.18 %

— b) RECONCILIATION OF EFFECTIVE TAX RATE —

The difference between the actual income tax expense and the product of the net income and the applicable Group tax rate in the reporting year and the previous year is made up as follows:

Taxable income not recognised in income before tax in 2020 was generated from revealing hidden reserves from in-kind contributions of assets.

Deferred income tax assets and liabilities calculated with the anticipated tax rates of each entity as of 31 December 2020 and 2019 relate to the following:

	1 Jan 2020				*31 Dec 2020*		
in T€	*Net balance*	*Recognised in profit or loss*	*Recognised in equity*	*Foreign currency translation*	*Net*	*Deferred tax assets*	*Deferred tax liabilities*
Property, plant and equipment	**(2,947)**	**284**	**-**	**(177)**	**(2,840)**	**1,450**	**(4,290)**
Intangible assets	**(29,494)**	**4,964**	**-**	**(784)**	**(25,314)**	**564**	**(25,878)**
Right of use assets	**(31,729)**	**8,194**	**-**	**-**	**(23,535)**	**-**	**(23,535)**
Financial assets	**(1,012)**	**704**	**-**	**(8)**	**(316)**	**29**	**(345)**
Provisions and deferred income	**5,250**	**(68)**	**149**	**28**	**5,360**	**8,099**	**(2,740)**
Lease obligations	**31,180**	**(7,906)**	**-**	**-**	**23,274**	**23,557**	**(283)**
Other	**1,841**	**(3,150)**	**-**	**-**	**(1,309)**	**1,601**	**(2,909)**
Tax credits	**2,493**	**(192)**	**(881)***	**102**	**1,521**	**1,521**	**-**
Loss carryforward	**37,549**	**(10,319)**	**-**	**481**	**27,711**	**27,711**	**-**
Total	**13,131**	**(7,490)**	**(732)**	**(358)**	**4,552**	**64,532**	**(59,981)**
Set off of tax	-	-	-	-	-	**(39,582)**	**39,582**
Net	**13,131**	**(7,490)**	**(732)**	**(358)**	**4,552**	**24,950**	**(20,399)**

** recorded in Equity without any impact other comprehensive income*

in T€	1 Jan 2019 Net balance	Recognised in profit or loss	Recognised in equity	Foreign currency translation	Business combination	31 Dec 2019 Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	1,011	(1,657)	-	-	(2,301)	(2,947)	1,387	(4,334)
Intangible assets	(31,582)	5,293	51	92	(3,348)	(29,494)	899	(30,393)
Right of use assets	(29,615)	1,304	-	-	(3,418)	(31,729)	-	(31,729)
Financial assets	10	(1,022)	-	-	-	(1,012)	116	(1,128)
Provisions and deferred income	4,276	885	265	-	(176)	5,250	6,575	(1,325)
Lease obligations	30,234	(2,648)	-	-	3,594	31,180	31,573	(393)
Other	257	1,440	-		144	1,841	2,094	(253)
Tax credits	2,224	269	-	-	-	2,493	2,493	-
Loss carryforward	44,997	(10,570)	-	(33)	3,155	37,549	37,549	-
Total	**21,812**	**(6,706)**	**316**	**59**	**(2,350)**	**13,131**	**82,686**	**(69,555)**
Set off of tax							(48,356)	48,356
Net	**21,812**	**(6,706)**	**316**	**59**	**(2,350)**	**13,131**	**34,330**	**(21,199)**

— c) UNRECOGNISED DEFERRED TAX LIABILITIES —

Concerning undistributed foreign subsidiaries earnings, temporary differences of T€ 9,982 were not recognised according to IAS 12.39 (2019: T€ 8,942) as Evotec controls the timing of such reversal and it is not planned to distribute the foreign subsidiaries earnings.

— d) UNRECOGNISED DEFERRED TAX ASSETS —

The Company's deferred tax assets are recorded to the extent it is probable that such tax benefits would be realised in future years. As of 31 December 2020, no additional deferred tax assets on tax loss carryforwards exceeding the recognised deferred tax liabilities, were recognised for one German and one UK entity, the US entities as well as the Swiss entity. In the following schedule, tax loss carryforwards, interest carryforwards and tax credits for which no deferred tax assets were recorded are shown. Tax loss carryforwards on different types of income taxes were aggregated into one total amount.

In addition to unrecognized deferred tax assets from tax loss carryforwards a net asset position for temporary differences amounting to T€ 2,707 was not recorded as of 31 December 2020 (31 December 2019: T€ 3,360) as there was no sufficient taxable income foreseen.

in T€	2020	2019
Tax loss carryforwards (not expiring)	**272,796**	221,772
Time-limited tax losses		
— expiring until 2025 (2019: 2024)	**19,259**	22,444
— expiring from 2026 to 2030 (2019: 2025 - 2029)	**45,409**	42,931
— expiring from 2031 (2019: 2030)	**43,945**	88,218
Interest carryforward	**-**	-
Tax credits	**1,119**	1,140
Total	**382,528**	**376,505**

(21) STOCK-BASED COMPENSATION

— a) SHARE PERFORMANCE AWARDS —

To further incentivise executives via variable long-term incentive compensation, the Annual General Meeting in June 2020, June 2017, and June 2015 approved the respective contingent capital necessary to support the Restricted Share Plan 2020 ("RSP 2020") as well the Share Performance Plan 2017 ("SPP 2017"), 2015 ("SPP 2015"). Under these plans, Restricted Share Awards ("RSA") may be granted to a level of 1,200,000 bearer shares ("RSP 2020) and Share Performance Awards ("SPA") may be granted to a level that may result in up to 6,000,000 bearer shares (SPP 2017), 6,000,000 bearer shares (SPP 2015) of the Company being issued at maturity to members of the Management Board and other key employees. Each RSA grants one subscription right to shares of the Company while each SPA grants up to two subscription rights to shares of the Company, each of which in turn entitles the holder to subscribe for one share of the Company.

SPAs under SPP 2017 are exercised automatically within 10 trading days after the four-years holding period, whereas RSAs under RSP 2020 and SPAs under SPP 2015 can be exercised at the earliest after a vesting period of four years after the date of their grant but no later than five years after the respective grant. After five years RSAs are exercised automatically. The holder has to contribute € 1.00 per share at the date of issue.

RSAs under RSP 2020 can only be exercised, if and to the extent that performance targets are achieved in a single of four consecutive calendar years. These performance targets consist of Evotec's adjusted EBITDA. The Supervisory Board determines annually key performance indicators for each individual tranche of awards at the grant date. The Restricted Share Plan RST 2020 is subject to certain restrictions regarding issuing periods and the allocation of the grants to members of the Management Board and other key employees.

SPAs under SPP 2017 can only be exercised, if and to the extent that two specified and equally weighted key performance indicators are achieved in a single of four consecutive calendar years. These performance targets consist of Evotec's share price and "total shareholder return", which is derived by comparison with the return of the TecDax index. The Supervisory Board determines annually key performance indicators for each individual tranche of awards at grant date. The Share Performance Plan SPP 2017 is subject to certain restrictions regarding issuing periods and the allocation of the grants to members of the Management Board and other key employees.

SPAs under SPP 2015 can only be exercised, if and to the extent that key performance indicators are achieved within a performance measurement period of three years. These performance indicators consist of service conditions relating to certain key financial figures (e.g. revenue- and income-related indicators) of the Company as well as certain share-based measurements (e.g. Evotec's share price). The Supervisory Board determines annually key performance indicators for each individual tranche of awards at grant date. The Share Performance Plans SPP 2015 are subject to certain restrictions regarding issuing periods and the allocation of the grants to members of the Management Board and other management members. If a member of the Management Board leaves the company during the performance measurement period, they are entitled to receive proportionate Share Performance Awards dependent on the achievement of the key performance indicators. The selected key employees generally do not have this entitlement.

A summary of the status of the Share Performance Plans as of 31 December 2020 and 2019 and the changes during the year then ended is presented as follows:

			31 Dec	
	2020 ***Share Performance Awards (SPAs)***	***2020*** ***Weighted average exercise prices***	*2019* *Share Performance Awards (SPAs)*	*2019* *Weighted average exercise price*
		€ per share		€ per share
Outstanding at beginning of the year	**2,149,562**	**1.00**	2,869,248	1.00
SPAs granted	**325,612**	**1.00**	230,231	1.00
SPAs exercised	**(865,687)**	**1.00**	(924,917)	1.00
SPAs forfeited	**(39,374)**	**1.00**	(25,000)	1.00
Outstanding at end of the year	**1,570,113**	**1.00**	**2,149,562**	**1.00**
Thereof exercisable	**432,450**	**1.00**	**504,234**	**1.00**

Evotec's average weighted share price at the exercise day of SPAs in fiscal year 2020 was € 24.26. In the financial year 2020, 77,214 Awards (2019: 86,283 Awards) from the total granted 325,612 SPAs were given to the members of the Management Board. The SPAs exercised in 2020 correspond to 1,501,254 shares (2019: 1,789,784 shares).

The fair value of the grant of Share Performance Awards was estimated on the date of grant using a Monte-Carlo-Simulation model with the following assumptions:

	29 Oct 2020	*15 Jan 2020*	*15 Jan 2019*	*15 Jan 2018*	*25 Aug 2017*
Risk-free interest rate in %	**(0.85)**	**(0.55)**	(0.46)	(0.25)	(0.50)
Volatility of Evotec share in %	**40.0**	**37.0**	54.0	51.0	34.0
Volatility of TecDAX index in %	**-**	**18.0**	22.0	13.0	12.0
Fluctuation in %	**5.0**	**0.0 - 5.0**	0.0 - 5.0	0.0 - 5.0	0.0 - 5.0
Exercise price in Euro	**1.00**	**1.00**	1.00	1.00	1.00
Share price at grant date in Euro	**22.92**	**23.39**	18.83	14.35	16.24
Market value of TecDAX index at grant date in Euro	**-**	**3,099.05**	2,478.06	2,663.91	2,266.43
Fair value according to IFRS 2 at grant date per SPA of the Management Board in Euro	**-**	**22.69**	15.33	12.19	14.57
Fair value according to IFRS 2 at grant date per SPA of employees in Euro	**21.89**	**25.28**	20.84	15.94	19.68

The performance measurement period for the vesting 29 October 2020, 15 January 2020 and 2019 started on 1 January of the corresponding year. The expected dividend yield is zero, the expected life is 4 years. The base for the expected volatility are the historic volatilities of the year before the grant date. For the vesting period starting 29 October 2020 expected life period is 5 years.

— b) SHARE OPTION PLANS —

There remain a few stock options from the past. A summary of the status of the stock option plans as of 31 December 2020 and 2019 and the changes during the years then ended is presented as follows:

			31 Dec	
	2020 ***Options***	***2020*** ***Weighted average exercise price***	*2019* *Options*	*2019* *Weighted average exercise price*
		€ per share		€ per share
Outstanding at beginning of the year	**32,594**	**2.79**	82,594	2.45
Options exercised	**(32,594)**	**2.79**	(50,000)	2.23
Options expired	**-**	**-**	-	-
Options forfeited	**-**	**-**	-	-
Outstanding at end of the year	**-**	**-**	**32,594**	**2.79**
Thereof exercisable	**-**	**-**	**32,594**	**2.79**

As of 31 December 2020 no more stock options were outstanding. Evotec's average share price at the exercise day of share options amounted to € 25.17 in the financial year 2020.

The Company recognised current service costs for all Share Performance Awards and Restricted Share Awards totalling to T€ 5,285 in 2020 and to T€ 3,649 in 2019, which were recognised as operating expenses in the consolidated income statement. Thereof, T€ 1,902 are related to Share Performance Awards of the Management Board in 2020 (2019: T€ 1,465). In 2020 and 2019, no current service costs related to stock options were recognised. The expenses relating to accelerated vesting as well as the adjustment of current service costs due to changes in assumptions in the financial year 2020 are included in the amount above.

(22) STOCKHOLDERS' EQUITY

The share capital is made up of:

Shares in thousands	2020	2019
Issued as of 1 Jan	**150,903**	149,063
Capital increase (cash contribution)	**11,478**	-
Exercise of share purchase rights	**1,534**	1,840
Issued as of 31 Dec	**163,915**	150,903

On 31 December 2020, there are 163,914,741 shares issued and outstanding with a nominal amount of € 1.00 per share. On 13 October 2020 the Management Board agreed to raise capital by issuing new shares in the form of authorised capital with exclusion of the right of subscription by cash deposits. Evotec successfully raised capital by way of a private placement. A total of 11,478,315 new shares in the form of authorised capital were issued to Mubadala Investment Company and Novo Holdings A/S, with total proceeds of € 250m. Management is not aware of any restriction of the voting rights or the right to transfer. No binding lock-up agreements have been made with any shareholder, and neither stock loans, nor pre-emptive stock purchase rights are known to the Company. The associated transaction costs of T€ 27 were recognised as a reduction in equity.

Share purchase rights exercised in 2020 show an average exercise price amounting to € 1.06 (2019: € 1.03) per share. The conditional capital as of 31 December 2020 consists of 8,478,167 shares available with respect to the Share Performance Plans and the stock option plans and 29,959,289 shares available to issue no-par-value bearer shares to owners or creditors of convertible bonds and/or warrant-linked bonds, participation rights and/or income bonds (or a combination of such instruments). Evotec can award those based on the resolution of the Annual General Meeting as of 19 June 2019. Consequently, the remaining conditional capital as of 31 December 2020 amounted in total to 38,437,456 shares.

At the Annual General Meeting on 14 June 2017, the statutes in respect of authorised capital were amended. The Management Board of the Company is now authorised to issue up to 29,332,457 new shares for cash or contributions in kind. Under German law, the shareholders of a stock corporation may empower the Management Board to issue shares in a specified aggregate nominal value not exceeding 50% of the issued share capital at the time of the shareholder vote, in the form of authorised capital. After partial utilisation in the form of a capital increase on October 12, 2020, the Board of Management is authorized to act with the approval of the Supervisory Board in accordance with Section 5 (5) of the Articles of Association, until June 13, 2022 to increase the share capital of the company by up to € 17,854,142 by issuing new shares once or several times in return for cash or in-kind contribution.

Evotec owns 249,915 of Evotec's shares as of 31 December 2020 (2019: 249,915), representing 0.2% (2019: 0.2%) of Evotec's share capital as of 31 December 2020.

(23) REVENUE FROM CONTRACTS WITH CUSTOMERS

The following schedule analyses the revenue Evotec recognised from contracts with customers in the financial year 2020:

in T€	EVT Execute	EVT Innovate	Transition	Evotec Group
Revenues from contracts with customers				
Service fees and FTE-based research payments	366,946	93,648	-	460,594
Recharges	-	-	21,835	21,835
Technology access fees	1,361	-	-	1,361
Milestone fees	5,059	12,033	-	17,092
Licences	-	42	-	42
Total	**373,366**	**105,723**	**21,835**	**500,924**
Timing of revenue recognition				
At a point in time	5,059	12,075	-	17,134
Over time	368,307	93,648	21,835	483,790
Total	**373,366**	**105,723**	**21,835**	**500,924**
Revenues by region				
USA	178,967	58,619	10,262	247,848
Germany	18,888	24,467	966	44,321
France	20,002	15,571	1,487	37,060
United Kingdom	85,400	4,324	4,263	93,987
Rest of the world	70,109	2,742	4,857	77,708
Total	**373,366**	**105,723**	**21,835**	**500,924**

The following schedule shows the revenue from contracts with customers in the financial year 2019:

in T€	*EVT Execute*	*EVT Innovate*	*Transition*	*Evotec Group*
Revenues from contracts with customers				
Service fees and FTE-based research payments	329,500	69,081	-	398,581
Recharges	-	-	14,503	14,503
Technology access fees	1,019	-	-	1,019
Milestone fees	5,234	25,202	-	30,436
Royalties	-	-	-	-
Licences	1,852	46	-	1,898
Total	**337,605**	**94,329**	**14,503**	**446,437**
Timing of revenue recognition				
At a certain time	7,086	25,202	-	32,288
Over a period of time	330,519	69,127	14,503	414,149
Total	**337,605**	**94,329**	**14,503**	**446,437**
Timing of revenue recognition				
USA	148,329	38,200	8,513	195,042
Germany	17,493	9,633	858	27,984
France	45,019	17,266	549	62,834
United Kingdom	66,386	8,735	2,781	77,902
Rest of the world	60,378	20,495	1,802	82,675
Total	**337,605**	**94,329**	**14,503**	**446,437**

The revenues are allocated to regions according to the head office of the external customers. In the transition column, the revenues from recharges are allocated.

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) are as follows:

in T€	***31 Dec 2020***	*31 Dec 2019*
In the course of one year	**377,216**	320,787
After one year	**69,328**	98,469

Revenue that was included in the contract liabilities as of 1 January 2020 of T€ 78,012 (2019: T€ 49,676) was recognized during the year 2020. In the year under review no material revenues were recognized for which the performance obligation was fully or partially fulfilled in prior periods.

In the financial year 2020, BMS/Celgene was Evotec's largest customer contributing at least 10% to the Group revenues from contracts with customers. In the financial year 2020 BMS/Celgene was allocated to the segments EVT Execute and EVT Innovate, accounting for more than 10% of the Group revenues from contracts with customers equalling T€ 62,561. In the prior year 2019 BMS/Celgene as well as Sanofi contributed with revenues of T€ 112,854 a share of more than 25% of Group revenues from contracts with customers. Both customers were allocated to the segments EVT Execute and EVT Innovate.

Main estimates and assumptions

- Identifying performance obligations, allocating the transaction price and determining the stage of completion of contracts with service fees, FTE-based research payments as well as deliverable kind of services

Evotec performs research and development services for a variety of customers under different contractual arrangements. When performance obligations are individually capable of being distinct and distinct in the context of the contract, Evotec allocates the transaction price to distinct performance obligations on the basis of relative stand-alone selling prices of the obligations.

Primarily, contracts for research and development services often contain a large amount of individual services, trigger upfront payments to partially or fully cover the entire transaction price and are concluded for the overall purpose of identifying new research results. The Group has determined that services under such contracts are integrated and qualify as one performance obligation. As far as other distinct services are included in those type of contracts, Evotec allocates the transaction price on the basis of relative stand-alone selling prices of the obligations.

Evotec regularly measures the stage of completion of its performance obligations by reference to input-based methods, such as hours delivered under a contract in relation to expected total hours needed for a full completion of the performance obligation. Revisions made to the estimated stage of completion can result in an adjustment to revenues in the current or future financial period.

- Determining method to estimate variable compensation and assessing the constraint

Customer contracts often contain success-based variable compensation for research services and other contingent payments. The contingency often relates to few and specific research services, which is why Evotec determines the most likely amount payable under the contract. In addition Evotec assesses whether a constraint exists in reference to revenue recognition for such variable compensation. Based on Evotec's historical experience and due to the inherent risk of research, success-based variable compensation are regularly not included in the transaction price upon contract inception, but are only included when the contingent events occur or become highly probable.

(24) RESEARCH AND DEVELOPMENT

In 2020, research and development expenses mainly relate to company-owned Innovate projects amounting to T€ 55,992 (2019: T€ 49,673) as well as overhead expenses of T€ 9,341 (2019: T€ 6,766). The overhead expenses consist mainly of patent costs and overhead personnel expenses. The increase in research and development expenses compared with the financial year 2019 is mainly due to initiatives in the areas of metabolic diseases and oncology.

(25) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Included in selling, general and administrative expenses in 2020 are expenses for sales and marketing of T€ 9,503 (2019: T€ 9,094). Other administrative expenses in 2020 amount to T€ 67,356 (2019: T€ 57,452). The increase in general and administrative expenses is in particular due to personnel expenses as a result of significant company growth.

(26) OTHER OPERATING INCOME

In 2020 and 2019, other operating income mainly relates to T€ 43,398 (2019: T€ 32,822) refunds from Sanofi relating to the development of portfolios in Lyon and Toulouse. Further included are refunds from French CIR (crédit d'impôt recherche) of T€ 19,308 (2019: T€ 17,618) and Italy amounting to T€ 124 (2019: T€ 6,735) as well as similar refunds in UK from the "Research and Development Expenditure Credit" (RDEC) in the amount of T€ 4,337 (2019: T€ 3,874). These tax refunds from tax development programmes are akin to a government grant and as a result are shown as other operating income.

(27) FINANCIAL INSTRUMENTS

— FINANCIAL RISK MANAGEMENT —

Evotec is exposed to the following risks arising from financial instruments:
- currency risks
- interest rate risks
- liquidity risks (see Note 28)
- capital management (see Note 28)
- credit risks (see Note 28)
- market risks (see Note 28)

The Management Board has overall responsibility for the establishment and oversight of the Company's management framework. The Management Board has installed a Group Risk Manager, who is responsible for developing and monitoring the risk management policies. The Group Risk Manager reports regularly to the Management Board on its activities. The Audit committee of the Supervisory Board oversees how management monitors compliance with the Company's risk management policies and procedures.

Currency risks

The Company is exposed to currency risks, if Evotec companies enter into sales, purchases and borrowings that are denominated in a currency other than the functional currency of the respective Evotec company. The functional currencies of all Evotec companies consist mainly of euro, US dollar and pound sterling. The Evotec companies are in the normal course of business particularly exposed to currency fluctuations between US dollar, pound sterling and the euro.

The following table shows the average currency rates as well as the currency rates at 31 December 2020 and 2019 each against the euro:

	Average rate		*31 Dec*	
in €	***2019 1 Jan – 31 Dec***	*2019 1 Jan –31 Dec*	***2020***	*2019*
USD	**0.8755**	0.8932	**0.8149**	0.8902
GBP	**1.1240**	1.1392	**1.1123**	1.1754

A strengthening (weakening) of the Euro, the US dollar and the British pound among themselves and against other currencies, as shown below as at 31 December, would lead to an increase (reduction) in equity and earnings with the amounts mentioned below. This analysis relates to financial instruments held for sale on condition that all other variables remain constant and ignore the impact of purchases and sales.

	Variance 2020		*Variance 2019*	
in T€	***Equity***	***Profit and loss***	*Equity*	*Profit and loss*
USD (10% strengthening)	**11,321**	**11,321**	10,861	10,861
USD (10% weakening)	**(11,321)**	**(11,321)**	(10,861)	(10,861)
GBP (10% strengthening)	**5,702**	**5,702**	2,803	2,803
GBP (10% weakening)	**(5,702)**	**(5,702)**	(2,803)	(2,803)
EUR (10% strengthening)	**(17)**	**(17)**	332	332
EUR (10% weakening)	**17**	**17**	(332)	(332)

The Company manages the foreign exchange exposure via natural hedges and selective hedging instruments such as forward currency contracts. The hedging instruments used do not expose the Company to any material additional risk. The objective of these transactions is to reduce the risk of exchange rate fluctuations on the Company's foreign currency denominated cash flows. Evotec does not enter into derivative transactions for trading or speculative purposes. Foreign currency contracts are carried at fair value. Foreign currency forward contracts with a fair value of T€ 3,845 were held by the Company as of 31 December 2020 (31 December 2019: T€ 1,042). Gains and losses from the fair value accounting related to foreign currency derivatives are included in non-operating income and expense and amounted to a net loss of T€ 20 in the financial year 2020 (2019: net gain of T€ 1,042).

Expected future USD cash flows to be hedged by means of USD/GBP and USD/EUR forward contracts are determined regularly on the basis of the summarised quantitative data about the Company's currency risks reported to the Management Board. As of 31 December 2020, cash flows of TUSD 70,500 (31 December 2019: TUSD 30,000), thereof TUSD 45,000 against Euro (31 December 2019: TUSD 12,000), and TUSD 25,500 against British pound (31 December 2019: TUSD 14,396) were hedged.

The fair value of cash and cash equivalents, investments, trade accounts receivable and trade accounts payable approximate their carrying values in the consolidated financial statements due to their short-term nature. Financial assets are accounted for at the settlement date.

Interest rate risks

The Company is exposed to interest rate risks in Germany, UK and USA due to current investments as well as loans. Financial instruments with fixed interest rates or those covered by an interest rate swap are not subject to cash flow risks and therefore are not included in the sensitivity analysis. Financial instruments with variable interest rates as of 31 December 2020 and 2019 are included in the sensitivity analysis for the period of their existence. If the interest rate had been 100 basis points higher (lower) at 31 December 2020, the effect on net income without considering any potential tax effects would have been T€ 415 higher (lower) (31 December 2019: net income T€ 320 higher (lower)). Shareholders' equity would be impacted by the same amount.

The fair value of debt varies from the carrying amount, if there is a difference between the underlying interest rate and the market interest rate. The fair value is then determined using an appropriate market interest rate.

The fair values of the loans and current investments with variable interest rates as of 31 December 2020 and 2019 would vary by the following amounts:

in T€	***31 Dec 2020***	*31 Dec 2019*
Variable interest rate +1 %-point	**37**	491
Variable interest rate (1) %-point	**(415)**	(491)

Evotec regularly uses interest rate swaps to hedge the interest rate risks from its borrowings. In November 2018, two new three-year interest rate swaps with a notional of T€ 4,000 each were agreed with two German banks to swap Euribor against a fixed rate of 0.2% and 0.22%, respectively. In addition, a 0% floor covering the variable side was entered into. Currently, this results in a fixed interest rate of 1.45% and 1.47% respectively for an amount of T€ 8,000 of Evotec's credit lines. The Company does not use fair value through profit or loss accounting for its financial assets and liabilities with fixed interest rates.

The Company is exposed to interest rate risk through variable interest-bearing loans. These interest rate risks are deemed not to be significant.

Other price risks

The Company is not exposed to any price risks associated with its financial instruments.

(28) RISKS

Liquidity risks

Revenue fluctuations, external events and changes in the business environment might negatively impact Evotec's short- to mid-term profitability and cash reserves. To actively address any related risk, Evotec's management has defined minimum liquidity levels and prepared a scenario planning to safeguard its cash position. Evotec believes that existing liquidity reserves are sufficient to cope with the cumulative impact of all identified risks. In financial year 2020 Evotec successfully raised capital by way of a private placement and is currently well-financed. However, the option of increasing capital is always considered. This additional financing might be required if new opportunities arise in terms of M&A or in-licensing. The Company does not intend to engage in projects unless adequate funding is allocated or secured. Evotec has successfully increased liquidity through market positioning and growth. Given the current business environment with economic and political uncertainties, Evotec considers the associated liquidity risks to be low (previous year: low to medium).

The general risk of losing a significant amount of cash in cash investments should continuously be mitigated by spreading the investments across several different banks in high-credit quality instruments in full compliance with the Company's approved investment policy. Evotec monitors its banks and investments on an ongoing basis. Therefore, Evotec considers the current default risks to be low, remaining unchanged in comparison with the previous year.

Currency exchange movements also impact Evotec's reported liquidity primarily through the translation of liquid assets held in US dollars or pound sterling into euros. A portion of the funds is held in currencies other than euro in order to meet local operating needs. This risk has increased due to extensive political uncertainty and a potentially strong market reaction in the forthcoming months.

The contractual maturities of financial liabilities, including estimated interest payments as of 31 December 2020 and 2019 are included in the following tables:

in T€	31 Dec 2020 Carrying amount	Contractual cash flow	Due in 1 year	Due in 2–5 years	More than 5 years
Non-derivative financial liabilities					
Loans	**(346,411)**	**(370,425)**	**(20,632)**	**(273,457)**	**(76,336)**
Contingent consideration	**(6,381)**	**(7,228)**	**(5,201)**	**(1,597)**	**(430)**
Trade accounts payable	**(42,549)**	**(42,549)**	**(42,549)**	**-**	**-**
Total non-derivative financial liabilities	**(395,341)**	**(420,202)**	**(68,382)**	**(275,054)**	**(76,766)**
Derivative financial liabilities					
Interest rate swap	**(502)**	**(502)**	**(17)**	**(202)**	**(283)**
Total derivative financial liabilities	**(502)**	**(502)**	**(17)**	**(202)**	**(283)**

in T€	31 Dec 2019 Carrying amount	Contractual cash flow	Due in 1 year	Due in 2–5 years	More than 5 years
Non-derivative financial liabilities					
Loans	(331,229)	(358,708)	(10,628)	(190,614)	(157,466)
Contingent consideration	(4,265)	(5,850)	(453)	(4,707)	(690)
Trade accounts payable	(31,319)	(31,319)	(31,319)	-	-
Other current financial liabilities	(190)	(190)	(190)	-	-
Total non-derivative financial liabilities	**(367,003)**	**(396,067)**	**(42,590)**	**(195,321)**	**(158,156)**
Derivative financial liabilities					
Interest rate swap	(611)	(611)	-	(285)	(326)
Total derivative financial liabilities	**(611)**	**(611)**	**-**	**(285)**	**(326)**

Capital management

Evotec actively manages its funds to primarily ensure liquidity and principal preservation while seeking to maximise returns. Evotec's cash and short-term investments are located at several different banks. Financial investments are made in liquid, highly diversified investment instruments having at minimum a Standard & Poor's rating (or equivalent) of BBB-.

The following table shows the total assets, equity as well as equity ratio and net cash (cash and cash equivalents minus current and non-current loan liabilities and current and non-current finance lease obligations):

in T€	31 Dec 2020	31 Dec 2019
Total assets	**1,462,895**	1,180,912
Equity attributable to the shareholders of Evotec SE	**722,846**	477,029
Equity ratio (in %)	**49.4%**	40.4%
Net cash	**(69,386)**	(186,065)

Evotec remains well financed with an equity ratio relating to equity attributable to Evotec's shareholders of 49.4 % as of 31 December 2020 (31 December 2019: 40.4%) and currently has no necessity to raise capital to maintain its operations in the near to mid-term. However, the option to increase capital may be considered if new opportunities arise in terms of M&A or in-licensing which should require additional financing.

No minimum capital requirements are stipulated in Evotec's statutes. The Company has obligations to issue shares out of the conditional capital relating to the exercise of stock options on the basis of miscellaneous stock option plans as well as Share Performance Awards on the basis of Share Performance Plans (see Note 22).

Credit risks

Credit risk is the risk of financial loss to the Company if a customer fails or partly fails to meet any of its contractual obligations and arises primarily from the receivables from customers, contract assets and investment securities. The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

in T€	31 Dec 2020	31 Dec 2019
United States	**32,511**	31,681
France	**15,413**	14,027
Rest of Europe	**14,006**	10,305
United Kingdom	**9,683**	7,726
Germany	**5,072**	13,593
Rest of the world	**2,320**	4,919
	79,005	**82,251**

The maximum exposure to credit risk for contract assets at 31 December 2020 equals the net book value of T€ 12,607 (31 December 2019: T€ 11,451).

The Company has exposure to credit risk primarily with respect to its trade receivables. The Company performs ongoing credit evaluations of its customers' financial condition and maintains an appropriate specific allowance for uncollectible accounts receivable based upon the expected collectability of all accounts receivable. The Company's accounts receivable are generally unsecured and are not backed by collateral from its customers. As of 31 December 2020, one customer accounted for 9% of trade receivables (31 December 2019: 14%). Concentrations of credit risk with respect to trade accounts receivables are generally limited by a number of geographically diverse customers and the Company's monitoring procedures.

Market risks

The market environment and competitive landscape for licensing and licensed projects or individual drug candidates, in general or for individual treatments might change while engaging in individual projects.

Structured vehicles

Evotec has not had any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured entities or special purpose entities, established for the purpose of facilitating off-balance sheet arrangements or other contractual narrow or limited purposes. Therefore, Evotec is not materially exposed to any financing, liquidity, market or credit risk that could arise if it had been engaged in these relationships.

Reconciliation of cash flows from financing activities to the changes in financial liabilities

in T€	Loan liabilities	Lease obligations	Loan notes
As of 1 Jan 2020	**331,229**	**131,870**	**3**
Proceeds from issuance of loans	**21,539**	**-**	**-**
Repayment	**(6,521)**	**(20,174)**	**-**
Cashflow from financing activities	**15,018**	**(20,174)**	**-**
Disposal of finance lease obligation	**-**	**(32,983)**	**-**
Foreign currency translation	**2**	**(4,125)**	**-**
Changes in fair value	**162**	**3,125**	**-**
Issue of finance lease obligation	**-**	**67,842**	**-**
As of 31 Dec 2020	**346,411**	**145,555**	**3**

in T€	Loan liabilities	Lease obligation	Loan notes
As of 1 Jan 2019	**109,749**	**118,831**	**3**
Proceeds from issuance of loans	292,305	-	-
Repayment	(70,039)	(12,904)	-
Cashflow from financing activities	**222,266**	**(12,904)**	**-**
Transaction costs	(794)	-	-
Business combination	-	17,112	-
Foreign currency translation	8	(4,159)	-
Changes in fair value	-	2,641	-
Issue of finance lease obligation	-	10,349	-
As of 31 Dec 2019	**331,229**	**131,870**	**3**

(29) FAIR VALUES

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

		31 Dec 2020		31 Dec 2019	
in T€	Classification according to IFRS 9	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Cash and cash equivalents	Amortised cost	**422,580**	**422,580**	277,034	277,034
Investments	Fair value through other comprehensive income	**59,350**	**59,350**	42,988	42,988
Long-term investments	Fair value through profit and loss	**19,289**	**19,289**	11,462	11,462
Trade accounts receivable	Amortised cost	**79,005**	**79,005**	82,251	82,251
Contract assets	Amortised cost	**12,607**	**12,607**	11,451	11,451
Other non-current financial assets	Amortised cost	**10,704**	**10,704**	1,640	1,640
Current loan liabilities	Amortised cost	**(15,392)**	**(15,392)**	(6,343)	(6,343)
Non-current loan liabilities	Amortised cost	**(331,019)**	**(347,890)**	(324,886)	(330,911)
Trade accounts payable	Amortised cost	**(42,549)**	**(42,549)**	(31,319)	(31,319)
Current contract liabilities	Amortised cost	**(66,477)**	**(66,477)**	(71,067)	(71,067)
Non-current contract liabilities	Amortised cost	**(22,437)**	**(22,437)**	(33,785)	(33,785)
Other current financial liabilities	Amortised cost	**-**	**-**	(190)	(190)
Derivative financial instruments	Fair value through profit and loss	**3,343**	**3,343**	431	431
Contingent consideration	Fair value through profit and loss	**(6,381)**	**(6,381)**	(4,265)	(4,265)
		122,623	**105,752**	**(44,598)**	**(50,623)**
Unrecognised (gain)/loss			**16,871**		**6,025**

In determining the fair values on Level 2 and 3 the following valuation techniques are used:

Financial instruments measured at fair value
The fair value of derivative financial instruments is determined using market-related methods. The valuation model is based on quoted values of similar instruments, the characteristics of which are broadly in line with the instruments to be evaluated.

The fair values for contingent consideration are determined using discounted cash flow models. The capital flows used are basically based on the contracts underlying the conditional consideration and the relevant project or business planning. The discount rate takes into account the risk structure underlying capital flows (usually weighted average cost of capital of the acquired entity). Additional non-observable input factors include, for example, marketing success probabilities.

At the time of acquisition of investments, the fair value corresponds to the book value. Changes in fair value may occur due to scientific or financial plan discrepancies or new financing rounds. These deviations are determined by means of discounted cash flow models.

Financial instruments not measured at fair value
For cash and cash equivalents, trade accounts receivables, contract assets, loan liabilities, finance lease obligations and other current financial assets and liabilities, fair value is determined through a simplified discounted cash flow model without the use of significant unobservable inputs, respectively the net book values represent an appropriate approximation of the fair value.

Assets and liabilities not measured at fair value but whose fair value is disclosed.
The fair value disclosed for non-current loan liabilities was determined with a simplified cash flow model using unobservable input factors (discount rate 1.00155%) and thus corresponds to the level 3 determination hierarchy.

Hierarchy levels
The following table allocates financial assets and financial liabilities to the three levels of the fair value hierarchy as defined in IFRS 13:

in T€	31 Dec 2020 Level 1	Level 2	Level 3	Total
Assets at fair value through other comprehensive income	**66,158**	**-**	**-**	**66,158**
Assets at fair value through profit and loss	**-**	**3,343**	**19,289**	**22,632**
Liabilities at fair value through other comprehensive income	**-**	**-**	**-**	**-**
Liabilities at fair value through profit and loss	**-**	**-**	**(6,381)**	**(6,381)**

in T€	31 Dec 2019 Level 1	Level 2	Level 3	Total
Assets at fair value through other comprehensive income	42,988	-	-	**42,988**
Assets at fair value through profit and loss	-	431	11,462	**11,893**
Liabilities at fair value through other comprehensive income	-	-	-	**-**
Liabilities at fair value through profit and loss	-	-	(4,265)	**(4,265)**

The levels of the fair value hierarchy and its application to Evotec's financial assets and financial liabilities are described below:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data.

The following tables show the movement of fair values at level 3 for the financial years 2020 and 2019, respectively:

in T€	Note	Other investments	Contingent consideration
Balance at 1 Jan 2020		**11,462**	**(4,265)**
Exchange rate differences		**-**	**324**
Addition	11; 18	**6,327**	**(2,941)**
Consumption		**-**	**-**
Net income/expense effected	11	**1,500**	**501**
Balance at 31 Dec 2020		**19,289**	**(6,381)**

in T€	Note	Other investments	Contingent consideration
Balance at 1 Jan 2019		6,396	(646)
Exchange rate differences		-	(24)
Addition	11; 5	4,986	(3,882)
Consumption		-	152
Net income/expense effected		80	135
Balance at 31 Dec 2019		11,462	(4,265)

The effects recognised in the income statement above from the adjustment of the fair values at Level 3 were included in the consolidated income statement "Other operating income" and "interest expense".

For the fair value of the Level 3 hierarchy, possible alternative assumptions of significant unobservable inputs would have ceteris paribus the following effects as of 31 December 2020 and 2019:

in T€	2020 Profit and loss Increase	Decrease	2019 Profit and loss Increase	Decrease
Contingent consideration				
Discount rate (movement of 1.5 %-points)	**(121)**	**131**	(175)	192
Commercialisation success rate (movement of 10 %-points)	**768**	**(355)**	908	(401)
Long-term investments				
Discount rate (movement of 1.5 %-points)	**(3,282)**	**4,975**	(1,933)	2,917

In the financial years 2020 and 2019, no reclassifications occurred between the individual levels.

(30) PENSION PLAN

In the UK Evotec operates a defined contribution Group Personal Pension Plan (GPPP) and makes contributions to employees' own schemes. With the acquisition of Aptuit in 2018, the Company took over other additional plans. The pension charge for the year represents contributions payable by the Company to the fund (and to employees' own pension schemes) and amounted in 2020 to T€ 3,727 (2019: T€ 3,261). Contributions amounting to T€ 353 (2019: T€ 396) were payable to the fund at the year-end 2020 and 2019 respectively and are included in provisions. The Company's contribution rate is employee-specific and is determined by the level of an employee's contribution and the relevant legislation.

Further, the Company operates defined contribution 401K plans in the USA with the contribution to these plans amounting to T€ 530 during 2020 (2019: T€ 364).

The company operates a defined benefit pension plan for employees in France. The calculation of the provision for this pension obligation is based on the projected unit credit method according to IAS 19. In 2020 and 2019, the calculation of this obligation included the following assumptions.

	31 Dec 2020	*31 Dec 2019*
Actuarial interest rate	**0.60%**	0.56%
Salary increase	**1.80%**	1.80%
Employee turnover	**0% - 2.85%**	0% - 2.85%
Retirement age	**62 years**	62 years

For the measurement of the mortality rate the mortality tables of France according to l'INSEE 2011-2013 were used. The mortality rate is not subject to a material sensitivity as the payment is processed at the beginning of the retirement. The sensitivity of the actuarial interest rate and the resulting change of the relating pension provision is shown in the following table. This change would be recognised as actuarial gain or loss in other comprehensive income in equity. For the other assumptions, no material change is expected, as they are based on historical values, which will not change much in the course of a year.

in T€	***31 Dec 2020***	*31 Dec 2019*
Actuarial interest rate +0.50 %-points	**(814)**	(737)
Actuarial interest rate -0.50 %-points	**890**	802

The Company operates a defined benefit pension plan for one former member of the Management Board of Evotec SE. The provision for this pension is calculated using the projected unit credit method in accordance with IAS 19. An actuarial report was prepared in 2020 and 2019 for this obligation. The calculations are based on assumed pension increases of 1.5% and a discount rate of 0.70% in 2020 and 1.5% and 1.04% in 2019. The discount rate reflects market conditions. The provision amounted to T€ 205 and T€ 205 as of 31 December 2020 and 2019, respectively.

The pension provisions developed as follows:

in T€	***31 Dec 2020***	*31 Dec 2019*
Pension provision at beginning of the year	**14,266**	12,306
Addition at acquisition date	**771**	-
Benefit payments from the employer	**(9)**	(8)
Included in other comprehensive income:		
Actuarial gains/losses from:		
– Changes in financial assumptions	**(499)**	1,511
– Experience adjustments	**1,022**	(391)
– Impact of changes in demographic assumptions	**56**	(73)
Included in net income:		
– Current service costs	**914**	718
– Interest cost	**80**	203
Pension provision at year-end	**16,602**	**14,266**

The expenses for the statutory retirement obligations are explained in Note 33.

(31) COMMITMENTS AND CONTINGENCIES

— a) OPERATING LEASE OBLIGATIONS —

The future minimum lease payments under non-cancellable lease agreements, signed in 2020, but not yet to be recognised according to IFRS 16, are as follows:

in T€	***31 Dec 2020***
Less than one year	**71**
Between one and five years	**3,419**
More than five years	**9,332**
Total	**12,822**

In addition, the Company maintains leases which were not recognised in accordance with the exemptions in IFRS 16. These amounts are not material and therefore not presented here.

— b) OTHER COMMITMENTS AND CONTINGENCIES —

The future minimum payments associated with miscellaneous long-term commitments total approximately T€ 14,042 and T€ 23,778 at 31 December 2020 and 2019, respectively. The significant portion thereof related to long-term commitments in connection with facility expenses.

As of 31 December 2020, the Company has entered into purchase commitments of T€ 32,976 (31 December 2019: T€ 10,200).

The Company has licensed or acquired certain third-party intellectual property for use in its business. Under these agreements, the Company is required to pay milestones, dependent on development progress and/or royalties and milestones dependent on present and future net income or on sublicensing fees received from third parties. The Company also agreed with several third parties on getting access to their technology and know-how for use in Evotec's business or within collaborations. Under those agreements, the Company is required to pay a share of the revenue relating to those technologies and know-how to the respective third parties.

The Company is not aware of any material actual or threatened litigation as of 31 December 2020. Ongoing tax audits in Evotec might result in contingent liabilities.

(32) RELATED PARTY TRANSACTIONS

Related persons and entities within the meaning of IAS 24 include for the Group, in particular, shareholders who (jointly) have a dominant or significant influence, as well as subsidiaries and associates.

Additionally, the members of the Management Board and the Supervisory Board are also related persons within the meaning of IAS 24.

In addition to the business relationships with the subsidiaries eliminated in the consolidated financial statements by means of full consolidation, there were the following business relationships with related parties.

The terms and conditions of the transaction were made on terms and conditions that prevail in an arm´s length transaction. The balances from the transactions with related parties are unsecured and are fulfilled by payment or service. In the period under review, the Group has not recorded expenses for allowances or provisions on outstanding balances.

in T€ Transactions with	***Revenues from contracts/ other income 1 Jan–31 Dec 2020***	***Cost of revenue/ other expense 1 Jan–31 Dec 2020***	***Trade accounts receivables 31 Dec 2020***	***Other financial assets 31 Dec 2020***	***Other liabilities 31 Dec 2020***
— associated companies	**35,450**	**497**	**2,984**	**6,435**	**5,635**
— other related party companies	**32,961**	**-**	**6,492**	**-**	**-**

Other financial assets owed by associates consist of convertible loans. Other liabilities to associates result from capital transactions. In addition, capital payments were made to associates in the form of cash and cash payments. Reference is made to the explanatory note 11.

No other significant transaction has taken place with related parties.

in T€ Transactions with	*Revenues from contracts/ other income 1 Jan–31 Dec 2019*	*Cost of revenue/ other expense 1 Jan–31 Dec 2019*	*Trade accounts receivables 31 Dec 2019*	*Other financial assets 31 Dec 2019*	*Other liabilities 31 Dec 2019*
— associated companies	21,136	-	2,015	184	1,780
— other related party companies	20,699	-	11,145	-	-

Other liabilities to associates result from capital transactions.

(33) PERSONNEL EXPENSES AND COST OF MATERIAL

The personnel expenses of the Company in 2020 amounted to T€ 250,082 of which T€ 187,677 relate to personnel expenses outside Germany, in the UK, Italy, Switzerland, France and USA (2019: T€ 199,496 and T€ 147,129, respectively). Of the total, expenses for the statutory retirement insurance amounted to T€ 10,065 of which T€ 6,292 relate to expenses outside Germany in the UK, Italy, Switzerland, France and USA (2019: T€ 8,594 and T€ 5,580, respectively).

Cost of materials in 2020 amounted to T€ 92,827, of which T€ 73,064 were cost of materials outside Germany in the UK, Italy, Switzerland, France and USA (2019: T€ 70,887 and T€ 54,037, respectively).

(34) OTHER DISCLOSURES

German law in accordance with the European Directives on Accounting and the Corporate Governance Codex requires the following additional disclosures.

— a) EMPLOYEES —

The average number of people employed by the Company in 2020 was 3,355 (2019: 2,847). Of the total, 439 (2019: 353) employees are allocated to sales and administration. The increase is mainly due to the business combination with Just – Evotec Biologics, Inc.

— b) REMUNERATION OF THE AUDITOR —

In 2020, remunerations, shown as expenses, to Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft and other Ernst & Young companies totalled T€ 781 (2019: T€ 708), which is broken down into auditing of financial statements of T€ 725 (2019: T€ 680), other assurance services of T€ 52 (2019: T€ 28) as well as other services of T€ 5 (2019: T€ 0). The remunerations relating to Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft alone amounted to T€ 495, related to auditing of financial statements T€ 446 and Other assurance services T€ 49. Included in the amount of auditing of financial statements was an amount of T€ 81 relating to the prior-year financial statements.

— c) CORPORATE GOVERNANCE CODE —

According to Sec 161 AktG, the Management Board and the Supervisory Board issued a statement of compliance with regard to the German Corporate Governance Code. This statement has been made accessible to the Company's shareholders in the 'Invest' section on Evotec's website (www.evotec.com).

— d) CONSOLIDATED SUBSIDIARIES AND EQUITY INVESTEES —

Information below shows Evotec's direct and indirect voting rights in their subsidiaries and other investments. Evotec's direct and indirect voting rights in dormant companies are not included.

in %	*2020* *Company's voting rights*
Subsidiaries	
Aptuit Global LLC, Princeton, USA	**100.00**
Aptuit (Verona) SRL, Verona, Italy	**100.00**
Aptuit (Oxford) Ltd., Abingdon, UK	**100.00**
Aptuit (Switzerland) AG in Liquidation, Basel, Switzerland	**100.00**
Aptuit (Potters Bar) Ltd, Abingdon, UK	**100.00**
Cyprotex Discovery Ltd., Manchester, UK	**100.00**
Cyprotex PLC, Manchester, UK	**100.00**
Cyprotex US, LLC., Watertown, USA	**100.00**
Evotec (France) SAS, Toulouse, France	**100.00**
Evotec ID (Lyon) SAS, Marcy l'Étoile, France	**100.00**
Evotec (Hamburg) GmbH, Hamburg, Germany	**100.00**
Evotec GT GmbH, Orth an der Donau, Austria	**100.00**
Evotec (India) Private Limited, Thane, India*	**100.00**
Evotec International GmbH, Hamburg, Germany	**100.00**
Evotec (München) GmbH, Martinsried, Germany	**100.00**
Evotec (UK) Ltd., Abingdon, UK	**100.00**
Evotec (US), Inc., Princeton, USA	**100.00**
J.POD-Evotec Biologics Inc., Seattle, USA	**100.00**
Just - Evotec Biologics, Inc, Seattle, USA	**100.00**
Associates	
Autobahn Labs, Palo Alto, USA	**39.29**
Breakpoint Therapeutics GmbH, Hamburg, Germany	**47.70**
Celmatix Inc., New York, USA	**25.05**
Curexsys GmbH, Göttingen, Germany	**39.82**
Dark Blue Therapeutics LTD, Oxford, UK	**18.67**
Eternygen GmbH, Berlin, Germany	**24.97**
Exscientia Ltd., Dundee, UK	**20.32**
FSHD Unlimited Coop, Leiden, Netherlands	**21.09**
NephThera GmbH, Hamburg, Germany	**50.00**
Pancella Inc, Toronto, Canada	**13.06**
Quantro Therapeutics GmbH, Wien, Austria	**24.99**
Topas Therapeutics GmbH, Hamburg, Germany	**21.13**
Other Investments	
Aeovian Pharmaceuticals Inc, San Francisco, USA	**5.83**
Blacksmith Medicines Inc. San Diego, USA	**15.01**
Cajal Neuroscience Inc., Seattle, USA	**1.82**
Carrick Therapeutics Ltd., Dublin, Irland	**4.45**
Fibrocor LLP, Toronto, Canada	**16.00**
Fibrocor Therapeutics Inc.,Toronto, Canada	**8.88**
Forge Therapeutics, Inc., San Diego, USA	**14.90**
Immunitas, Therapeutics, Inc., Waltham, USA	**7.29**
Leon Nanodrugs GmbH, München, Germany	**7.82**
Mission BioCapital V LP, Cambridge, USA	**7.22**

** in voluntary liquidation*

The subsidiaries listed in this table are included in the consolidated financial statements. Associates are accounted for using the equity method.

Through the shareholder agreement of Pancella Inc. and Dark Blue Therapeutics GmbH, Evotec participates in all significant financial and operating decisions. The group has therefore determined that it has significant influence over these entities, even though it holds less than 20% of the voting rights.

The Group investments in subsidiaries, associated companies and other investments are not hedged as those currency positions are considered to be long-term in nature.

— e) MANAGEMENT BOARD —

Dr Werner Lanthaler, *Business Executive, Hamburg, DE (CEO),*
Dr Cord Dohrmann, *Biologist, Göttingen, DE (CSO),*
Dr Craig Johnstone, *Chemist, Castillon-Savès, FR (COO) and*
Enno Spillner, *Business Executive, Hamburg, DE (CFO).*

The remuneration granted to the members of the Management Board for the financial year 2020 totalled T€ 3,079 of which T€ 1,311 was variable remuneration. The paid remuneration for the financial year 2019 totalled T€ 2,607 of which T€ 903 was variable remuneration. The Management Board received also Share Performance Awards in 2020 as a component with long-term incentive effect with a fair value in 2020 of T€ 1,752 (2019: T€ 1,323). Current service costs of T€ 1,902 (2019: T€ 1,465) were recorded in 2020 for Share Performance Awards of the Management Board. Total remuneration does not include any amounts for services after termination of the employment relationship, any other non-current services or termination benefits.

Fixed remuneration includes base salaries, contributions to personal retirement insurance, premiums for accident, home costs and accidental death insurances as well as the benefit derived from the use of company cars. The variable remuneration of the Management Board is based on a bonus scheme. The respective objectives are specified every year by the Remuneration and Nomination Committee of the Supervisory Board, and subsequently approved by the Supervisory Board. Furthermore, the Management Board receives Share Performance Awards as a component with long-term incentive effect.

For the financial year 2020, the variable granted remuneration is based on the achievement of nine corporate milestones (strategic targets). The group corporate milestones for the financial year 2020 are defined in achievements of 40% corporate targets and 60% corporate financial targets. The variable pay in 2020 for the financial year 2019, was based on the achievement of eight corporate milestones (strategic targets). These group corporate milestones are defined in achievements of 40% corporate targets and 60% corporate financial targets. As of 31 December 2019, the Company had accrued T€ 1,222 for this purpose, which was composed of T€ 480 for Dr Werner Lanthaler, T€ 280 for Dr Cord Dohrmann, T€ 238 for Dr Craig Johnstone and T€ 224 for Enno Spillner. The actual payout in 2020 amounted to T€ 470 for Dr Werner Lanthaler, T€ 252 for Dr Cord Dohrmann, T€ 238 for Dr Craig Johnstone and T€ 195 for Enno Spillner.

In addition to their fixed and variable remuneration, the members of the Management Board received Share Performance Awards (SPA) under the Company's Share Performance Plans. These SPA vest after four years according to performance against defined targets over a four-year period. Further information concerning SPAs is available in Note 21.

	2020 Fixed remuneration	*2020 Variable remuneration*	*2020 Share Performance Awards*	*2020 Fair values of SPAs granted*	*2020 Total remuneration*
	in T€	in T€	in pcs	in T€	in T€
Dr Werner Lanthaler	**585**	**476**	**38,400**	**871**	**1,932**
Dr Cord Dohrmann	**415**	**377**	**14,647**	**332**	**1,124**
Dr Craig Johnstone	**382**	**236**	**12,450**	**282**	**900**
Enno Spillner	**386**	**222**	**11,717**	**266**	**874**
Total	**1,768**	**1,311**	**77,214**	**1,751**	**4,830**

	2019 Fixed remuneration	*2019 Variable remuneration*	*2019 Share Performance Awards*	*2019 Fair values of SPAs granted*	*2019 Total remuneration*
	in T€	in T€	in pcs	in T€	in T€
Dr Werner Lanthaler	577	420	45,161	692	1,689
Dr Cord Dohrmann	376	238	13,318	204	818
Dr Craig Johnstone	382	74	16,733	257	713
Enno Spillner	369	171	11,071	170	710
Total	**1,704**	**903**	**86,283**	**1,323**	**3,930**

The individual contracts of the Management Board members contain a common change-of-control clause that would allow them to terminate their current contracts in the event of a change in control. Such a change-of-control occurs when a third party assumes more than 30% of the shares of the Company. If members of the Management Board should make use of their right of termination, they are entitled to the following severance payments: Dr Werner Lanthaler receives a severance payment of two years base salary, Dr Craig Johnstone, Enno Spillner as well as Dr Cord Dohrmann an 18 months base salary plus agreed bonus. In no case, the respective severance payment shall be higher than the total compensation due for the remaining term of the respective Management Board member's contract.

The Company has a Directors and Officers (D&O) insurance policy in place for the Management Board, the Supervisory Board, its senior management and the directors of subsidiary companies. The insurance expense amounted to T€ 139 in total in 2020 (2019: T€ 132) and was paid by the Company. For the members of the Management Board, a deductible in line with the stipulations of the legal provisions of the Act on Appropriateness of Management Board Compensation (VorstAG) was agreed.

The Members of the Management Board and their additional memberships in supervisory boards and memberships in comparable governing bodies of enterprises are listed below:

- Dr Werner Lanthaler
  - *Non-Executive Member of the Board of Directors & Chair of the Audit Committee: arGEN-X, Breda/NL*
  - *Non-Executive Member of the Board of Directors: AC Immune SA, Lausanne/CH*
  - *Member of the Supervisory Board: Topas Therapeutics GmbH, Hamburg/DE (until December 2020)**
- Dr Cord Dohrmann
  - *Member of the Supervisory Board: Eternygen GmbH, Berlin/DE**
  - *Non-Executive Member of the Board of Directors FSHD Unlimited, Leiden/NL**
- Dr Craig Johnstone
- Enno Spillner
  - *Non-Executive Member of the Board of Directors & Chair of the Audit Committee: Nanobiotix SA, Paris/FR*
  - *Member of the Supervisory Board: Leon Nanodrugs GmbH, Munich/DE**

— f) SUPERVISORY BOARD —

Prof Dr Wolfgang Plischke, *Aschau im Chiemgau, DE, independent consultant, former Member of the Management Board of Bayer AG (Chair of the Supervisory Board);*
Prof Dr Iris Löw-Friedrich, *Ratingen, DE, Member of the Management Board (Chief Medical Officer) of UCB S.A. (Vice Chair of the Supervisory Board);*
Kasim Kutay, *Hellerup, DK, Member of the Management Board, Novo Holdings A/S (since June 2020);*
Dr Mario Polywka, *Oxfordshire, UK, independent consultant;*
Roland Sackers, *Cologne, DE, CFO and Management Director of QIAGEN N.V.;*
Dr Elaine Sullivan, *Leicestershire, UK; Member of the Management Board, Curadh Pharmaceuticals Ltd. (since April 2020);*
Michael Shalmi, *Hellerup, DK, independent consultant (until June 2020).*

The remuneration accrued for the members of the Supervisory Board in the financial year was as follows:

in T€	***2020 Remuneration***	*2019 Remuneration*
Prof Dr Wolfgang Plischke	**150,0**	150
Prof Dr Iris Löw-Friedrich	**70,0**	65
Kasim Kutay	**32,5**	0
Dr Mario Polywka	**50,0**	27
Roland Sackers	**85,0**	46
Dr Elaine Sullivan	**60,0**	60
Michael Shalmi	**27,5**	60
Dr Claus Braestrup	**0,0**	28
Bernd Hirsch	**0,0**	44
Total	**475,0**	**480**

In the financial year 2020, the remuneration of each Supervisory Board member amounted to T€ 50 per year (2019: T€ 50). The Chair receives T€ 125 (2019: T€ 125) and his Vice Chair T€ 60 (2019: T€ 60). Members of Supervisory Board committees additionally receive T€ 10 per committee (2019: T€ 10), with the chairperson receiving T€ 25 (2019: T€ 25).

In the financial years 2020 and 2019, there was no share-based remuneration. The Company has a Directors and Officers (D&O) insurance policy in place for the Management Board, the Supervisory Board, its senior management and the directors of subsidiary companies. The insurance expense amounted to T€ 139 in total in 2020 (2019: T€ 132) and was paid by the Company. For the members of the Supervisory Board, an appropriately sized deductible was agreed.

The Members of the Supervisory Board and their additional memberships in supervisory boards and memberships in comparable governing bodies of enterprises according to Sec 125 par. 1 sentence 5 of the AktG are listed at the end of this report.

** Associated company of Evotec*

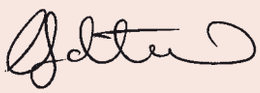
(35) SUBSEQUENT EVENTS

No material subsequent events have to be reported.

Hamburg, 16 March 2021

Dr Werner Lanthaler

Dr Cord Dohrmann



Dr Craig Johnstone

Enno Spillner

Supervisory Board and Management Board

SUPERVISORY BOARD

Prof Dr Wolfgang Plischke Chairman of the Supervisory Board *Aschau im Chiemgau/DE* *Independent consultant* *Former Member of the Management Board of Bayer AG*	***Member of the Supervisory Board:*** Bayer AG, Leverkusen/DE
Prof Dr Iris Löw-Friedrich Vice Chaiman of the Supervisory Board *Ratingen/DE* *Member of the Management Board (Chief Medical Officer) of UCB S.A.*	***Member of the Supervisory Board:*** Fresenius SE & Co. KGaA, Bad Homburg/DE TransCelerate BioPharma Inc., King of Prussia/US ***Member des Board of Directors:*** PhRMA Foundation, Washington DC/US
Kasim Kutay Member of the Supervisory Board (since June 2020) *Hellerup/DK* *CEO Novo Holdings A/S (since June 2020)*	***Member of the Supervisory Board:*** Novo Nordisk A/S, Hellerup/DK Novozymes A/S, Bagsværd/DK
Dr Mario Polywka Member of the Supervisory Board *Oxfordshire/UK* *Independent consultant* *Former Member of the Management Board Evotec SE*	***Member of the Board of Directors:*** Forge Therapeutics, Blacksmith Medecines Inc, San Diego/US Exscientia Ltd, Oxford/UK Orb it Discovery Limited, Oxford/UK
Roland Sackers Member of the Supervisory Board *Cologne/DE* *Chief Financial Officer and Managing Director of QIAGEN N.V.*	***Member of the Board of Directors:*** Bio Deutschland e.V., Berlin/DE
Dr Elaine Sullivan Member of the Supervisory Board *Leicestershire/UK* *CEO Curadh Pharmaceuticals Ltd.* *(since April 2020)*	***Member of the Supervisory Board:*** IP Group plc, London/UK Active Biotech AB, Lund/SE (since May 2020) Open Orphan, London/UK (since November 2020)
Michael Shalmi Member of the Supervisory Board (until June 2020) *Hellerup/DK* *Independent consultant (until June 2020)*	***Member of the Board of Directors:*** Active Biotech AB, Lund/SE Momentum Gruppen A/S, Roskilde/DK Momentum Energy Group A/S, Roskilde/DK (since September 2020)

MANAGEMENT BOARD

Dr Werner Lanthaler CEO *Hamburg/DE* *Business Executive*	***Non-Executive Member of the Board of Directors & Chairman of the Audit Committee:*** arGEN-X, Breda/NL ***Non-Executive Member of the Board of Directors:*** AC Immune SA, Lausanne/CH ***Member of the Supervisory Board:*** Topas Therapeutics GmbH, Hamburg/DE (until December 2020)*
Dr Cord Dohrmann CSO *Göttingen/DE* *Biologist*	***Member of the Supervisory Board:*** Eternygen GmbH, Berlin/DE* ***Non-Executive Member of the Board of Directors:*** FSHD Unlimited, Leiden/NL*
Dr Craig Johnstone COO *Castillon-Savès/FR* *Business Executive*	
Enno Spillner CFO *Hamburg/DE* *Business Executive*	***Non-Executive Member of the Board of Directors & Chairman of the Audit Committee:*** Nanobiotix SA, Paris/FR ***Mitglied des Aufsichtsrats:*** Leon Nanodrugs GmbH, Munich/DE*

** Associated company of Evotec*

Independent Auditor's Report

Translation of the German independent auditor's report concerning the audit of the consolidated financial statements and group management report prepared in German

To Evotec SE

Report on the audit of the consolidated financial statements and of the group management report

Opinions

We have audited the consolidated financial statements of Evotec SE, Hamburg, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year from 1 January to 31 December 2020, and notes to the consolidated financial statements for fiscal year 2020, including a summary of significant accounting policies. In addition, we have audited the group management report of Evotec SE for the fiscal year from 1 January to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of the parts of the group management report listed in the appendix to the auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2020 and of its financial performance for the fiscal year from 1 January to 31 December 2020, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of the parts of the management report listed in the appendix to the auditor's report.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

Impairment of goodwill

Reasons why the matter was determined to be a key audit matter

The management board of the Evotec Group recognize goodwill from acquisitions. The management tests goodwill for impairment by determining the value in use of the cash-generating units. This requires significant assumptions about future developments. In light of the use of judgment and the inherent uncertainty of the forecasts and the discounting of future cash flows underlying the impairment test, we consider the impairment of goodwill to be a key audit matter.

Auditor's response

We discussed the determination of cash-generating units and the distribution of goodwill among cash-generating units or a group of cash-generating units with the management board and assessed their consistency with the internal reporting structure. Furthermore, we assessed the valuation models and the calculation parameters with the help of our valuation experts. We obtained an understanding of the significant assumptions underlying the growth and business performance forecasts through discussions with the management board and managers of the Company by comparing the underlying forecasts with the performance in the past fiscal year. Furthermore, we assessed the accuracy of the forecasts by comparing the planning prepared in past periods with the results actually achieved. We obtained an understanding of the determination of the weighted average cost of capital (WACC) by assessing the beta factor used based on the composition of the peer companies and by comparing the costs of equity and debt with available market data. We performed sensitivity analyses in order to estimate the impairment risk from a potential change in one of the significant assumptions. In addition, we evaluated the disclosures in the notes to the consolidated financial statements for fiscal year 2020 on the impairment of goodwill with respect to the requirements of IAS 36.

Our audit procedures did not lead to any reservations relating to impairment of goodwill.

Reference to related disclosures

For the accounting policies applied for the impairment of goodwill, refer to section "(15) Goodwill" in the notes to the consolidated financial statements for fiscal year 2020.

Recognition of revenue from long-term contracts with customers

Reasons why the matter was determined to be a key audit matter

The Evotec Group generates significant revenue from long-term contracts with customers in which the transaction price is paid partially or fully in advance, or is contingent on the occurrence of certain events.

Distinct performance obligations are identified for contracts with customers and the transaction price is allocated to the separate performance obligations based on their stand-alone selling price. Revenue from long-term contracts with customers is recognized over time. For the majority of these contracts, Evotec determines the stage of completion using the input-based method based on the number of FTE deployed in proportion to the total planned FTE deployment.

Due to the assumptions made by the management board relating to the identification of performance obligations, calculation and allocation of the transaction price to the various performance obligations and total planned FTE deployment, recognition of revenue from such contracts is highly subject to judgment. Therefore we determined the recognition of revenue from long-term contracts with customers to be a key audit matter.

Auditor's response

We evaluated the identification of performance obligations, calculation of the transaction price and the allocation of the transaction price to the identified performance obligations based on the contractual terms. Especially in the case of variable remuneration in the form of milestone payments, we obtained third-party confirmations and payment invoices to satisfy ourselves that the uncertainty relating to the achievement of milestones has ceased to exist. We also verified whether the requirements for revenue recognition over time were met. We evaluated the determination of the stage of completion by discussing the planned FTE deployment with the management board and managers of the Company and by comparing the underlying planning with the performance in the past fiscal year. Furthermore, we assessed the accuracy of the planning by comparing the planning prepared in past periods with the actual FTE deployed.

Our audit procedures did not lead to any reservations relating to the recognition of revenue from long-term contracts with customers.

Reference to related disclosures

With regard to the accounting policies used for revenue recognition, refer to "(3) Significant accounting policies" and "(23) Revenue from contracts with customers" in the notes to the consolidated financial statements for fiscal year 2020.

Other information

The supervisory board is responsible for the supervisory board report. In all other respects, the management board are responsible for the other information. The other information comprises the parts of the annual report listed in the appendix to the auditor's report.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the management board and the supervisory board for the consolidated financial statements and the group management report

The management board are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the management board are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management board are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable,

matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the management board are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the management board are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the management board and the reasonableness of estimates made by the management board and related disclosures.

- Conclude on the appropriateness of the management board' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the management board in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the management board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate

with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the assurance in accordance with Sec. 317 (3b) HGB on the electronic reproduction of the consolidated financial statements and the group management report prepared for publication purposes

Opinion

We have performed assurance work in accordance with Sec. 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file "Evotec_SE_KA+KLB_ESEF-2020-12-31.zip" and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the abovementioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the abovementioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from 1 January to 31 December 2020 contained in the "Report on the audit of the consolidated financial statements and of the group management report" above.

Basis for the opinion

We conducted our assurance work on the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file in accordance with Sec. 317 (3b) HGB and Exposure Draft of IDW Assurance Standard: Assurance in Accordance with Sec. 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised).

Our responsibilities under that standard are further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applied the requirements for quality control systems set forth in IDW Standard on Quality Control: "Requirements for Quality Control in Audit Firms" (IDW QS 1).

Responsibilities of the management board and the supervisory board for the ESEF documents

The management board of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the management board of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The management board of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and the audited group management report as well as other documents to be published to the operator of the *Bundesanzeiger* [German Federal Gazette].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process

Group auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, in the version valid as of the reporting date, on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 16 June 2020. We were engaged by the supervisory board on 15 October 2020. We have been the group auditor of Evotec SE without interruption since fiscal year 2014.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to group entities the following services that are not disclosed in the consolidated financial statements or in the group management report:

- Review of the interim condensed consolidated financial statements of Evotec SE as of 31 March 2020, 30 June 2020 and 30 September 2020

- Audit of research and development expenses of Aptuit (Verona) SRL, Verona, Italy for fiscal year 2019 to provide evidence to local tax authorities

- Audit of the costs of Evotec International GmbH, Hamburg declared in connection with the subsidy agreement of the Innovative Medicines Initiative Joint Undertaking (IMI-JU) for the period from 1 July 2018 to 31 January 2020

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Dirk Machner.

Appendix to the auditor's report:

1. Parts of the group management report whose content is unaudited

We have not audited the content of the following parts of the group management report:

- The declaration of corporate management (statement on corporate governance) which is published on the website stated in the group management report and is part of the group management report

Neither have we audited the content of the following information that is not typical or required for a management report. This relates to any information whose disclosure in the group management report is not required pursuant to Secs. 315, 315a HGB or Secs. 315b to 315d HGB.

- Section on "Third-party revenues by customer type 2018-2020 (in %)" in "I. The Evotec Group"
- Section on "Drug candidates in advanced states of development" in "I. The Evotec Group"
- Section on "Progress 2020 of drug candidates in advanced stages of development" in "I. The Evotec Group"
- Section on "Intellectual property" in "I. The Evotec Group"
- Section on "Sustainable business development" in "II. Report on economic position"
- Section on "D&O insurance" in "IX. Remuneration report"

2. Further other information

Other information relates to the following part of the annual report which we expect to be provided with after the auditor's report has been issued:

- Non-financial group report

The other information also comprises additional parts to be included in the annual report, of which we obtained a version prior to issuing this auditor's report, in particular:

- Letter to shareholders
- Evotec at a glance
- Action Plan 2025 – The Data-Driven R&D Autobahn to Cures
- Focus on sustainability – What does Evotec's road map look like?
- The Evotec share
- Supervisory Board Report
- Responsibility statement

but not the consolidated financial statements, not the group management report disclosures whose content is audited and not our auditor's report thereon

Hamburg, 22 March 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Grummer
Wirtschaftsprüfer
[German Public Auditor]

Machner
Wirtschaftsprüfer
[German Public Auditor]

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial results of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Evotec SE
The Management Board

Hamburg, 16 March 2021

Dr Werner Lanthaler
Chief Executive Officer

Dr Cord Dohrmann
Chief Scientific Officer

Dr Craig Johnstone
Chief Operating Officer

Enno Spillner
Chief Financial Officer