Translation of

Financial Statements as of 31 December 2021 and Combined Management Report

Evotec SE

Evotec SE, Hamburg

Statement of financial position as of December 2021

Assets	31.12.2021 EUR	31.12.2020 EUR
A. Fixed assets		
I. Intangible assets		
1. Purchased franchises, industrial and similar rights, assets and licenses in such rights and assets	1.170.477,06	1.194.857,45
2. Intangible assets under development	980.316,18	0,00
	2.150.793,24	1.194.857,45
II. Property, plant and equipment		
1. Land, land rights and buildings, including buildings on third-party land	1.255.718,20	1.572.345,71
2. Plant and machinery	12.215.353,44	12.251.848,90
3. Other equipment, furniture and fixtures	2.306.921,40	1.160.417,33
4. Prepayments and assets under construction	517.728,32	1.315.392,83
	16.295.721,36	16.300.004,77
III. Financial assets		
1. Shares in affiliates	335.222.811,07	334.222.810,07
2. Loans to affiliates	189.102.228,50	132.335.498,54
3. Investments	52.933.011,72	50.728.375,25
4. Other loans	2.402.763,83	1.814.929,51
	579.660.815,12	519.101.613,37
	598.107.329,72	536.596.475,59
B. Current assets		
I. Inventories		
1. Raw materials, consumables and supplies	1.210.340,73	1.452.294,95
2. Work in process	254.115,32	128.288,81
	1.464.456,05	1.580.583,76
II. Receivables and other assets		
1. Trade receivables	1.394.112,11	2.212.918,71
2. Receivables from affiliates	99.385.231,22	53.439.074,75
3. Other assets	45.499.992,53	30.424.562,15
	146.279.335,86	86.076.555,61
III. Securities		
Other securities	256.514.824,29	33.128.841,88
IV. Cash on hand, central bank balances, bank balances and checks	335.580.812,32	255.662.942,89
	739.839.428,52	376.448.924,14
C. Prepaid expenses	2.956.817,45	1.752.986,52
	1.340.903.575,69	914.798.386,25

Equity and liabilities	31.12.2021 EUR	31.12.2020 EUR
A. Equity		
I. Subscribed capital	176.608.195,00	163.914.741,00
./. Nominal value treasury shares	-249.915,00	-249.915,00
	176.358.280,00	163.664.826,00
II. Capital reserves	903.624.726,97	482.139.820,51
III. Reserve for treasury shares	249.915,00	249.915,00
IV. Accumulated loss	-127.930.748,70	-100.132.424,27
	952.302.173,27	545.922.137,24
B. Provisions		
1. Provisions for pensions and similar obligations	164.736,62	169.091,00
2. Other provisions	19.708.243,59	13.071.276,91
	19.872.980,21	13.240.367,91
C. Liabilities		
1. Liabilities to banks	354.299.824,38	346.829.808,81
2. Trade payables	10.936.400,69	3.056.550,87
3. Liabilities to affiliates	1.112.118,17	265.999,29
4. Other liabilities	836.755,00	3.793.967,81
thereof for taxes EUR 702k (prior year EUR 2.558k)		
	367.185.098,24	353.946.326,78
D. Deferred income	1.543.323,97	1.689.554,32
	1.340.903.575,69	914.798.386,25

Evotec SE, Hamburg

Income statement for the period from 1 January 2021 to 31 December 2021

		2021 EUR	2020 EUR
1.	Revenues	82.038.235,90	78.489.394,38
2.	Increase or decrease in finished goods and work in process	-125.826,51	39.139,75
3.	Other operating income thereof income from currency translation: EUR 45.352k (prior year EUR 2.377k)	46.024.723,35	4.393.093,14
		127.937.132,74	82.921.627,27
4.	Cost of materials		
	a) Cost of raw materials, comsumables and supplies and of purchased merchandise	13.321.885,35	12.446.272,50
	b) Cost of purchased services	9.687.611,83	7.529.000,73
5.	Personnel expenses		
	a) Wages and salaries	38.685.829,58	32.176.571,91
	b) Social security, pension and other benefit costs thereof for old-age pensions: EUR 25 k, (prior year 8)	6.720.761,93	5.202.130,04
6.	Amortization, depreciation and write-downs on current assets to the extent that it exceeds the usual depreciations in the corporation	4.386.600,00	7.268.828,26
7.	Other operating expenses thereof expenses from currency translation EUR 5.522 k (prior Year EUR 22.302k)	81.946.641,75	48.133.107,68
		154.749.330,44	112.755.911,12
8.	Income from equity investments thereof from affiliates: EUR 7.626k (prior year EUR 5.000k)	7.626.449,60	5.000.000,00
9.	Income from other securities and loans held as financial assets thereof from affilitates EUR 6.861k (prior year EUR 3.324k)	8.149.585,32	5.430.574,23
10.	Other interest and similar income thereof from affiliate EUR 0 prior year EUR 0)	18.619,06	24.166,11
11.	Write-down of financial assets and securities classified as current assets	10.517.697,10	132.082,54
12.	Interest and similar expenses thereof to affiliates EUR 0,00 (prior year EUR 479k)	6.289.766,17	4.447.638,84
		-1.012.809,29	5.875.018,96
13.	Income taxes	-26.682,56	224.764,88
		-26.682,56	224.764,88
14.	Income after tax/net income	-27.798.324,43	-24.184.029,77
15.	Net loss carried forward	100.132.424,27	75.948.394,50
16.	Accumulated loss	-127.930.748,70	-100.132.424,27

Evotec SE, Hamburg

Notes to the Financial Statements 2021

I. General Information

Evotec SE is a European stock corporation with its place of incorporation in Hamburg and it is-registered with the Hamburg District Court under number HRB156381 of the commercial register. Evotec SE- hereinafter referred to as Evotec or Company - is classified as a large company according to section 267 paragraph 3 German Commercial Code ("Handelsgesetzbuch" or "HGB").

The individual financial statements of the Company are prepared according to the provisions of the German Commercial Code as well as the relevant regulations of the German Stock Corporation Act („Aktiengesetz" or "AktG").

The income statement is presented according to the total cost method (section 275 paragraph 2 German Commercial Code).

Since 28 October 2009, the Company is listed on TecDAX and since 24 September 2018, additionally on the MDAX of the Frankurt Stock Exchange. With the public offering at the NASDAQ in New York as of 08 November 2021, there is an additional listing in the USA.

The management report of Evotec SE and the Group management report have been combined in accordance with section 315 paragraph 5 German Commercial Code. The individual financial statements and the management report of Evotec SE combined with the Group management report for the financial year 2021 are published in the German Federal Gazette.

II. Accounting and measurement principles

The following predominantly unchanged accounting and measurement policies have been applied in the preparation of the individual financial statements.

In general, assets and liabilities **denoted in foreign currency** are translated using the spot rate prevailing at the balance sheet date.

Intangible assets and Property, plant and equipment are measured at cost of acquisition or production less straight-line depreciation or amortization over their useful lives. Respective assets are amortized/depreciated from the point in time they are available for use in operations.

Fixed assets are amortized/depreciated on a monthly basis. In case of an expected permanent impairment, an impairment loss is recognised to the attributable value.

Low value assets, which are purchased until 31 December 2018, are pooled and depreciated by 20% in the year of acquisition and in the following 4 years. After 2018, low value assets with a value up to EUR 800 are fully written down when purchased; their immediate disposal is assumed.

The useful lives are applied as follows:

	Years
Land, land rights and buildings	10-15
Technical equipment and machinery	5-10
Factory and office equipment	5-10
Intangible assets	2-10

Tenant fixtures are depreciated over the period of the lease contract at the most.

Financial assets are measured at cost of acquisition or in case of an expected permanent impairment at the lower value attributable to them. If the reasons for an impairment no longer exist, the impairment loss is reversed.

Inventories are measured at cost of acquisition or production less purchase price reductions, taking into account the lower of cost or market principle. The compound library is depreciated over 7 years.

Accounts receivable and other current assets are measured at nominal value or at lower value attributable. Individual risks are considered through specific bad debt allowances.

Other securities are measured at nominal value or in accordance with section 253 paragraph 4 German Commercial Code at the lower values resulting from exchange or market prices at financial year end.

Cash and cash equivalents are measured at a nominal value.

Subscribed capital is measured at nominal value.

Treasury shares are deducted from the subscribed capital in the amount of their nominal value. In the amount of treasury shares the Company recognized a reserve.

Provision for pension accruals and similar obligations have been estimated using the Projected Unit Credit-method with an interest rate of 1.87% p. a. (2020: 2.31% p. a.) and under consideration of Prof. Dr. Klaus Heubeck's reference tables ("Richttafeln") issued in July 2018. The interest rate is equivalent to an average market interest rate over the last ten years. According to section 253 paragraph 2 German Commercial Code, an average remaining term of

15 years was assumed. This interest rate is determined on the interest rates published by the Deutsche Bundesbank. Pension progression was considered at a rate of 1.5% (2020: 1.5%).

Other provisions and tax provisions make allowance for all risks and contingent liabilities that are identifiable with sound business judgement. Future increases in price and costs are also considered according to section 253 paragraph 1 German Commercial Code. According to section 253 paragraph 2 German Commercial Code, accruals with a maturity of more than one year are discounted using a discount rate, which is equivalent to a market interest rate over the last seven years.

The Company uses derivative financial instruments to hedge currency risks. These have no direct hedging relationships and are therefore free from valuation effects.

Liabilities are measured at the settlement amount.

Prepaid expenses and deferred income are expenses and income before the closing date as far as they represent expenses and income for a specified time after this date.

Future taxable temporary differences which lead to deferred tax liabilities between commercial law valuation of assets, liabilities and accrual and their taxable valuation or due to tax loss carry forward do not exist. Deferred tax assets, mainly consisting of losses carried forward, have not been capitalized according to section 274 paragraph 1 sentence 2 German Commercial Code.

III. Comments on the Balance Sheet

1. Intangible and tangible assets

The movement of fixed assets is presented on a gross basis in the fixed assets schedule (see page 6) and includes costs of acquisition and production and accumulated amortisation/depreciations.

2. Financial assets

As at the balance sheet date 31 December 2021, Evotec held equity investments in the following companies:

		Total equity	Share in the business	Overall result of the year
		k EUR	%	k EUR
1.	Evotec (Hamburg) GmbH, Hamburg*	*12,674*	100.00	-1
2.	Evotec International GmbH, Hamburg (mittelbar über 1.)	*-8,873*	100.00	5,740
3.	Evotec (UK) Ltd., Abingdon, UK	*47,197*	100.00	353
4.	Evotec (US) Inc., Princeton, USA*	*-19,077*	100.00	-1,051
5.	Just-Evotec Biologics Inc., Seattle, USA (mittelbar über 4.)*	*-10,847*	100.00	-13,396
6.	J.POD-Evotec Biologics Inc., Seattle, USA (mittelbar über 4.)*	*454*	100.00	-6,186
7.	Evotec (India) Private Limited, Maharashtra (Thane), Indien *,**	*-138*	100.00	6
8.	Evotec (München) GmbH, München*	*3,580*	100.00	359
9.	Evotec (France) SAS, Toulouse, Frankreich	*129,547*	100.00	24,706
10.	Evotec ID (Lyon) SAS, Marcy l'Étoile, Frankreich*	*30,669*	100.00	6,997
11.	Cyprotex PLC, Manchester, UK*	*5,792*	100.00	5,281
12.	Cyprotex Discovery Limited, Manchester, UK (mittelbar über 11.)*	*23,038*	100.00	4,457
13.	Cyprotex US LLC, Watertown, USA (mittelbar über 11.)*	*-3,054*	100.00	-643
14.	Aptuit Global LLC, Princeton, USA*	*32,155*	100.00	462
15.	Aptuit (Switzerland) AG i.L., Basel, Schweiz*,**	*19*	100.00	-57
16.	Aptuit (Potters Bar) Limited, Abingdon, UK*	*3,514*	100.00	343
17.	Aptuit (Verona) SRL, Verona, Italien (mittelbar über 14.)	*79,382*	100.00	16,736
18.	Aptuit (Oxford) Ltd., Abingdon, UK (mittelbar über 14.)*	*14,993*	100.00	5,656
19.	Evotec GT GmbH, Orth an der Donau, Österreich*	*-6,108*	100.00	-3,882
20.	Just-Evotec Biologics EU SAS, Toulouse, France*	*274*	100,00	-726
21.	Eternygen GmbH, Berlin*	*-4,682*	24.97	-3,432
22.	FSHD Unlimited Coorp, Leiden, Niederlande*	*5,514*	21.46	5,555
23.	Exscientia plc (former Exscientia Ltd., Oxford, UK*	*675,614*	11,70	-58,714

		Total equity	Share in the business	Overall result of the year
24.	Breakpoint Therapeutics GmbH, Hamburg*	*17,784*	34.61	-8,283
26.	Immunitas Therapeutics Inc., Waltham, USA*	*33,513*	5.86	-18,067
27.	Quantro Therapeutics GmbH, Wien, Österreich*	*1,623*	34.52	-2,309
30.	Leon Nanodrugs GmbH, München*	*4,658*	12.43	-3,843
31.	Autobahn Labs, Palo Alto, USA*	*6,596*	25.58	-3,524
32.	Celmatix Inc., New York, USA*	*-11,370*	23.75	-6,791
33.	Curexsys GmbH, Göttingen, Germany*	*5,995*	39.82	-6,958
34.	Dark Blue Therapeutics LTD, Oxford, UK*	*907*	17.11	604
35.	NephThera GmbH, Hamburg, Germany*	*7,498*	50.00	-5,769
36.	Pancella Inc, Toronto, Canada*	*5,704*	12.69	-585
37.	Ananke Therapeutics Inc, Boston, USA*	*10,007*	22.70	-2,308
38.	Topas Therapeutics GmbH, Hamburg, Germany*	*19,266*	22.14	-9,387
40.	Blacksmith Medicines Inc. San Diego, USA*	*-6,990*	15.10	-4,362
41.	Fibrocor LLP, Toronto, Canada*	*1,584*	16.26	-29
42.	Fibrocor Therapeutics Inc.,Toronto, Canada*	*2,127*	8.73	-896
43.	Forge Therapeutics, Inc., San Diego, USA*	*-1,438*	15.04	-243
45.	AgroBio SAS, Paris, France*	*8,318*	10.03	-1,654

* unaudited

** in liquidation

With regard to companies whose individual financial statements were set up in a foreign currency, the exchange rate on balance sheet date was used for equity and the average exchange rate of 2021 for the annual profit or loss statement.

In the financial year 2021, impairment losses of kEUR 10.518 (2020: kEUR 132) were recognised and relate to three investments as further delays in the respective lead programs lead to the failure of further financing rounds and consequently to a permanent impairment.

Evotec SE

Statement of changes in fixed assets for the fiscal year 2021

	Acquisition and production cost					Accumaleted amortization, depreciation and write-downs				Net book values	
	1 Jan 2021	Additions	Disposals	Reclassifications	31 Dec 2021	1 Jan 2021	Additions	Disposals	31 Dec 2021	31 Dec 2021	31 Dec 2020
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets											
1. Purchased franchise, industrial and similar rights, assets and licenses in such rights & assets	10.386.883,22	286.923,30	0,00	0,00	10.673.806,52	9.192.025,77	311.303,69	0,00	9.503.329,46	1.170.477,06	1.194.857,45
2. intangible assets	0,00	980.316,18	0,00	0,00	980.316,18	0,00	0,00	0,00	0,00	980.316,18	0,00
	10.386.883,22	1.267.239,48	0,00	0,00	11.654.122,70	9.192.025,77	311.303,69	0,00	9.503.329,46	2.150.793,24	1.194.857,45
II. Property, plant and equipment											
1. Land, land rights and buildings, including buildings on third-party land	4.197.899,28	15.189,32	0,00	102.749,59	4.315.838,19	2.625.553,57	434.566,42	0,00	3.060.119,99	1.255.718,20	1.572.345,71
2. Plant and maschinery	33.635.350,38	1.835.130,60	259.350,56	613.870,25	35.825.000,67	21.383.501,48	2.475.880,92	249.735,17	23.609.647,23	12.215.353,44	12.251.848,90
3. Other equipment, furniture and fixtures	6.050.208,72	793.247,48	0,00	1.518.105,56	8.361.561,76	4.889.791,39	1.164.848,97	0,00	6.054.640,36	2.306.921,40	1.160.417,33
4. Prepayments and assets under construction	1.315.392,83	1.437.060,89	0,00	-2.234.725,40	517.728,32	0,00	0,00	0,00	0,00	517.728,32	1.315.392,83
	45.198.851,21	4.080.628,29	259.350,56	0,00	49.020.128,94	28.898.846,44	4.075.296,31	249.735,17	32.724.407,58	16.295.721,36	16.300.004,77
III. Financial assets											
1. Shares in associated companies	344.974.657,06	1.000.001,00	0,00	0,00	345.974.658,06	10.751.846,99	0,00	0,00	10.751.846,99	335.222.811,07	334.222.810,07
2. Loans to affiliates	132.335.498,54	56.766.729,96	0,00	0,00	189.102.228,50	0,00	0,00	0,00	0,00	189.102.228,50	132.335.498,54
3. Investments	50.728.375,25	12.722.333,57	0,00	0,00	63.450.708,82	0,00	10.517.697,10	0,00	10.517.697,10	52.933.011,72	50.728.375,25
4. Other loans	1.814.929,51	587.834,32	0,00	0,00	2.402.763,83	0,00	0,00	0,00	0,00	2.402.763,83	1.814.929,51
									0,00		
	529.853.460,36	71.076.898,85	0,00	0,00	600.930.359,21	10.751.846,99	10.517.697,10	0,00	21.269.544,09	579.660.815,12	519.101.613,37
	585.439.194,79	75.444.450,44	259.350,56	0,00	660.624.294,67	48.842.719,20	14.904.297,10	249.735,17	63.497.281,13	598.107.329,72	536.596.475,59

4. Trade receivable and other assets

Trade receivables

As in the previous year, the accounts receivable are completely due within one year.

Accounts Receivables from affiliates

	Term of Maturity					
	< 1 year	> 1 year < 5 years	total	< 1 year	> 1 year < 5 years	total
	31.12.2021			31.12.2020		
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Evotec (India) Private Ltd.	63	250	313	311	0	311
Evotec International GmbH	8,371	32,500	40,871	4,165	18,180	22,345
Evotec (München) GmbH	95	2,188	2,282	0	2,188	2,188
Evotec (US) Inc.	6,443	902	7,345	4,245	0	4,245
Evotec UK Ltd.	334	0	334	91	0	91
Evotec France (SAS)	475	0	475	0	0	0
Evotec ID (Lyon) SAS	65	0	65	0	0	0
Evotec GT GmbH	178	6,500	6,678	95	3,000	3,095
Cyprotex Ltd.	265	539	804	21	3,499	3,520
Cyprotex Discovery Ltd.	0	0	0	0	0	0
Cyprotex LLC	192	0	192	0	0	0
Just- Evotec Biologics	691	4,415	5,106	211	4,075	4,286
JPod-Evotec Biologics	4,436	8,689	13,125	799	0	799
Aptuit (Verona) SRL	1,041	0	1,041	513	0	513
Aptuit Global LLC	401	2,928	3,329	254	2,703	2,957
Aptuit (Oxford) Ltd.	64	8,340	8,404	0	9,084	9,084
Aptuit (Switzerland) AG i.L.	0	0	0	4	0	4
Aptuit (Potters Bar) Ltd.	21	0	21	1	0	1
Just-Evotec Biologics EU SAS	0	9,000	9,000	0	0	0
	23,135	76,251	99,386	10,710	42,729	53,439

Accounts Receivables from affiliates include trade receivables of kEUR 20,615 (2020: kEUR 10,461) and receivables due to taxes of kEUR 2,520 (2020: kEUR 1,073) owed by Evotec International GmbH. The remaining kEUR 76,251 (2020: kEUR 41,905) include loans

which were granted by Evotec. Amounts owed by affiliates with a maturity of 5 or more years are presented within fixed assets in loans to affiliates.

Other assets

With the exception of deposits of kEUR 423 (2020: kEUR 423), the other assets have a remaining maturity of less than one year. Other assets include short term investments of kEUR 31,902.

Other assets also include sales tax receivables in the amount of kEUR 1,001, which will not legally arise before financial year closing date.

5. Other securities

The securities have maturities between 1 and 10 years. These shares serve as short-term liquidity reserve. They will not be used for permanent business operation purposes.

6. Equity

The share capital of the Company is classified into 176,608,195 shares with a par value of EUR 1.00 made out to bearer.

At financial year end, Evotec held 249,915 treasury shares with a nominal value of EUR 249,915.00. These are deducted from the subscribed capital pursuant to section 272 paragraph 1a German Commercial Code. As of 31 December 2021, these shares presented 0.14% of the share 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 4 and 15 November 2021, is authorised to increase the Company's share capital by up to € 21,417,436 in one or more tranches until 15 June 2026 by issuing new shares against cash or non-cash consideration. The remaining authorised capital amounted to EUR 21,417,436.00 or 21,417,436 shares as of 31 December 2021.

As of 31 December 2021, the conditional capital amounts to EUR 7,118,034.00 available with respect to the share performance plan 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). Consequently, the remaining conditional capital as of 31 December 2021 amounts to 37,077,323 shares.

As of 31 December 2021, the accumulated loss amounts to EUR 127,930,748.70.

The capital reserves rose due to issued capital and the exercised stock options to kEUR 903,625.

According to law, investors whose share of voting rights exceeds a specified threshold are obliged to notify the Company.

According to section 33 WpHG Evotec has received the following voting rights notifications in the expired financial year.

Date	Notifier	Triggering event	Threshold crossed or reached	Total amount of voting rights
06.01.2021	Morgan Stanley, Inc., Wilmington, Delaware, USA	Other reason	10%	12.42%
28.01.2021	Allianz Global Investors GmbH, Frankfurt, Deutschland	Acquisition/disposal of shares with voting rights	5%	4.94%
01.02.2021	DWS Investment GmbH, Frankfurt, Deutschland	Acquisition/disposal of shares with voting rights	3%	2.93%
03.02.2021	BlackRock, Inc., Wilmington, Delaware, USA	Acquisition/disposal of shares with voting rights	None	3.57%
03.02.2021	Morgan Stanley, Inc., Wilmington, Delaware, USA	Acquisition/disposal of shares with voting rights, other reason	None	10.82%
04.02.2021	Morgan Stanley, Inc., Wilmington, Delaware, USA	Acquisition/disposal of shares with voting rights, other reason	10%	6.61%
08.02.2021	Morgan Stanley, Inc., Wilmington, Delaware, USA	Acquisition/disposal of shares with voting rights, other reason	None	6.36%
09.02.2021	Morgan Stanley, Inc., Wilmington, Delaware, USA	Acquisition/disposal of shares with voting rights, acquisition/disposal of instruments	None	7.88%
23.02.2021	Morgan Stanley, Inc., Wilmington, Delaware, USA	Acquisition/disposal of shares with voting rights, other reason	5%	4.82%
08.04.2021	T. Rowe Price International Funds, Inc., Baltimore, Maryland, USA	Acquisition/disposal of shares with voting rights, acquisition/disposal of instruments	3%	3.69%

Date	Notifier	Triggering event	Threshold crossed or reached	Total amount of voting rights
13.04.2021	T. Rowe Price Group, Inc., Baltimore, Maryland, USA	Acquisition/disposal of shares with voting rights	None	10.53%
24.05.2021	T. Rowe Price Group, Inc., Baltimore, Maryland, USA	Acquisition/disposal of shares with voting rights	None	10.33%
31.05.2021	T. Rowe Price Group, Inc., Baltimore, Maryland, USA	Acquisition/disposal of shares with voting rights	None	10.24%
18.06.2021	T. Rowe Price Group, Inc., Baltimore, Maryland, USA	Acquisition/disposal of shares with voting rights	None	10.08%
23.06.2021	T. Rowe Price Group, Inc., Baltimore, Maryland, USA	Acquisition/disposal of shares with voting rights	10%	9.97%
26.07.2021	Impax Asset Management Group plc, London, UK	Acquisition/disposal of shares with voting rights	3%	3.02%
25.08.2021	Impax Asset Management Group plc, London, UK	Acquisition/disposal of shares with voting rights	3%	2.99%
05.11.2021	Roland Oetker	Change of breakdown of voting rights	5%	4.77%
11.11.2021	BlackRock, Inc., Wilmington, Delaware, USA	Acquisition/disposal of shares with voting rights	None	3.67%

7. Provisions for pensions and similar obligations

The difference according to section 253 paragraph 6 HGB amounts kEUR 11 and is subject to a restriction in profit distribution which is covered by disposable reserves.

8. Other provisions

	31.12.2021 TEUR	31.12.2020 TEUR
Outstanding invoices	4,916	2,045
Currency derivatives	4,347	3,845
Bonus	3,972	3,159
Indirect Tax	2,139	0
Unclaimed vacation	1,020	996
Interest derivatives	779	502
Overtime Hours	634	531
Supervisory board remuneration	475	475
Partial retirement	263	202
Others	1,164	177
	19,709	13,071

9. Liabilities

Liabilities to banks

As of 31 December 2021, the liabilities to banks amount to kEUR 354,300 (2020: kEUR 346,830). None of the loans are secured.

Maturity							
31.12.2021				31.12.2020			
< 1 year	1 to 5 years	> 5 years	total	< 1 year	1 to 5 years	> 5 years	total
kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
37,211	228,849	88,240	354,300	15,178	177,284	154,368	346,830

Liabilities to banks include a promissory note of kEUR 250,000 effective from 2019 on. This is Evotec SE's first promissory note, which was issued in June 2019. The bond has a fixed and variable interest rate, with an average interest rate of less than 1.5%. The promissory note is divided into four tranches, with terms of 3, 5, 7 and 10 years.

Trade payables

As in the previous year, all trade payable are due within one year.

Liabilities to affiliates

As of 31 December 2021, liabilities to affiliates predominantly include trade payables of kEUR 959 and tax payables of kEUR 84 (2020: kEUR 66). All of the liabilities to affiliates are due within one year.

Other Liabilities

As in the prior year, all other liabilities are due within one year.

IV. Comments on the Statement of Operations

1. Revenues

In 2021, revenues of kEUR 82,038 (2020: kEUR 78,489) from research and development services are recognised, thereof kEUR 67,111 (2020: kEUR 57,428) with affiliated companies.

The external revenues amounted to kEUR 14,927 (2020: kEUR 21,061) including revenues from milestones of kEUR 500 (2020: kEUR 2,000) and rental income of kEUR 180 (2020: kEUR 218).

Revenues with third parties can be spread based on customers' locations, in the following geographical regions:

	2021 kEUR	2020 kEUR
United States of America	13,202	17,069
Germany	1,162	3,646
Denmark	500	99
Rest of Europe	63	196
Rest of World	0	51
Total	14,927	21,061

2. Other operating income

	2021 kEUR	2020 kEUR
Currency gains	45,352	2,377
Subsidies	101	25
Income from reversal of accruals	389	955
Income from the reversal of a previously impaired loan	0	550
Others	183	486
	46,025	4,393

3. Other operating expenses

	2021 kEUR	2020 kEUR
Fees	27,639	0
Legal and consultancy expenses	10,061	4,249
Contingent loss	8,565	0
Losses from currency translation	5,522	22,302
Rental expenses including related costs	4,560	3,863
Expenses from the valuation of securities	3,614	35
Incidental wage costs	2,442	2,886
Royalty expense	2,429	1,980
IT consumables and software	2,235	1,497
Service and maintenance	2,233	1,834
Cost for services	1,221	668
Write-off bad debts	1,000	0
Recruiting costs	979	448
Cleaning expense	918	852
Marketing expense	708	186
Insurance	528	477
Reconstruction / moving expenses	526	1,564
Supervisory board remuneration	475	475
Bank fees	202	220
Others	4,246	4,140
	81,947	48,133

Other operating expenses include non-period expenses of kEUR 1,000, which relate to the write-off of receivables.

3. Write-downs of financial assets

Write-downs of financial assets amount to kEUR 10,518 € (2020: kEUR 132) and include impairment losses regarding three investments, as further delays in the respective lead programs lead to the failure of further financing rounds and consequently to a permanent impairment.

V. Other Information

Audit Fees

The audit fees 2021 solely relate to the audit company BDO AG, Wirtschaftsprüfungsgesellschaft.

Audit services in the amount of kEUR 700 relate to the audit of Evotec SE‘s Group financial statements as well as to the individual financial statements of Evotec SE. Furthermore, other services of kEUR 46 have been rendered regarding an analytical review of the interim announcement as of 30 September 2021 and a readiness check concerning the audit of the non-financial Group Report.

Transactions with affiliated companies

There are no transactions with affiliated companies, which are not made in usual accordance market terms.

Employee Information

The average number of people employed by the Company in 2021 was 578 (2020: 482). Thereof 185 employees serve in sales and administration functions (2020: 122). The remaining employees are mainly active in the scientific area.

Other financial obligations

The other financial obligations as of 31 December 2021 mainly relate to obligations from service contracts, rent and leasing and add up to kEUR 71,751. The total amount of all existing obligations for the period 2022 to 2026 is kEUR 26,703. The other obligations for later periods add up to kEUR 45,048.

Maturities							
31.12.2021				31.12.2020			
up to 1 year	1 to 5 years	> 5 Jahre	total	up to 1 year	1 to 5 years	> 5 Jahre	total
kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
5,611	21,092	45,048	71,751	6,025	20,432	51,389	77,846

The advantages of rent and leasing contracts stem from optimizing liquidity. Risks might arise from contract terms if the leased objects cannot completely be used. Currently, there are no indications for this. No special risks arising from leases are evident.

As part of the acquisition of the shares in the former DeveloGen (now Evotec International GmbH), the Company is obliged to make an earn-out payment as performance-related component of the purchase price to the former shareholders of the former DeveloGen, amounting to 30% of the net cash inflows which are based on certain licence and cooperation contracts of the former DeveloGen and received in future.

Furthermore, the Company agreed with some third parties of granting access to their technology and Know-how for Evotec's business or cooperation's. Based on these agreements, the Company is obligated to share the revenue with these third parties.

Evotec has signed a loan agreement with the European Investment Bank (EIB). In addition to fixed interest payments, the EIB will participate in potential future earnings from co-financed projects in the ten-year period from 1 January 2024 to 31 December 2033. The liability for performance-based remuneration had not yet arisen on the reporting date. As of December 31, 2021, there was no value to it.

Derivative financial instruments

	Nominal amount kEUR	Fair value kEUR	Book value kEUR	Balance sheet item
Interest rate transactions	93,250	-779	-779	Other Provisions
Currency transactions	294,990	4,347	4,347	Other Provisions

The interest rate transactions relate solely to interest rate swaps. The currency transactions comprise forward exchange contracts in USD and GBP.

A provision for contingent losses of kEUR 4,347 (2020: kEUR 3,845) was recognized for open positions.

The fair values were measured based on input factors that are not quoted prices, but which are observed for the asset or liability either directly (i.e. as a price) or indirectly (i.e. derived from prices).

Other Commitments

In order to mitigate the legal consequence of over-indebtedness of Evotec International GmbH Evotec issued a letter of comfort. The Company does not expect this liability to be claimed either, since the over-indebtedness materially relates to a loan liability in favour of Evotec.

Corporate Governance Code

Both the Management Board and the Supervisory Board have issued a statement in accordance with section 161 AktG, which has been made permanently available to all shareholders on the website https://www.evotec.com/de/investor-relations/governance.

Management Board

Dr Werner Lanthaler; Business Executive, Hamburg (Chief Executive Officer);

Enno Spillner, Business Executive, Hamburg (Chief Financial Officer);

Dr Cord Dohrmann; Biologist, Göttingen (Chief Scientific Officer);

Dr Craig Johnstone, Chemist, Castillon-Savès, France (Chief Operating Officer)

In the financial year 2021, the remuneration paid to the members of the Management Board totalled kEUR 3,247 (2020: kEUR 3,079) of which kEUR 1,319 (2020: kEUR 1,311) is a variable remuneration. In addition, the Management Board received kEUR 5,235 (2020: kEUR 1,752) from Share Performance Awards and Restricted Share Awards as a remuneration at fair value with long-term incentive effect.

Fixed remuneration includes base salaries, contributions to personal pension plans, insurance premiums 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 designed by the Remuneration Committee of the Supervisory Board. The Supervisory Board approved respective scheme.

In accordance with section 4.2.3 of the German Corporate Governance 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.

Furthermore, the Company has a Directors and Officers (D&O) insurance policy in place for the Management Board, the Supervisory Board, the executive management and the managers of subsidiary companies.

A pension obligation of kEUR 165 relates to a former manager of the former Evotec Biosystems GmbH, for which Evotec is the legal successor.

Dr Werner Lanthaler is Non-Executive Member of the Board of Directors and Chairman of the Audit Committee of arGEN-X, Breda, the Netherlands, Non-Executive Member of the Board of Directors of AC Immune SA, Lausanne.

Dr Cord Dohrmann is Member of the Supervisory Board of Eternygen GmbH, Berlin, and Member of the Supervisory Board of Breakpoint Therapeutics GmbH, Hamburg, Non-Executive Member of the Board of Directors of FSHD Unlimited Coorp, Leiden

Enno Spillner is Non-Executive Member of the Board of Directors, Chairman of the Audit Committee of Nanobiotix SA, Paris and Member of the Supervisory Board Leon Nanodrugs GmbH, München.

Supervisory Board

Prof Dr Iris Löw-Friedrich, Chief Medical Officer at UCB S.A., Brussel, Vice Chairperson of the Supervisory Board until June 2021; Chairperson of the Supervisory Board since June 2021;

Roland Sackers, CFO and Management Director of QIAGEN N.V., Vice Chairman of the Supervisory Board since June 2021;

Dr Mario Polywka, independent consultant; former Member of the Board

Dr Elaine Sullivan, independent consultant, Chief Executive Officer of Keltic Pharma Therapeutics,

Kasim Kutay, Chairman Novi Holdings A/S,

Dr Constanze Ulmer-Eilfort, Partner chancellery Peters, Schönberger & Partner, Member of the Supervisory Board since Juni 2021;

Prof. Dr Wolfgang Plischke, independent consultant, former Member of the Management Board of Bayer AG (until June 2021).

In 2021, the remuneration paid to the members of the Supervisory Board amounted to kEUR 481 (2020: kEUR 475). The members of the Supervisory Board were members of the following other Supervisory Boards, Committees and Bodies according to section 125 paragraph 1 sentence 5 AktG.

Prof. Dr. Iris Löw-Friedrich

Member of the Supervisory Board
Fresenius SE & Co. KGaA, Bad Homburg/GER
TransCelerate BioPharma Inc, King of Prussia/US

Member of the Board of Directors:
PhRMA Foundation, Washington DC/USA

Roland Sackers

Member of the Supervisory Board:
BIO Deutschland e.V., Berlin/GER

Dr. Mario Polywka

Member of the Board of Directors:
Forge Therapeutics Inc., San Diego/USA
Exscientia Ltd., Oxford/UK
Orb it Discovery Ltd., Oxford/UK

Dr. Elaine Sullivan

Non-Executive Member of the Board of Directors:
IP Group plc, London/UK
Active Biotech AB, Lund/S
Open Orphan, London/UK

Kasim Kutay

Member of the Supervisory Board:

Novo Nordisk A/S, Hellerup/DK
Novozymes A/S, Bagsvaerd/DK

Dr. Constanze Ulmer-Eilfort

Chairwomen of the advisory commitee:
S4DX GmbH, Munich/GER

Prof. Dr. Wolfgang Plischke
Member of the Supervisory Board:

Bayer AG; Leverkusen/ DE (since April 2021)

Subsequent events

Bayer informed Evotec at the beginning of February 2022 about its decision to discontinue the development of the investigational P2X3 receptor antagonist eliapixant (BAY1817080), which stems from a former Evotec/Bayer multi-target research alliance. As a consequence of Bayer's decision, Evotec regains the rights to all P2X3 assets on request. The Company will evaluate the underlying data as soon as they are made available and will evaluate all options.

With the Russia/Ukraine conflict, Evotec is facing since February 2022 high procurement risks in the short term due to increasing electricity and gas prices for entities purchasing gas and electricity on the Spot market. We also see a risk of increasing transportation costs due to higher transport times and on-charging of costs from our suppliers.

Other

The Company prepares mandatory Consolidated Financial Statements in accordance with section 315e paragraph 1 HGB, which will be published in the electronic German Federal Gazette ("Bundesanzeiger"). The Company prepares Consolidated Financial Statements for the largest and smallest group of companies.

Hamburg, 30 March 2022

Dr. Werner Lanthaler Dr. Cord Dohrmann Dr. Craig Johnstone Enno Spillner

Combined Management Report '21

Contents

The combined management report relates to the Evotec Group (Group management report) as well as to Evotec SE. The reporting period covers the period from 1 January 2021 to 31 December 2021. The presentation of the business development, the position and the forecast of key performance indicators relate to the Evotec Group, unless otherwise stated. Information which solely relates to Evotec SE is disclosed as such.

The Evotec Group

ORGANISATIONAL STRUCTURE AND BUSINESS ACTIVITIES

— GROUP STRUCTURE —

Evotec SE is the parent company of the Evotec Group and its place of incorporation is Hamburg. Founded in 1993, Evotec SE was converted in 2019 into an European stock corporation (Societas Europaea, SE). Since 10 November 1999, Evotec's shares have been listed on the regulated market of the Frankfurt Stock Exchange in the Segment Prime Standard and in the indices MDAX, TecDAX, Prime All Share, LTecDAX, and Technology All Share and CDAX.

At the beginning of November 2021, Evotec SE added an additional US listing at the NASDAQ in New York. The public offering included 10,000,000 ordinary shares of Evotec in the form of 20,000,000 American Depositary Shares ("ADS") and the exercised option of 2,995,000 additional shares at a price of $ 21.75 per ADS. This brought the total number of ADS issued to 22,995,000. Each ADS represented one-half of an ordinary share of Evotec SE.

Evotec's group structure reflects its strategic international positioning and activities. All consolidated subsidiaries are listed in Note (34d) of the Notes to the Consolidated Financial Statements.

In addition, the Evotec Group has further operating sites in Austria, Germany, France, Italy, United Kingdom and USA. By leveraging core competencies developed at its respective sites, the Group creates both operational and technological synergies by way of organic growth and strategic acquisitions.

MAJOR OPERATING ENTITIES*
as of 31 December 2021
* 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 OVERVIEW —

Evotec is an industry-leading drug discovery and development partner for the pharmaceutical and biotechnology industry. Its mission target is to discover in collaboration with its partners best and first-in-class medicines for a broad range of difficult to treat serious diseases in collaboration with its partners for which there are currently inadequate or no treatment options. To that end, Evotec has built a comprehensive suite of fully integrated, next generation technology platforms, which the Company believes will transform the way new drugs are discovered. By leveraging the advanced capabilities of its integrated platforms, Evotec is able to provide solutions to its partners that enable significant improvements in the quality of new drugs while accelerating the drug discovery process and reducing the high failure rates often associated with current drug discovery processes.

In order to address demand for more efficient, cheaper and better outcomes of early-stage drug discovery and development processes, Evotec offers its partners fully integrated drug discovery solutions. These comprehensive, fully integrated platforms include expertise and capabilities in deep learning and computational knowledge integration along the entire research and drug discovery value chain. Evotec provides services for all early research phases from conception to early clinical development using fully integrated drug discovery and development platforms. Part of these fully integrated solutions are platforms specifically designed for precision drug development as well as biomarker selection, human pharmacokinetics (PK). The Company achieves differentiated results by integrating these firmly-established research and development ("R&D") capabilities, cutting-edge proprietary technologies and the knowledge of its experienced scientists. Evotec's drug discovery therapeutic area expertise

and capabilities covers diabetes and its complications, fibrosis, infectious diseases, CNS diseases, oncology, pain and inflammation, immunology, rare diseases, respiratory diseases, and women's health.

With more than 4,000 employees, the Company leverages its technologies and platforms to develop precision medicines across multiple modalities, with the aim of ultimately making the right drug available to the right patient. Evotec's drug candidates can be created more affordably for as little as half the cost of current benchmarks for discovery through IND application than those currently generated by industry players, and up to 30% faster than existing benchmarks for discovery through IND application.

As of 31 December 2021, Evotec's work has resulted in 13 disclosed pipeline assets in clinical development, and over 110 pipeline assets in the discovery and preclinical phase. Moreover, the Company developed a broad multi-disciplinary network of collaborations including 800 partnerships across the pharmaceutical and biotechnology industry and academia.

Manufacturing

The Company currently operates two commercial manufacturing facilities, one of which is located in the United States (Redmond (WA), large molecules) and the other in Europe (Abingdon UK, small molecules). A third manufacturing facility (for large molecules) will be constructed in Toulouse, France.

Evotec has the capability to manufacture drug products to support the clinical development and commercialization of both its own and its partners' assets. The Company applies its machine learning and integrated technology platform J.DESIGN to the manufacturing aspect of its business to bring further value to its partnerships an d produce drug products in a cost-effective and efficient manner. Because Evotec utilizes J.DESIGN early in the drug discovery stage, by the time it reaches the manufacturing stage of any given program Evotec has already predicted and reduced the risk of most scaling problems that may occur. As a result, Evotec is able to deliver flexible, right-sized manufacturing at lower costs and with faster turnaround times, without sacrificing the quality of the products.

In order to enhance the Company's manufacturing capabilities further, Evotec opened its first J.POD®, a late-stage clinical and commercial manufacturing facility that uses single-use technology located in Redmond (WA), USA, in August 2021. Because the facility contains clinical and commercial processes, both can be operated at the same scale to facilitate seamless transfer and eliminate scale-up risk. The building has approximately 130,000 square feet and houses more than 200 employees at full capacity. The site, which will be able to produce on a large enough scale to meet most of Evotec's commercial needs in a single facility and will mainly supply markets in North America.

As global demand for flexible biologics capacity and for more affordable access to medicines increases, Evotec has started planning and construction of a second J.POD® facility in Toulouse, France. Europe is the second largest biologics market and Evotec assumes the COVID-19 pandemic will result in an increasing demand for local capacity and security of supply. The decision to set up this infrastructure at the Company's own site in Toulouse was a strategic one, as the Toulouse footprint creates operational efficiency and co-location with oncology and immunology expertise, adding further synergy with Evotec's strategic needs. The second J.POD® is expected to be completed by 2024.

Certain of the Company's operations are carried out under Good Manufacturing Practice ("GMP") and Good Laboratory Praxis ("GLP") regulations that are certified and periodically audited by regulatory agencies such as the FDA, MHRA, AISA and Evotec's customers.

The Evotec Innovation Hub: The "Data-driven R&D Autobahn to Cures"

Evotec's innovation hub, its fully integrated discovery and development platform, comprises the platforms set forth below, the integration of which Evotec believes will drive rapid progress and successful outcomes throughout the discovery and pre-clinical development phase, creating a "data-driven R&D Autobahn to Cures." Evotec believes that it is one of the leading companies in the application of artificial intelligence ("AI") and machine learning ("ML") technologies in drug discovery and drug development.

1. **EVO***iR&D* is Evotec's R&D platform, which the Company believes differentiates it from competition as one of the few organizations able to deliver fully integrated drug discovery and development to its partners.

   EVO*iR&D* possesses comprehensive capabilities across all stages of precision medicine discovery, from initial biological validation and target selection through to clinical trial planning, safety assessment and manufacturing. **EVO***iR&D* differentiates Evotec from its competition because it combines multimodality expertise, interdisciplinary integration (e.g. molecular design, chemistry, biology, pharmacology, ADME, toxicology, formulation development, API manufacturing, etc.) across the various stages of discovery and development and expert coordination of these processes led by highly qualified and experienced scientists. Furthermore, the application of AI, ML and model-building capabilities to predictive science in **EVO***iR&D* aims for improving discovery projects in terms of speed, cost and quality for partners.

2. **EVO***panOmics* and **EVO***panHunter* form a central component of Evotec's industrial scale AI, ML and precision medicine platforms. Evotec's **EVO***panOmics* platform generates genomics, transcriptomics, and proteomics and metabolomics data of highest quality on an industrial scale to profile and select promising new drug candidates based on comprehensive cell biological profiles. **EVO***panHunter*, Evotec's integrated data analytics platform, makes the Company's omics data available in a user-friendly manner. Users can freely interact with and combine data in a web-based system where results are available immediately and can be interpreted or used as input for subsequent steps. This rapid feedback is a crucial feature distinguishing **EVO***panHunter* from other similar tools.

   Evotec's AI, ML and precision medicine platforms are complemented by its proprietary induced pluripotent stem cell ("iPSC") technology platform, which utilizes patient-derived cell-based assays for disease modelling. iPSC cell assays are crucial to accurately modelling diseases based on the use of human tissue and represent therefore an alternative to animal models to profile drug candidates in the pre-clinical stage.

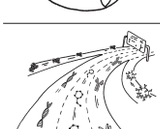
3. **EVO***access* is Evotec's disruptive and cost-effective approach to discover, develop and commercially manufacture biologic therapeutics. The Just – Evotec Biologics platform, **EVO***access*, utilizes proprietary AI and ML capabilities to accelerate the discovery and development of biologic drug candidates and to provide advanced manufacturing process control. Key advantages of **EVO***access* include broadening the scope of disease areas for biologic drug candidates driven by significantly higher yields and lower costs, accelerating growth of biosimilars given cost advantages

and making orphan diseases more amenable to biologics despite small addressable populations. The ultimate physical representation of this platform is Evotec's J.POD® facility. The J.POD® facility is the first of its kind, based on an industry-leading biologics manufacturing technology, with the first facility located in Redmond (WA), USA, which became operational in August 2021. J.POD® has already garnered significant interest from the pharmaceutical industry with partnerships in place with MSD, a Merck & Co. brand, ABL and Ology. In August 2020, the US Department of Defense awarded Just – Evotec Biologics an order for the development of a highly efficient manufacturing process for monoclonal antibodies against COVID-19, followed by a manufacturing agreement in January 2021.

4. **EVO***cells* is Evotec's cell therapy platform based on its proprietary and best-in-class iPSC technology. Evotec's iPSC platform focuses on developing off-the-shelf cell therapies with long-lasting efficacy like immune cells in oncology (e.g. NK, T cells and others), beta cells for diabetes, cardiomyocytes in heart repair, and retina cells in ophthalmology as well as iPSC-derived exosomes. Evotec's lead cell therapy candidate is a regenerative therapy for type 1 diabetes that is currently in preclinical development.

5. **EVO***genes* is Evotec's proprietary gene therapy platform. Evotec has a dedicated gene therapy site located in Austria with a team of experts that covers the full spectrum of services for end-to-end gene therapy development including capsids, regulatory sequences and production cell lines. Evotec's services include the design of state-of-the-art AAV vectors for a diverse set of therapeutic payloads, the generation of AAV material for research and non-clinical studies, *in vitro* and *in vivo* proof of concept studies for target validation including screening drug candidates.

BUILDING BLOCKS OF DATA DRIVEN R&D AUTOBAHN TO CURES

Evotec's integrated platforms			
	**R&D efficiency platforms**	Fully integrated AI/ML-driven drug discovery & development platforms	**EVO***iR&D*
	**Precision medicine platforms**	Industrial scale Omics and iPSC platform	**EVO***panOmics* & **EVO***panHunter*
	**Just – Evotec Biologics**	AI/ML powered disruptive biologics discovery and manufacturing platform	**EVO***access*
	**Multimodality drug design**	Small molecules, biologics, iPSC-based cell therapy, emerging gene therapy toolbox	**EVO***cells* & **EVO***genes*

Generation of revenues

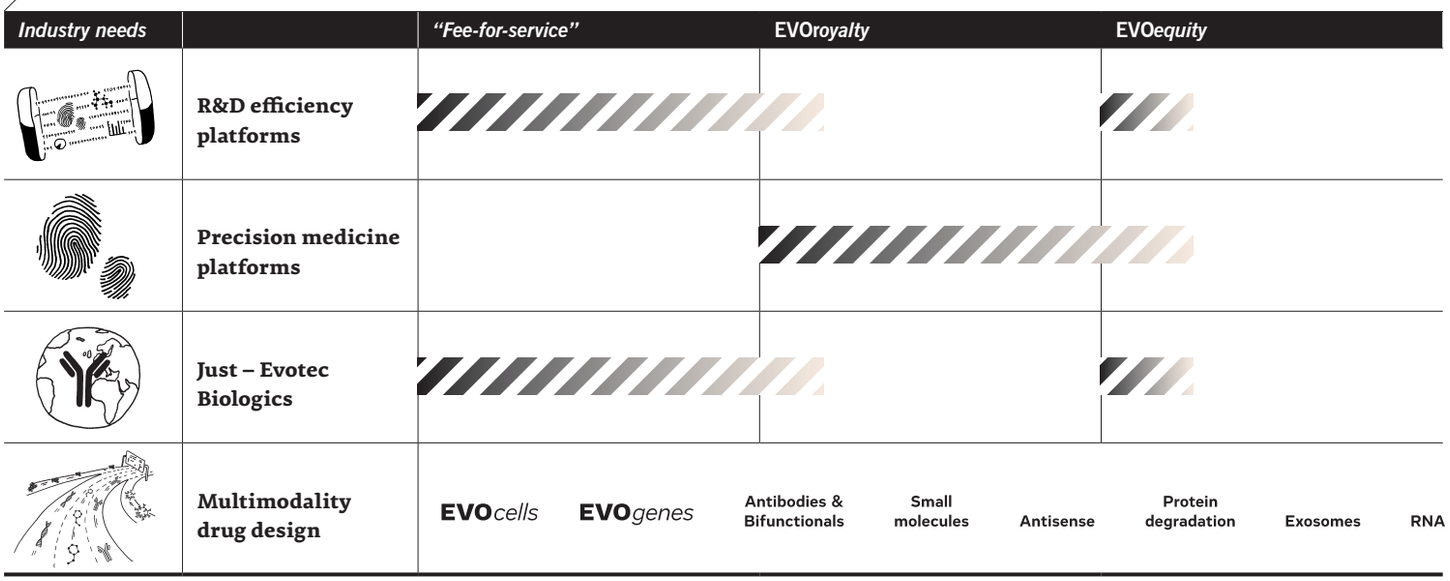
Evotec generates revenue through three core collaboration routes:

1. **"Fee-for-service":** Evotec provides stand-alone or fully integrated drug discovery and development solutions to its partners. The Company's solutions range across all modalities and from early target identification to manufacturing of compounds and commercial products. Well-defined work packages and integrated research programmes are typically provided and compensated at FTE-rates or on a "fee-for-service" basis and they are distinct in scope and nature. Typical examples of such services include, among others, high-throughput screening campaigns, Adsorption, Distribution, Metabolism, Excretion and Toxicity tests ("ADME-tox tests") and Active Pharmaceutical Ingredients ("API") manufacturing. The "fee-for-service" model applies as long as no intellectual property of Evotec is involved or no essential proprietary technology platforms are used. The partners' intellectual property rights therefore protect the resulting therapeutics.

2. **EVO***royalty:* Evotec leverages its proprietary technology platforms to develop new drug discovery projects, assets and platforms, both internally and through collaborations. Such projects allow the Company to create starting points for the development of strategic partnerships through its **EVO***royalty* collaboration model with leading pharmaceutical and biotechnology companies and academic institutions. These collaborations are typically based on **EVO***royalty* agreements with partners, which involve a combination of upfront payments, ongoing research payments (based on FTE-rates), and significant financial upside through milestones and royalties. These collaborations enable the sharing of cost and risk as Evotec's partners typically absorb the costs of clinical development and commercialization.

3. **EVO***equity:* Evotec makes equity investments in products, technology platforms and companies through which it obtains early access to innovation. Evotec facilitates the acceleration of innovation by providing capital as well as access to its technology platforms, expertise and network. The Company sees significant potential for value creation from **EVO***equity* over the coming years from new partnerships, clinical successes and positive commercial developments of portfolio companies. Evotec expects to realize returns on investments both from successful exits from its portfolio companies (e.g. trade sale, M&A or IPO) and fee-for-service and FTE-rate based revenues with its portfolio companies. As of December 31, 2021, Evotec had 24 investments with 89 active projects in its **EVO***equity* pipeline.

EVOTEC'S OFFERING BY PLATFORM AND CORE COLLABORATION ROUTE



— OPERATING SEGMENTS —

Evotec reports the results of its work and collaboration through two operating segments:

EVT Execute

EVT Execute primarily includes fee-for-service and FTE-rate based arrangements where Evotec's customers own the intellectual property. EVT Execute accounted for 76% of the Company's revenues as of 31 December 2021 (31 December 2020: 79%).

EVT Innovate

EVT Innovate includes Evotec's internal R&D activities as well as services and partnerships that originate from these R&D activities. In addition to FTE-based revenues, Evotec generates revenues from milestones and royalties on its pipeline assets. Strategic partnerships under the roof of **EVO***royalty* collaborations are typically recognised in the EVT Innovate segment. EVT Innovate accounted for 24% of the Company's revenues from third parties as of 31 December 2021 (31 December 2020: 21%).

Revenue generated through each of Evotec's collaboration arrangements may contribute to either the EVT Execute or EVT Innovate segment, depending on the nature of the contract with Evotec's customer, the ownership of the intellectual property and the stage of the project. Evotec believes its partnership model is unique and allows the Company to balance and diversify the risks associated with drug discovery.

Broad pipeline of development

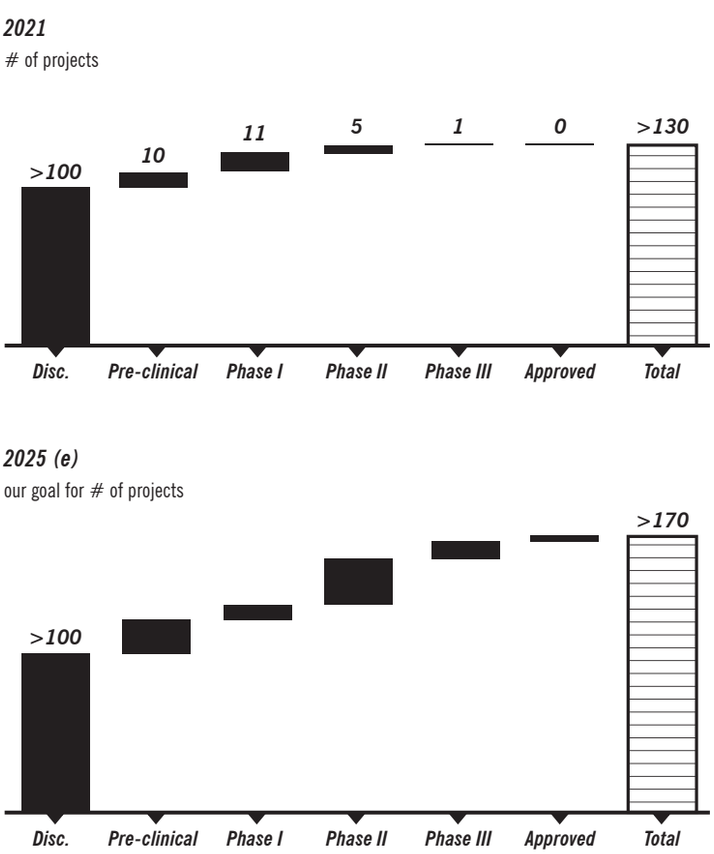
Evotec is convinced that its product pipeline is one of the broadest and deepest in the industry. Since 2015, the number of the Company's assets has more than doubled to more than 130 with 13 disclosed assets in clinical development and another four that have not been disclosed by Evotec's partners as of 31 December 2021. Of the clinical assets, one is in Phase III, five are in Phase II and eleven are in Phase I. Among Evotec's pool of eleven Phase I assets, there are three planned indication extensions, each in a different therapy area. Evotec's pipeline includes candidates that are wholly owned and those for which Evotec has the right to receive royalty or milestone payments.

For candidates for which Evotec has the right to receive royalty or milestone payments, in most cases the Company will have initially developed them and subsequently licensed or assigned to partners for continued pre-clinical and clinical development. They also include candidates that have been initially developed by Evotec's partners and that have become the subject of a joint research project pursuant to which Evotec is eligible for royalty or milestone payments. Evotec does not count among its pipeline those candidates that are being developed by partners in whom Evotec has solely an equity stake through **EVO***equity* and no right to milestone or royalty payments with respect to their candidates in development.

Beyond therapeutic areas, Evotec has also successfully expanded its pipeline across multiple modalities. In 2015, the Company's therapeutic assets were

exclusively small molecules. In contrast, in 2021, more than 10 assets were derived from cell and gene therapy, more than 20 from biologics, more than 90 from small molecules and more than 10 were early-stage projects where several modalities are being investigated. Evotec expects the relative share of **EVO***royalty* revenues as a percentage of total revenue to increase as the Company's **EVO***royalty* pipeline matures and as the revenue mix within **EVO***access* and **EVO***genes* increasingly includes success-based components.

EVOLUTION OF TOTAL NUMBER OF PROJECTS WITHIN EVO*royalty*



CORPORATE OBJECTIVES AND STRATEGY

— EVOTEC'S GROWTH STRATEGY —

Evotec's growth strategy aims to address the entirety of the R&D continuum by tackling the broadest range of disease areas utilizing a modality-agnostic approach. Evotec believes it has built one of the most efficient integrated drug discovery, development and manufacturing infrastructures, which generates the highest quality results in the fastest and most cost-efficient way. In addition, by leveraging the value of its platforms and sharing intellectual property through **EVO***royalty* and **EVO***equity*, Evotec seeks to de-risk its portfolio through the breadth and diversity of pipeline assets. The Company aims to have over 170 pipeline assets by the end of 2025, with its first royalties to be received in 2025.

Evotec's strategies include:

▸ *Establishing Evotec as a best-in-class, integrated precision medicine platform:* Evotec is an industry-leading drug discovery and development partner for the pharmaceutical and biotechnology industry. The Company's proprietary platforms aim to integrate traditional R&D capabilities with cutting-edge data analytics to deliver potentially best-in-class and first-in-class therapeutics that are designed to be patient-relevant, disease-modifying and have curative potential. Evotec strives to be at the forefront of the ongoing paradigm shift towards precision medicine as its innovation hub allows for competitive predictive capabilities, provides better starting points for clinical research, and potentially increases the likelihood of success in clinical trials. Evotec has built its innovation hub and modality-agnostic expertise to position itself as the 'partner of choice' for companies of all sizes in the biopharma universe and fuel the Company's growth in the long-term.

▸ *Strengthening Evotec's position as the premier service provider to the life sciences sector:* In the past, Evotec has excelled in delivering drug discovery and development solutions. Evotec's current offering and capabilities stretch significantly beyond traditional contract research and development and potentially hold the key to disruptive innovation in the life sciences sector. The Company's growth as a service provider is underpinned by the high quality delivered in the past and by the current breadth of Evotec's capabilities across modalities, technologies and data integrated R&D efforts. Evotec's two-pronged growth strategy includes adding new customers and increasing the scope of work for existing customers.

▸ *Expanding the breadth of assets within* **EVO***royalty***:** To-date Evotec has built a pipeline of more than 130 assets, of which a significant share is partnered. The Company expects its pipeline assets to provide a significant stream of milestones and royalties without direct exposure to trial costs. Evotec expects its cutting-edge key platforms (**EVO***panOmics,* **EVO***panHunter,* iPSC-based drug screening platform, **EVO***cells* and **EVO***genes*) ranging across four modalities to generate additional novel drug development candidates at a rapid pace. In order to find the right partner for each of these emerging assets and platforms Evotec leverages its unique relationships with over 800 partners globally to ensure optimal development of its pipeline.

▸ *Continuing to disrupt the biologics ecosystem through* **EVO***access***:** Since the acquisition of Just–Evotec Biologics in 2019, Evotec has witnessed increasing demand for its disruptive, flexible and cost-effective method of biologics discovery and development. Evotec believes it is well positioned to meaningfully affect the over $ 100 bn market for therapeutic antibodies and drive this market in a new direction. Evotec's first J.POD® manufacturing facility located in Redmond (WA), USA, became operational in August 2021. Evotec has significant agreements in place for its first J.POD® facility even before the completion of construction work, indicative of robust demand from existing and new partners and thus strengthening its belief in this platform. Evotec believes that Just–Evotec Biologics will position the Company to establish significant integrated long-term partnerships with the potential to generate milestones and royalties. Evotec intends to expand its **EVO***access* footprint including the construction of a second J.POD® facility in Toulouse, France.

▸ *Identifying risk-balanced, high-reward opportunities through* **EVO***equity:* With **EVO***equity* Evotec's ambition is to benefit from scientifically and commercially exciting R&D endeavours that are complementary to the Company's R&D capabilities. As of December 31, 2021, Evotec held 24

investments and has seen significant scientific, strategic, financial and corporate progress on many of these projects. Evotec continues to evaluate closely potential opportunities with a favorable risk-reward profile on an ongoing basis to expand the Company's ecosystem.

▸ *Leveraging the synergies between Evotec's businesses:* Evotec's technology platforms and core collaboration routes have a highly symbiotic relationship. The Company is focused on fully integrating all of its technologies, services, and enabling seamless cross-fertilization of knowledge and best practices. Evotec's expanding molecular databases built up through **EVO***panOmics* and analytical capabilities through **EVO***panHunter* ensure that its AI and ML capabilities are constantly advancing. Higher quality data and analytical capabilities have the cascading effect of enhancing the quality of innovation in **EVO***iR&D,* **EVO***access,* **EVO***cells* and **EVO***genes.*

— EVOTEC'S SOLUTION — PROVIDING WHAT THE INDUSTRY REALLY NEEDS

In contrast to the development cost, which increased from $ 1,296 m in 2013 to $ 2,006 m in 2021 for the benchmark of top 15 pharma and biotech companies, the average global peak sales per drug in the last decade declined by more than 30% from $ 520 m per drug in 2013 to expected $ 355 m in 2021, adjusted for the special effect of COVID-19 vaccine sales. In line with this trend, commercial returns as measured by internal rate of return (IRR) have decreased by 58% – from 6.5% in 2013 to 3.2% in 2021 (adjusted for the special COVID-19 effect). Global R&D spend grew by 53%, from $ 139 bn in 2013 to $ 212 bn in 2021.

Evotec believes the existing capital-inefficient R&D model with its fully integrated, pharma-like value chains is no longer sustainable and, most importantly, in many aspects no longer competitive especially when it comes to execution speed of novel ideas. Evotec strives to make Evotec's "Data-driven R&D Autobahn to Cures" the ideal innovation hub for its partners and provide them with the necessary toolkit to carry out cutting-edge research. Evotec delivers critical solutions such as enhanced speed to the clinic, better prediction of clinical efficacy and reduced manufacturing costs. Evotec is able to deliver these critical solutions through a combination of:

▸ Leadership in data generation, data analytics and AI/ML-supported efficacy and safety prediction

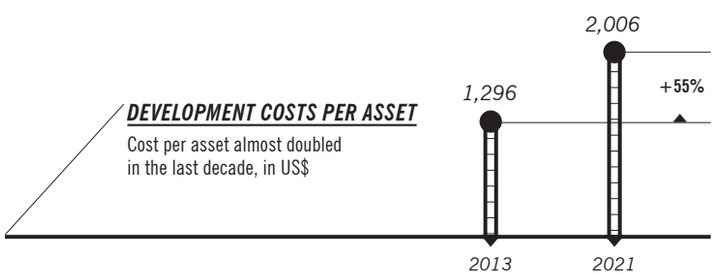
▸ Biology driven scientific disease insights that drive Evotec's R&D efforts

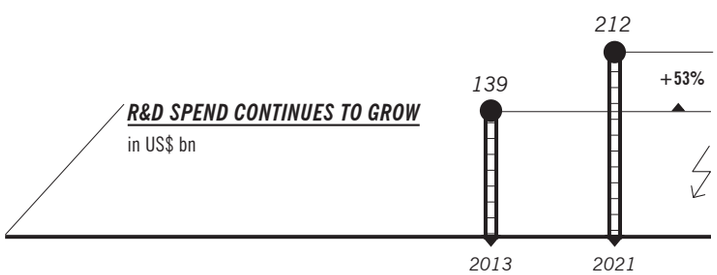
▸ Modality-agnostic expertise (small molecule, biologics, gene therapy, cell therapy among others) that helps to make the drugs of Evotec's partners precise, affordable and more accessible

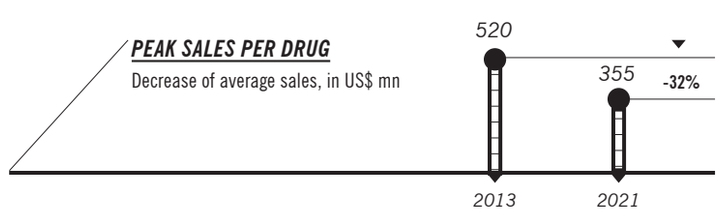
Evotec believes that the future of drug discovery and development requires the integration of different disciplines and approaches to generate treatments that are patient-relevant, disease modifying and have curative potential. Evotec's proprietary discovery and development platforms leverage data, operational efficiencies and technological capabilities with the goal of driving rapid progress and successful outcomes in the early stages of the R&D process. Evotec also applies **EVO***panHunter* to its novel molecular patient databases and disease models to generate and analyze data.

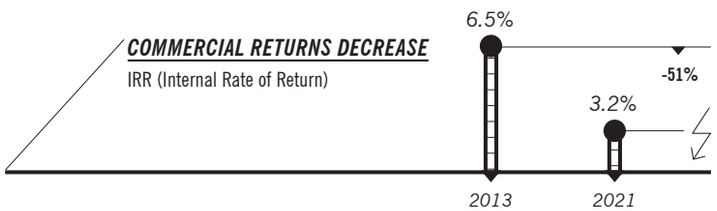
The key criterion for Evotec's decision-making is patient-relevant data, which Evotec thinks facilitates a very stringent project prioritization cascade. Evotec is able to generate disease profiles at a large scale, providing a significant foundation of knowledge on which to base disease modeling and other drug discovery efforts.

Evotec's suite of platforms is a synergistic system – the centre-piece is the high performance integrated R&D infrastructure (**EVO***iR&D*), enhanced even further with advanced platforms for improved prediction and probability of success, as exemplified by **EVO***panOmics*, **EVO***panHunter* and the iPSC drug discovery platform. These central platforms are applicable to all modalities – including **EVO***access*, **EVO***cells* and **EVO***genes*. Evotec's innovation hub creates value through three core collaboration routes – fee-for-service model, **EVO***royalty* and **EVO***equity.*

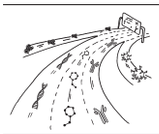








OVERVIEW OF CAPABILITIES AND EXPERTISE IN EVOTEC'S INNOVATION HUB

Industry needs		*Capabilities & expertise (illustrative)*
	**R&D efficiency platforms**	Target ID & validation · Hit identification · Lead optimisation · Sample management · Chemistry · DMPK & ADME-Tox · Research informatics · Bio Reagents · *In vitro* biology · *In vivo* Pharmacology · Biomarker discovery · Antibody discovery · INDiGO · Integrated CMC · Integrated pre-clinical development · Clinical development solution
	**Precision medicine platforms**	EVO*panOmics* · EVO*panHunter* · iPSC Drug Discovery · ScreenSeq TRANSCRIPTOMICS · ScreenPep PROTEOMICS · J.HAL℠ AI DESIGNED mAb LIBRARY
	**Just – Evotec Biologics**	J.DISCOVERY™ MOLECULE DISCOVERY · J.HAL℠ AI DESIGNED mAb LIBRARY · J.MD™ MOLECULE DESIGN · JP3® PROCESS & PRODUCT DESIGN · J.POD® MANUFACTURING DESIGN
	**Multimodality drug design**	EVO*cells* · EVO*genes* · Antibodies & Bifunctionals · Small molecules · Antisense · Protein degradation · Exosomes · RNA

EVOTEC'S CORPORATE OBJECTIVES AND ACHIEVEMENTS 2021

The table below shows the Company's specific non-financial targets for 2021 as well as milestone achievements:

	SPECIFIC TARGETS FOR 2021	*MAJOR ACHIEVEMENTS IN 2021 (SELECTION)*
EVT EXECUTE	▶ Expansion of existing and conclusion of new integrated service alliances	▶ New and extended partnerships and alliances, e.g. with Abivax Annexon, Awakn, 1st Biotherapeutics, BMS, EQRx, Interline, Related Sciences, Takeda, The Mark Foundation ▶ Continuation of DOD's collaboration with Just – Evotec Biologics ▶ New development collaborations and INDiGO contracts signed (e.g. Riboscience, Step Pharma, ...)
	▶ Introduction and acceleration of AI/ML offerings across all modalities	▶ Introduction of J.HAL℠ platform
	▶ J.POD® Redmond (WA), USA to be put into operation	▶ Start of operations of the J.POD® production facility in Redmond (WA), USA in August 2021
EVT INNOVATE	▶ Acceleration of cell therapy initiatives	▶ New iPSC multi-year partnership with the Medical Center Hamburg Eppendorf ("UKE") ▶ Bristol Myers Squibb opt-in of EVT8683 as the first programme from iPSC-based neurodegeneration collaboration with Evotec
	▶ New co-owned R&D partnerships based on own R&D and the use of Evotec's proprietary platforms	▶ Initiation of new alliances and strategic collaborations, e.g. with Kazia Therapeutics ▶ Strategic collaboration with Chinook to discover and develop novel precision medicines for chronic kidney diseases ▶ Strategic RNA targeting drug discovery and development alliance with Takeda
	▶ Initiation of new clinical trials and progress in the co-owned pipeline	▶ EVT894 entering clinical stage development (ChikV) ▶ Start of Phase I Immuno-oncology project A2a receptor antagonist (Exscientia) ▶ Positive Phase IIb results in refractory chronic cough with eliapixant (BAY1817080) (studies stopped and rights handed back to Evotec in February 2022)
	▶ Achievement of success-based milestones	▶ Milestone payments of € 49.5 m received in 2021 (BMS, Takeda)
CORPORATE	▶ Equity investments and initiation of new BRIDGEs	▶ Investment in OxVax, a new immuno-oncology company based on research from Oxford University ▶ Participation in the successful extension of Series B financing round of Topas Therapeutics, Celmatix ▶ CureXsys seed financing € 8 m ▶ Successful IPO of Evotec's partner Exscientia at NASDAQ ▶ Initiation of three academic BRIDGE partnerships: beLAB2122, beLAB1407, Danube Labs

The company's objectives for 2022 can be found in the "Business direction and strategy" section of the "Outlook" chapter of this combined Management Report.

PERFORMANCE MEASUREMENT

— FINANCIAL PERFORMANCE INDICATORS —

The Management Board has committed to the following financial objectives: continued revenue growth, progressing R&D innovation, and increasing profitability. 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 financial performance indicators such as revenues, unpartnered R&D expenses and Adjusted Group EBITDA.

In addition, management thoroughly analyses costs (cost of sales, research and development expenses, selling and administrative expenses). Liquidity levels are monitored in comparison with the forecast and against defined minimum cash levels. 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 working capital. Investing activities like capital expenditure on maintenance and expansion and funding of Evotec's equity portfolio are compared against 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 rate and interest 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 —

Evotec reviews a number of key performance metrics and non-IFRS measures to assess the progress of its business, make decisions about where to allocate time and investments and assess the near-term and longer-term performance of its business. The measures set forth below should be considered in addition to, not as a substitute for or in isolation from, Evotec's financial results prepared in accordance with IFRS. The following table sets forth these metrics as of and for the period 2017–2021.

KEY FINANCIAL PERFORMANCE INDICATORS

in k€

	2017[1)]	*2018*[2)]	*2019*[2)]	*2020*[2)]	***2021***
Revenues	263,765	375,405	446,437	500,924	**618,034**
Unpartnered R&D expenses[3)]	(17,614)	(22,824)	(37,477)	(46,441)	**(58,117)**
Adjusted Group EBITDA[4)]	57,360	95,649	123,256	106,654	**107,270**

[1)] 2017 restated for IFRS 15 and IAS 19

[2)] 2018 - 2020 restated for IAS 19

[3)] R&D expenses funded by Evotec

[4)] Adjusted for changes in contingent considerations

Revenues

Revenues consist mainly of service fees and FTE-based research payments.

Evotec maintains a large portfolio of partnered pipeline assets generating revenues from upfront and milestone payments as well as a number of unpartnered pipeline assets that Evotec is progressing for future partnering. Evotec expects the relative share of revenues from milestones and royalties as a percentage of total revenue to increase as its pipeline matures over time.

Unpartnered R&D Expenses

Evotec's R&D expenses comprise expenses incurred in connection with its in-house discovery platforms and developing new unpartnered pipeline assets as well as overhead expenses for both the Company's partnered and unpartnered R&D projects.

The Company receives grants and funding from government authorities as well as private foundations for the support of some selected R&D projects. These grants are linked to projects and are recognized as a reduction mainly of R&D expenses when they are received.

Evotec expects R&D expenses to increase continuously for the near future as its current pipeline progresses and the Company develops new pipeline assets.

Adjusted Group EBITDA

EBITDA is defined as net income (loss) adjusted for interest, taxes, depreciation and amortisation, impairments of goodwill and other intangible and tangible assets, total non-operating results and change in contingent consideration (earn-out-liabilities).

Adjusted Group EBITDA is a non-IFRS measure presented as a supplemental measure of Evotec's performance. Adjusted Group EBITDA should not be considered as an alternative to net income as a measure of financial performance. Adjusted Group EBITDA is presented because it is a key metric used by the Evotec Management Board to assess the Company's financial performance. Management believes Adjusted Group EBITDA is an appropriate measure of operating performance because it eliminates the impact of expenses that do not relate directly to the performance of the underlying business.

A reconciliation of Adjusted Group EBITDA with the operating result can be found in the "Results of operations" chapter of this combined Management Report. The Company's 2021 performance compared with planned figures can be found in the "Comparison of 2021 financial results with forecast".

— 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, such as the number of customers, the number of customers who contributed more than € 1 m to revenues, the repeat business and pipeline progress.

Number of Customers

The number of Evotec's customer alliances has expanded significantly in recent years, providing further validation of the Company's services provided. During 2021, 337 new customers were added compared with 315 in 2020 and 283 in 2019, an increase of 7% and 11% year-on-year. An entity with multiple subsidiaries, segments, or divisions is defined and counted as one single customer, even if the Company has separate agreements with multiple subsidiaries, segments, or divisions that are part of the same entity.

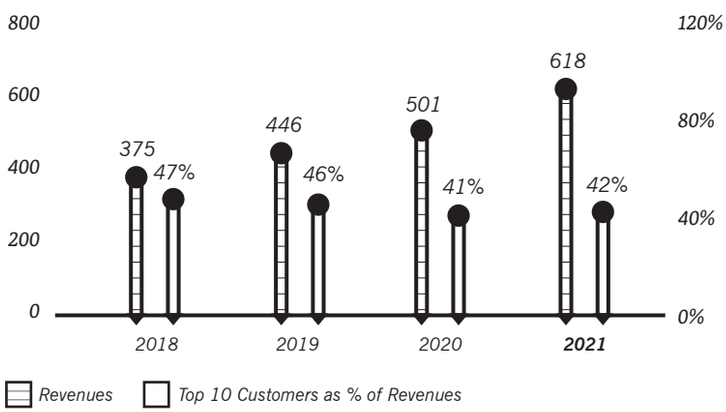
Number of customers who contributed more than € 1 m to revenue

The number of customer alliances that generate revenues of more than € 1.0 m per year has continued to rise and reached 97 in 2021 (2020: 86), or 12% and 10% of total customers in the last two years, pointing to increasing entrenchment with each customer.

Evotec's largest customers by revenues, Bristol Meyer Squibb ("BMS"), Merck and Sanofi, collectively accounted for 25% of revenues in 2021. In 2020, also BMS, Merck and Sanofi were Evotec's largest customers by revenue, together contributing 24% to revenues. Other than BMS, no single customer contributed more than 10% of group revenues.

In addition, Evotec's customer and revenue base have become more diversified over the last three years as revenues have grown significantly. The top 10 customers' contribution to total revenues has increased from 41% in 2020 to 42% in 2021, pointing towards a steady decrease in revenue concentration among top customers.

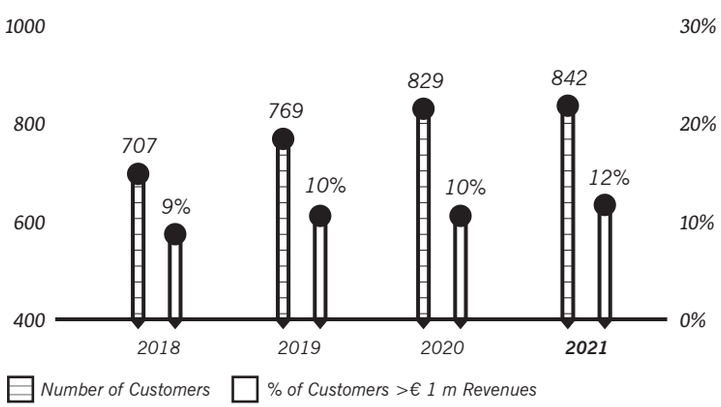
REDUCTION OF CUSTOMER CONCENTRATION



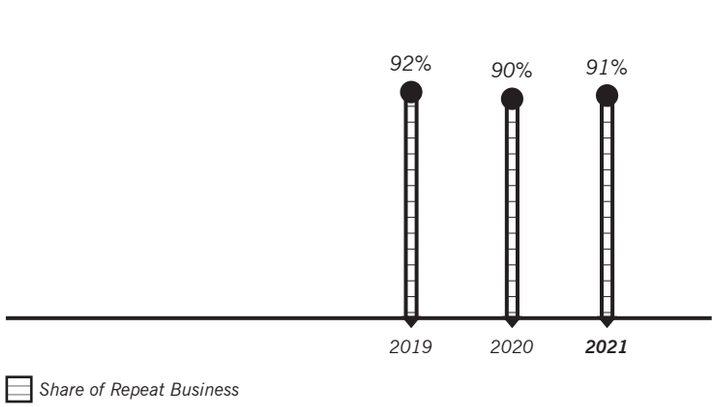
Repeat Business

Evotec has demonstrated solid customer retention rates, as defined by the percentage of revenues from customers that Evotec had a relationship with in the prior year, with 90% or above in each of the last three years. The Company reviews its repeat business on a yearly basis. Repeat business was 91% in 2021 and 90% in 2020, respectively. Evotec believes that its significant amount of repeat business is primarily due to the ability to achieve success and high satisfaction of its partners and customers. The extent to which Evotec generates repeat business from its customers will be an important factor in the Company's continued revenue growth.

CUSTOMER EVOLUTION AND CONTRIBUTION



SHARE OF ANNUAL REPEAT BUSINESS



Pipeline development: 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 non-financial 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 royalty payments, without having to make its own investments or expenditures after handover to the partner.

Compared with 2020, some new pipeline assets could be added to the list of drug candidates in clinical trials: EVT8683 (a small molecule targeting a key cellular stress response that holds great promise in neurodegenerative indications) developed in cooperation with BMS, entered clinical Phase I. In January 2021, EVT894, a monoclonal antibody to treat and potentially prevent chikungunya virus infections, entered Phase I of clinical development. The immuno-oncology project A2a receptor antagonist in cooperation with Exscientia reached Phase I. Also, Evotec's oncology agent EVT801 developed in cooperation with Kazia Therapeutics entered clinical development.

Furthermore, in autumn 2021 Bayer's drug candidate eliapixant (BAY1817080) showed positive phase IIb results in refractory chronic cough. At the beginning of February 2022 Bayer informed Evotec about its decision to discontinue the development of the investigational P2X3 receptor antagonist eliapixant (BAY1817080). Following a review of the available data, Bayer concluded that the overall benefit no longer outweighs the risk in the actively pursued indications. As a consequence of Bayer's decision, Evotec regains the rights to all P2X3 assets. The Company will evaluate the underlying data as soon as they are made available and will evaluate all options.

PIPELINE OF DRUG CANDIDATES IN ADVANCED STAGES OF DEVELOPMENT AS OF 31 DECEMBER 2021

Molecule	*Treatment area/indication*	*Partner*	*End of December 2021*
EVT201	CNS – Insomnia (GABA-A)	JingXin	Phase III
ELIAPIXANT (BAY1817080)*	Chronic cough (P2X3)	Bayer	Phase IIb
ELIAPIXANT (BAY1817080)*	Overactive bladder (P2X3)	Bayer	Phase II
ELIAPIXANT (BAY1817080)*	Endometriosis (P2X3)	Bayer	Phase II
ELIAPIXANT (BAY1817080)*	Neuropathic pain (P2X3)	Bayer	Phase II
CT7001	Oncological diseases (CDK7)	Carrick Therapeutics	Phase II
EVT401	Immunological & imflammatory diseases (P2X7)	CONBA Group	End of Phase I
BAYXXX	Gynaecological diseases	Bayer	End of Phase I
BAY2328065	Gynaecological diseases	Bayer	End of Phase I
BI 860585	Oncological diseases (mTORC1/2)	Boehringer Ingelheim, XYNOMIC Pharmaceuticals	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/Centrexion	Phase I
EVT894	Chikungunya (antibodies)	Sanofi/NIH	Phase I
EXS21546	Oncological diseases (A2a)	Exscientia	Phase I
EVT801	Oncological diseases (VEGFR3)	Kazia Therapeutics	Phase I
EVT8683	Neurodegenerations (elF2b)	Bristol Myers Squibb	Phase I

** At the beginning of February 2022 Bayer decided to discontinue the development of eliapixant (BAY1817080).*

— 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 R&D:* 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 of this combined 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 future revenues 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 R&D. Evotec's business segment EVT Innovate distinguishes between partnered and unpartnered R&D: Partnered R&D is where Evotec bears the expenses and is refunded by its partners. Unpartnered R&D is conducted at Evotec's own expense, and if successful, Evotec collaborates or licenses out such projects directly. Unpartnered R&D projects represent the starting points for future revenue and high-potential strategic partnerships as well as spin-outs in which Evotec holds very significant equity stakes and revenue potential.

— UNPARTNERED R&D —

By investing in the discovery and development of proprietary assets and platforms, Evotec builds a long-term pipeline of first-in-class or best-in-class assets and/or unique proprietary platforms. Unpartnered R&D projects are carefully selected to either deliver high-potential, first-in-class drug candidates in indications of high-unmet medical need or highly differentiated platforms that enable enable strategic deals with significant upside. The goal is to use these assets and platforms to build strategic partnerships with pharma, biotech or spin-out companies that deliver not only revenues but significant financial upside.

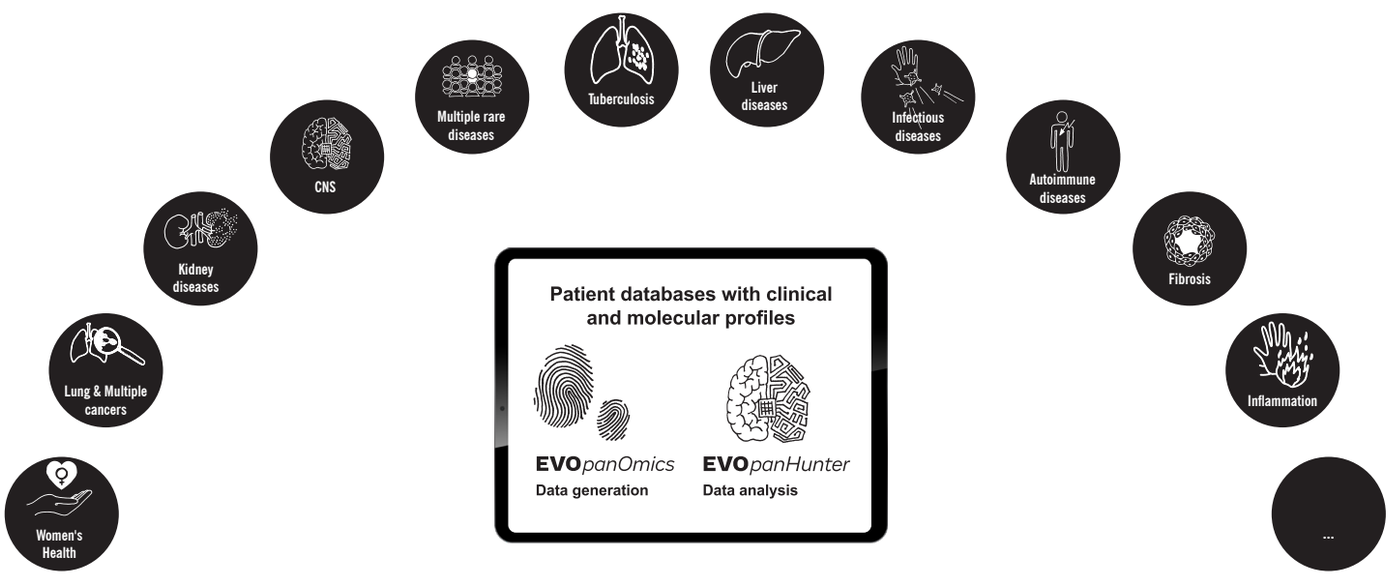
The Company's proprietary pre-clinical and clinical co-owned pipeline has thereby more than doubled from 49 projects in various stages in 2015 to more than 130 in 2021. Overall, Evotec initiated more than 200 R&D projects in this period and kept its innovation rate at a level that more than compensated 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 **EVO***panHunter* as well as its machine-learning humanoid antibody library (J.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 is currently pursuing 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.

— PARTNERED R&D —

Partnered ("co-owned") R&D projects or R&D programmes are defined as proprietary Evotec projects funded 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 up to a certain amount.

MAIN INDICATION AREAS PARTNERED AND UNPARTNERED R&D



— INTELLECTUAL PROPERTY —

Evotec seeks to protect and enhance the value of its proprietary drug discovery programmes as well as technology platforms, including proprietary processes, technologies, inventions, and methods, and their application to the research and development of treatments for serious diseases and methods of manufacture through the filing of intellectual property. Evotec pursues a multi-layered intellectual property strategy to protect its technology platforms and their application to the research and development of treatments for serious diseases. One focus of Evotec's intellectual property strategy is to provide protection for the Company's platforms and pipeline assets currently in development. Evotec also pursues intellectual property protection for assets that may be used in future development programs and/or that may be of interest to its partners, or otherwise may prove valuable in the field.

Various aspects of Evotec's technology platforms and pipeline assets are protected by patent filings, while other aspects remain trade secrets. Evotec also pursues other methods of protection, including seeking trademark registrations, as appropriate. Many of the Company's intellectual property assets were developed and some have been acquired and are solely owned by Evotec, some have been developed via collaboration and are jointly owned, and some have been licensed from third parties. Evotec will continue to make additional patent application filings and pursue opportunities to acquire and license additional intellectual property assets, technologies, platforms or pipeline assets, as developments arise or are identified.

As of 31 December 2021, Evotec's owned patent portfolio included more than 60 patent families, each of which includes at least one filing in the United States or Europe, and several of which are pending or granted in multiple jurisdictions.

Report on economic position of the Evotec Group

2021 FINANCIAL RESULTS COMPARED WITH FORECAST

—

EVOTEC REMAINED FOCUSED ON EXPANSION – DOUBLE-DIGIT REVENUE GROWTH CONTINUES IN 2021

—

During the reporting period, Evotec once again fulfilled and – regarding top line – even exceeded its performance goals announced in March 2021. The 2021 achievements contain a similar level of COVID-related impacts as in the previous year, with no adverse effect on demand and no severe disruptions either in business operations or in supply chain.

Evotec clearly exceeded its revenue target range of € 550 m to € 570 m. Group revenues rose by 23% year-on-year to € 618.0 m (2020: € 500.9 m). The positive development was mainly due to the continued prospective performance of the base business in all areas as well as higher milestone payments, which were able to compensate for the expiration of the Toulouse agreement with Sanofi (€ (8.6) m vs. 2020). Additionally, fiscal year 2021 benefited from an increased revenue contribution by Just – Evotec Biologics of € 51.0 m (2020: € 39.4 m) with the opening of the new J.POD® facility in Redmond (WA), USA.

PERFORMANCE AGAINST FORECASTS

	Forecast March 2021 (AR)	*Forecast May 2021 (Q1)*	*Forecast August 2021 (Q2)*	*Forecast Nov. 2021 (Q3)*	*2020*	*Actual 2021*
Group revenues[1)]	€ 550 – 570 m	Confirmed	Confirmed	Confirmed	€ 500.9 m	**€ 618.0 m (+23%)**
Unpartnered R&D expenses	€ 50 – 60 m	Confirmed	Confirmed	Confirmed	€ 46.4 m	**€ 58.1 m (+25%)**
Adjusted Group EBITDA[2)]	€ 105 – 120 m	Confirmed	Confirmed	Confirmed	€ 106.7 m	**€ 107.3 m (+1%)**

[1)] Revenues 2020 and 2021 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)

Total R&D expenses rose to € 72.2 m in the reporting period (2020: € 63.9 m). Unpartnered R&D expenses accounted for € 58.1 m of the total (2020: € 46.4 m), which is at the upper end of the guidance range of € 50 m to € 60 m. These expenses were mainly related to higher research spend for platform projects such as **EVO***panOmics*/**EVO***panHunter* as well as the development of new first in-class drug candidates. Partnered R&D expenses of € 14.1 m (2020: € 17.5 m) were primarily related to the infectious diseases' portfolio and a reduced spend on anti-bacterial infections and global health indications like ChikV.

Adjusted Group EBITDA came in at € 107.3 m and therefore also met the guidance for 2021, exceeding previous year's EBITDA by 1% (2020: € 106.7 m). The increase was mainly due to higher base business and revenues from milestone payments year-over-year (€ +32.4 m) and favourable R&D tax credits in Italy (€ +2.7 m) and France (€ +3.4 m). This was partially offset by the expected expiry of payments from Sanofi related to the Toulouse site since April 2020, but also by the continued investment and expansion modus, e.g. reflected by increased R&D efforts and higher SG&A expenses – the latter also due to the US listing. In addition, negative foreign exchange rate effects had a negative impact on the Adjusted Group EBITDA of € 8.2 m. For the definitions of EBITDA and Adjusted Group EBITDA, please refer to the chapter "Results of operations" of this combined Management Report.

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

Evotec delivered another strong fiscal year with positive momentum across all business operations and meaningful progress across its pipeline. The Group achieved remarkable milestones in particular in its iPSC-based neurodegeneration collaboration with BMS.

As the global fight against SARS-CoV-2 continues, Evotec once again took action and participated in the fight against the disease: internally with the active management of operations to maintain business continuity, externally with an incoming manufacturing order of monoclonal antibodies ("mAbs") for use in the development of a treatment and/or prophylaxis for COVID-19 in its recently opened first J.POD® facility in Redmond (WA), USA. Furthermore, Evotec received federal grants in Germany for the proprietary development of a therapeutic against COVID-19 and launched "PRROTECT" (Pandemic **P**reparedness and **R**apid **R**esp**O**nse **TEC**hnology pla**T**form), a pre-competitive initiative to be better prepared for future pandemics.

Supported by the worldwide demand for drug discovery and development, Evotec clearly exceeded its revenue targets.

Both core segments continued their profitable growth and contributed to the increase in Group revenues: The EVT Execute segment again put in a strong performance with a revenue increase of 20% to € 610.2 m. The EVT Innovate segment even exceeded this growth rate. Revenues rose by 38% to € 147.0 m, largely driven by milestone revenues, higher project revenue from ID Lyon as well as uptake in existing and new collaborations.

The Adjusted Group EBITDA increased by 1% to € 107.3 m compared with the prior-year period; the adjusted EBITDA margin reached 17.4%. At the segment level, the adjusted EBITDA for EVT Execute shows a slight decrease of 3.5% to € 124.8 m in 2021 with an EBITDA margin of 20.5%. This is lower than in 2020, since no payments were received from Sanofi for the Toulouse site from the second quarter 2020 onwards (€ 8.6 m), and due to high start-up costs occurred for the J.POD® Redmond (WA), USA site that could not be capitalised. Furthermore, increased expenditures in R&D and SG&A were made to operate a high-growth company with a dual listing like Evotec. Adjusted EBITDA for the EVT Innovate segment improved to € (17.5) m in 2021 (2020: € (22.7) m), as the result of an increased number of collaborations and higher milestone revenues compared with the previous year.

Evotec's year-end liquidity almost doubled with a year-on-year increase of 78% to € 858.2 m in 2021, mainly due to the net cash inflow resulting from the public offering in the US, which was partially offset by the increased investing activities for the new J.POD® manufacturing site in Redmond (WA), USA and for further expansion of equity investments within **EVO***equity*. This liquidity position allows the Company to implement its growth strategy even faster, not only by organic growth but potentially also by acquisitions. This includes investments in projects in novel cell and gene therapies, and the expansion of the footprints in the USA and Europe. In this context, Evotec intends to build a second J.POD® site in Toulouse, France. Furthermore, Evotec aspires to invest in its proprietary research projects, maintain and upgrade its drug discovery and development platform or take action if new opportunities arise in terms of M&A or in-licensing.

With the liquidity increase following the public offering at NASDAQ, the net debt ratio per 31 December 2021 improved to a net cash position of (negative) 5.5x Adjusted Group EBITDA (2020: (negative) 1.5x Adjusted Group EBITDA). By definition, this figure relates net liquidity/debt to Adjusted Group EBITDA based on a significant net cash position of € 494.3 m. Also, the equity ratio significantly improved from 49.4% in the previous year to 61.6% in 2021.

MACROECONOMIC CONDITIONS AND BUSINESS ENVIRONMENT

— GLOBAL ECONOMIC DEVELOPMENT —

In 2021, the development of the world economy continued to be dominated by the ongoing global COVID-19 pandemic. But compared with 2020, the year with the deepest recession since World War II, the global economy managed to recover significantly showing a growth of 5.9% in 2021. Nevertheless, at the beginning of 2022, the global economy is in a weaker position than previously expected. As the new Omicron COVID-19 variant spreads, many countries have reintroduced mobility restrictions. Rising energy prices and supply disruptions have led to higher and broader-based inflation than anticipated, particularly in the United States and many emerging market and developing economies. The ongoing contraction of China's real estate sector and a generally slower-than-expected recovery of private consumption also have limited growth prospects for the current year.

For these reasons, The International Monetary Fund ("IMF") in its World Economic Outlook, published in January 2022, projects global growth to moderate to 4.4% in 2022 – half a percentage point less than reported in the October World Economic Outlook, mainly due to expected slowdowns in the two largest economies USA and China. In 2023, global growth is expected to slow to 3.8%. This forecast assumes that health outcomes in most countries will decline to low levels by the end of 2022, provided vaccination rates improve globally and therapies become more effective.

In March 2022, the International Monetary Fund announced a correction to its forecast for the global economy due to the consequences of the Russian war in Ukraine. In addition to human suffering, the war will lead to massive economic dislocation - for Ukraine, for Russia and beyond, the IMF warned. The war will lead to higher commodity prices, further fuel inflation, and contribute to a worse business climate and more difficult financing conditions. The new IWF forecast is to be published in April 2022.

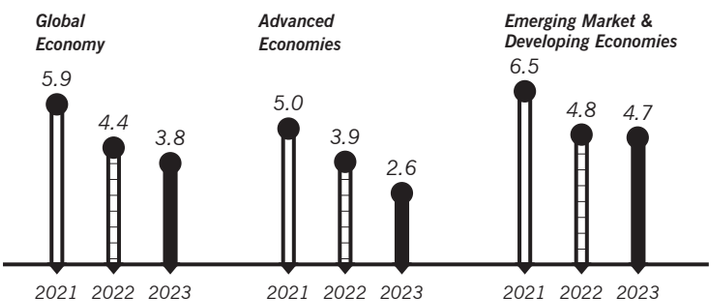
Moreover, high inflation is likely to persist for longer than expected as supply chain disruptions and high energy prices continue in 2022. Assuming that inflation expectations remain firmly anchored, inflation is expected to decline gradually as supply-demand imbalances diminish in 2022 and monetary policy in the major economies responds.

Growth forecasts suggest a downward trend to the global baseline. The emergence of new COVID-19 variants could prolong the pandemic and lead to renewed economic disruptions. Furthermore, supply chain disruptions, energy price volatility, and local wage pressures mean that uncertainty about inflation and policy paths is high. If advanced economies raise interest rates, risks to financial stability and emerging and developing economies' capital flows, currencies, and fiscal positions may emerge, especially as

debt levels have increased significantly in the past two years. Other global risks may crystallize as geopolitical tensions remain high, and the ongoing climate emergency means that the probability of major natural disasters remains elevated.

GROWTH PROJECTIONS

World Economic outlook update January 2022 (in %)



Source: International monetary fund

According to The International Monetary Fund output growth in the advanced economies amounted to 5.0% in 2021 and is expected to decline to 3.9% in 2022 and 2.6% in 2023.

In the United States economic growth significantly recovered in 2021 to 5.6% and will probably decrease to 4.0% in 2022 and 2.6% in 2023.

As Evotec's revenues split is composed of rather similar shares generated in the US (55%) and Europe (41%), and only to a very small extent in the rest of the world (predominantly Japan), the Company limits the analysis by region to these two main areas.

European economy returns to expansion faster than expected

According to the European Commission, the EU economy is recovering faster than expected from the pandemic recession in 2021. As vaccination campaigns progressed and restrictions were lifted, growth resumed in spring and continued unabated through summer, supported by the revival of the economy. Despite increasing headwinds, the EU economy grew in 2021 by 5% and is expected to continue to grow, achieving growth rates of 4.3% and 2.5% in 2022 and 2023, respectively. This outlook is highly dependent on two factors: the evolution of the COVID-19 pandemic and the pace at which supply adjusts to the rapid turnaround in demand following the revival of the economy.

With an annual growth rate of nearly 14%, gross domestic product ("GDP") growth in the EU in the second quarter of 2021 was higher than ever before – the same as the unprecedented GDP decline in the same period last year during the first wave of the pandemic. In the third quarter of 2021, the EU economy returned to pre-pandemic output levels and transitioned from recovery to expansion. Nevertheless, growth momentum is facing new headwinds. Shortages and disruptions in global supply are weighing on economic activity in the EU, in particular in its highly integrated manufacturing sector. In addition, energy prices, especially for natural gas, have increased at a rapid pace in recent months and after their sharp decline in 2020 and are now well above pre-pandemic levels. This will have an impact on consumption and investment.

As a result of the war in Ukraine, the European Central Bank in March 2022 lowered its forecast for the Eurozone, now expecting economic growth of only 3.7% and a higher inflation of 5.1% (before: 3.2%).

Fastest growth of US economy since 1984

The US economy grew last year at its fastest pace since 1984 (7.2%), recovering well from the brief but devastating coronavirus recession in 2020. US GDP – the total output of goods and services – rose by 5.7% in 2021. This was the strongest growth in a calendar year since a 7.2% increase in 1984 after a previous recession.

Real GDP in the USA is anticipated to grow by 3.7% and 2.4% in 2022 and 2023, respectively. Supply disruptions will gradually ease, allowing for a rebuilding of business inventories and stronger consumption growth in the near future. As the labour market continues to recover, nominal wage growth will accelerate further. Although price inflation is expected to moderate in some sectors as supply disruptions subside, higher wages, together with recent increases in housing rents and shipping prices, will lead to stronger overall consumer price growth than prior to the pandemic.

German economy recovered to a growth rate of 2.7%, but not yet back at pre-pandemic level

According to initial calculations by the Federal Statistical Office (Destatis), GDP in Germany was 2.7% higher in 2021 than in 2020. The International Monetary Fund forecasts growth of 3.8% for 2022 and 2.5% for 2023. Economic development in 2021 was again highly dependent on COVID-19 infection rates and the associated prevention measures. Despite the ongoing pandemic situation, further supply bottlenecks and material shortages, the German economy recovered from the sharp decline of 4.6% in 2020, although the economic performance has not yet returned to pre-crisis levels. Thus, GDP in 2021 was still 2.0% lower than in 2019, the year before the beginning of the COVID-19 crisis.

DEVELOPMENTS IN THE PHARMACEUTICAL AND BIOTECHNOLOGY MARKETS

The global biotechnology market was valued at $ 793.9 bn in 2021 and is expected to surpass $ 1,683.5 bn 2030. According to Grand View Research, in 2021, the market for gene therapy was worth $ 3.4 bn. By 2026, this value will rise to $ 12.3 bn. The biologics market had a volume of $ 325 bn in 2020, and it is expected to grow to $ 750 bn by 2028. According to Market Research Future, the global small molecules market is expected to generate revenues of $ 280 bn by 2027.

The money and attention devoted to the biopharma industry reflects the strategic importance of the sector, but also raises pressing questions about drug pricing, R&D efficiency, and priority setting. While the world suffered from COVID-19, the biopharma sector's visibility, relevance, and reputation rose. Health concerns outpaced economic ones; public and private investment flowed at record levels. Vaccines emerged at a rapid pace, mobilizing and validating both old and new technologies.

The rapid and remarkable efforts to develop COVID-19 vaccines helped to refine existing technologies and production methods, and introduce new ones, most notably messenger RNA. This – and the lucrative contracts that resulted for some of the successful companies – has spawned new vaccine

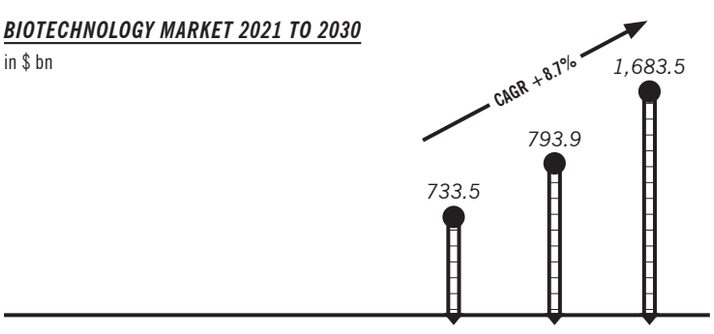
start-ups. Larger players with existing vaccines businesses – even those that have so far failed in COVID-19 – have confirmed their commitment.

By utilizing innovative technologies, the increasing developments in life sciences offer numerous benefits related to healthcare treatments and productivity. The development of innovative techniques and their use by companies are positively impacting the biotechnology market and are expected to drive significant market growth. The ability to produce human cells and tissues provides accurate models for study and analysis, thus expanding the range of applications in medical research. Technological advancements are thus creating lucrative opportunities for the growth of the biotechnology market.

The rise of chronic diseases has led to an increase in number of patients. Bioinformatics helps to store patient data on a large scale. All this information is stored in next-generation sequencing technology. As a lot of information is still unused, data analysis is required. As a result, the data generated in bioinformatics analysis is extremely valuable and can be reused. The problems of data management in bioinformatics are not effectively addressed by current technologies. Therefore, confidentiality of patient data is one of the major challenges for the growth of biotechnology market.

BIOTECHNOLOGY MARKET 2021 TO 2030

in $ bn



Source: www.precedenceresearch.com

Fitch Ratings expects the global pharmaceutical & biotech industry to build on its strong innovation momentum, as evidenced in its COVID-19 response. Partnership models established in key areas of the industry's value chain, such as R&D, supply and manufacturing, will accelerate. The neutral outlook for the sector reflects the assumption of a stable operating environment in 2022, although closer scrutiny of access and pricing models remains a medium-term risk.

The defensive qualities of the sector are underpinned by its strong innovation pipeline, combined with still significant unmet medical needs, steady demand from growing and ageing populations and improved access to healthcare globally.

Biotechnology sector among the winners in 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, e.g.:

- *"ACTIV":* Initiative "Accelerating COVID-19 Therapeutic Interventions and Vaccines" led by the National Institutes of Health ("NIH")
- *"COVID R&D":* 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
- *Partnership with Ology* for antibody screening and the analytical characterisation of antibodies against SARS-CoV-2
- *Collaboration with the US DOD:* Evotec's subsidy Just – Evotec Biologics, which is based in Seattle/USA, expanded its contract with the US Department of Defense (worth up to $ 28.6 m) for the development and manufacture of monoclonal antibodies (mAbs) for the treatment and prevention of COVID-19
- *Development order of BMBF:* In late December 2021, Evotec received a € 7.5 m grant from the German Federal Ministry of Education and Research (Bundesministerium für Bildung und Forschung, "BMBF") for the development of a therapeutic against COVID-19

Outsourced manufacturing is growing

The global drug discovery outsourcing market size was valued at $ 3.3 bn in 2021 and is expected to grow at a compound annual growth rate ("CAGR") of 7.4% to $ 5.4 bn until 2028. Pharmaceutical companies are gradually outsourcing R&D activities to academic and private Contract Research Organizations ("CROs") to reduce drug development timelines and costs. The pharmaceutical industry has seen radical changes in the past two decades, with a shift toward biologics, patent expiration, and unprecedented downsizing of the in-house research of big pharmaceutical companies. All this has accelerated the adoption of outsourcing activities. While Evotec estimates the share of outsourced early stage drug discovery to be in a range of 10 to 15% of R&D spending, an estimated 75% to 80% of R&D spending in the biopharmaceutical industry could be outsourced providing the chance to foster a dynamic and sustainable market growth.

In contrast to developments five years ago, when pharmaceutical companies preferred partnering with manufacturing facilities in emerging countries due to the availability of skilled, low-cost labour and quality data, a clear trend towards near-shoring can be observed. The COVID-19 crisis shed a light on robustness of supply chains and clearly accelerated this trend. Cost reduction, the pursuit of innovation, access to specialised knowledge and technology, and increased speed and flexibility are some of the key factors encouraging pharma companies to expand their scope of outsourcing.

The ongoing COVID-19 pandemic has slowed down various drug development processes as various clinical trials have been halted. However, pharmaceutical companies are expected to receive better funding and

incentives to invest in the development of drugs and vaccines against infectious diseases. Public health challenges remain in oncology, heart disease and many rare diseases. For these, clinical research must continue. Here, CROs are expected to use their creativity to the fullest. Given the urgent need for effective vaccines/drugs, companies are increasingly opting to outsource their clinical trials, which is expected to drive market growth in the coming years.

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.

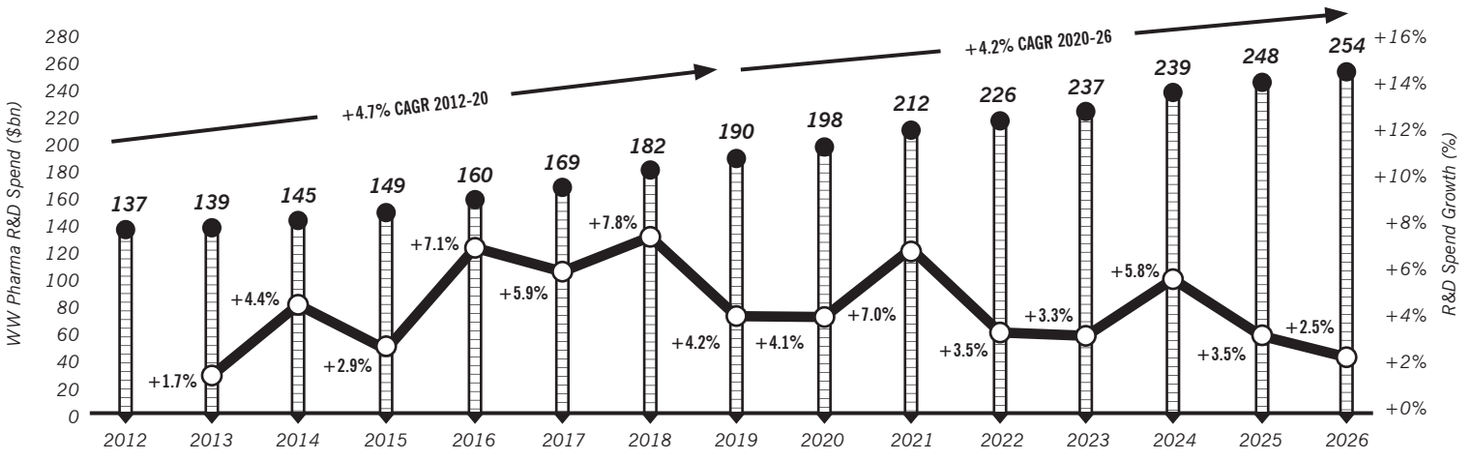
Evotec believes that these market dynamics will continue to provide positive impetus to strategic, integrated and long-term collaborations for the advancement of innovations and the accelerated development of novel drug candidates with first-in-class and/or best-in-class potential.

— 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 2021, expenses for R&D in the biotechnology and pharmaceutical industries rose by almost 55% from $ 137 bn to $ 212 bn. The report EvaluatePharma World Preview 2021 projects a CAGR in R&D expenses of 4.2% from 2021 onward, which corresponds to roughly $ 254 bn in 2026.

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

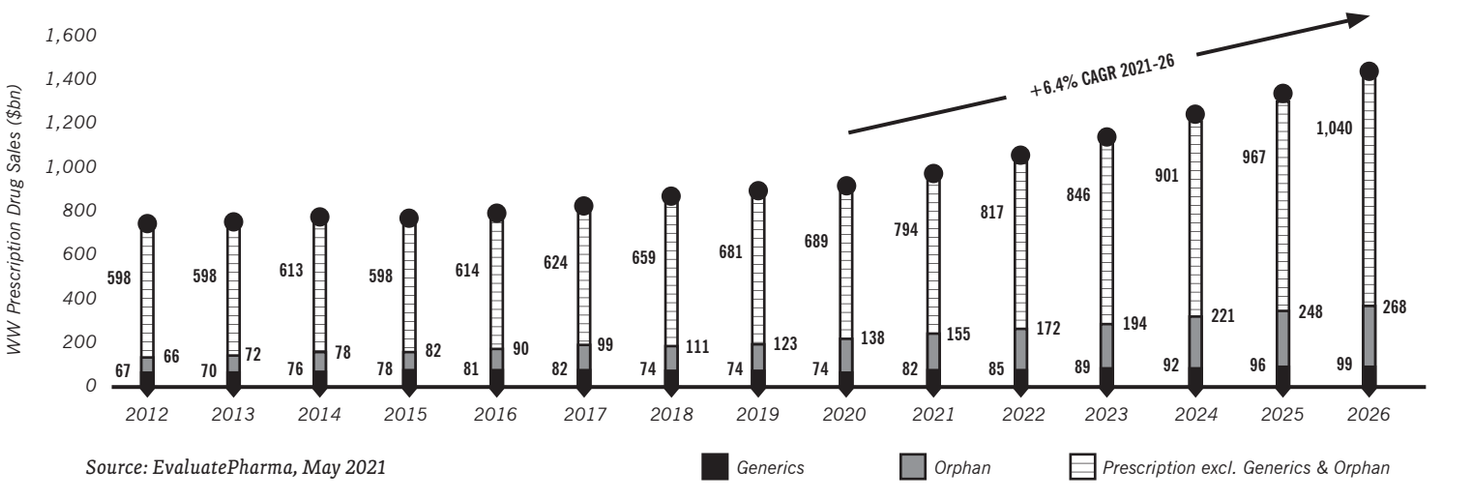
in $ bn



Source: EvaluatePharma, May 2021

TOTAL GLOBAL REVENUES FROM PRESCRIPTION DRUGS (2012-2026)

in $ bn



Source: EvaluatePharma, May 2021

Revenues with prescription drugs amounted to $ 1,031 bn in 2021. According to EvaluatePharma, the number will reach almost $ 1,408 bn by 2026. The 10 best-selling drugs that year, most of them biologics, will together sell $ 127 bn. Oncology will continue to dominate.

In 2021, the US Food & Drug Administration (FDA) approved 50 new drugs (2020: 53 drugs). Of these, 14 were given accelerated approval. The Center for Drug Evaluation and Research ("CDER") identified 27 of the 50 novel drugs approved in 2021 (54%) as first-in-class. These drugs have mechanisms of action different from those of existing therapies. 26 of the novel drug approvals (52%) were approved to treat rare or "orphan" diseases (diseases that affect fewer than 200,000 people in the U.S.).

Evotec's competitive position:
High market demand for external innovation

Evotec's financial results are impacted by its partners and customers' needs for external innovation through partnering or outsourcing their R&D initiatives and/or highly innovative manufacturing activities and Evotec's ability to meet those needs. Evotec will sustain growth only if its existing partners and customers continue to rely on its expertise and capacity and if additional companies select Evotec as their partner of choice for drug discovery and development.

For the past decade, the global pharmaceutical industry has been struggling with declining efficiency in introducing new products to the market. As a result, pharmaceutical companies of all sizes have been and continue to be under pressure to re-evaluate and adjust their business strategies, in particular by accessing innovative technologies such as AI and ML and pursuing innovative treatment modalities, such as personalized medicine, cell therapy and gene therapy. New companies have been formed to specifically develop these technologies and modalities. Moreover, there is an increased focus on early prediction parameters to determine the success or failure of new drugs. In order to access innovation in a capital-efficient manner, industry players increasingly rely on external sources, such as the Company's innovation hub, for innovative R&D and manufacturing expertise and capacity.

Evotec believes that market demand for external innovation will continue to drive demand for its assets and services, facilitate additional collaboration opportunities and potentially improve the volume and terms of partnerships that Evotec is able to secure. Evotec is convinced that this trend will increase the likelihood of strategic, integrated, long-term collaborations and drive the Company's continued growth.

Evotec's performance is dependent not only on the market's need for external innovation, but also on the Company's own ability to provide innovative solutions. For this reason, expenses in technologies and platforms are a core part of Evotec's strategy. In 2020 and 2021, Evotec invested € 63.9 m and € 72.2 m in R&D, respectively, and the Company intends to continue to dedicate significant financial resources to ensuring that its offering continues to meet the industry's needs.

Furthermore, Evotec's financial results depend on the success of its partners' clinical development of Evotec's pipeline assets, receipt of regulatory approval and commercialization. A partner may choose to end the development of a specific program for scientific, strategic or commercial reasons and Evotec typically has no ability to influence such decisions, which may be driven by factors such as pipeline prioritization and the ability to obtain additional required capital.

Evotec's future financial results therefore depend, in part, on the judgment and financial health of its partners. The Company mitigates this risk through diversification in its portfolio of disease areas as well as by growing the network of partners.

The markets of strategic research focus areas

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	**2021: $ 113.5 bn**	2026: $ 166.5 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
Oncology	**2020: $ 135.5 bn**	2030: $ 274.4 bn
Pain	**2019: $ 71.4 bn**	2027: $ 91.6 bn
Rare diseases	**2019: $ 151.0 bn**	2027: $ 340.8 bn
Respiratory diseases	**2021: $ 142.6 bn**	2026: $ 292.0 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 COVID-19 pandemic also accelerated several trends that were already under way: the rise of digital solutions, including virtual (or remote) clinical trials, online healthcare provision and telemedicine, and an expanding biotech investor base. In addition, vaccines and anti-infectives went from outsiders to stars.

The impact of COVID-19 has further pushed the industry to rapid innovation and optimisation. Since the start of the pandemic, companies from all around the world have shifted their focus to rapid testing kits, vaccines, and repurposed drugs. To maximise results and efficiency, they have also adopted trends such as AI, automation and data analytics. Outside of COVID-19, there is also considerable growth in different areas such as tissue engineering, gene editing and sequencing.

In 2021 the following main trends could be observed:

Tissue engineering
Tissue engineering has been gaining popularity in recent years. The developments in bioprinting and microfluidics now allow the formation of autologous tissue grafts for organ transplantation, treating burns, and regenerative medicine. The use of 4D printing for the creation of self-healing substances for tissue engineering has also been gaining momentum.

Gene editing & sequencing
With advances in genomics, the use of genetic information for the diagnosis, prognosis and treatment of diseases and disorders will increase. As a result of breakthroughs in this field, there will also be an increase in the development of personalised medicine, where drugs are designed to match the genetic characteristics of the individual patient, making them more effective and with fewer side effects.

Development of vaccines
As previous research has supported today's developments, these research and development processes behind the vaccines also provide valuable information for the development of more effective vaccines in the future. In addition, many synthetic biologists have also discovered a new approach to increasing the production yield of protein-based vaccines. This could perhaps improve access to life-saving drugs in the future.

Antibodies and their alternatives
Interest in alternative antibodies has increased. This is because the standard monoclonal antibodies have not always been successfully produced or proven robust enough to be used. The method also has some disadvantages as they are derived from animals. An alternative to antibodies that has recently become popular is Molecular Imprinted Polymers (MIPs). MIPs are not only better suited for the detection of smaller molecules, but are also associated with lower production costs, higher stability and reusability.

Digitalisation and automation
In 2022, the digitisation aspect of biotechnology will also continue to grow through online diagnosis, prognosis and treatment of patients around the world. Some general physicians can now even prescribe medicines through virtual clinics with an online database.

AI is one of the leading trends in biotechnology. AI is enabling many biotech companies to automate a variety of processes to scale up their operations. Some companies are also using AI to speed up the drug discovery process and screen biomarkers that can be used to develop drugs and diagnostics. As technology continues to advance, the industry has even turned to the Food and Drug Administration (FDA) for guidance on the use of AI in medical devices.

In addition to AI robotic technology also plays an important role in reducing manufacturing downtime and product wastage. From a quality perspective, automation has reduced human intervention, which is associated with high contamination risk and variability. As a result, manufacturing problems are reduced and costs minimised.

Faster time to market for drug discovery
Experimentation with new technologies such as algorithms, ML, AI and big data are reducing the time and cost of developing new drugs. All research and development cycles, including data management, clinical trials and testing, are technology-driven, and more and more companies are collaborating with “health tech partners” and technology brands in the discovery and development of new products.

In addition, approval timelines for various medicines have improved. Previously, critical drugs were held back for a long time due to the lengthy approval process by the FDA. Thanks to technological advances, government regulatory boards have also increased the speed of their drug testing. In addition, they can now conduct better studies for patient candidates.

Collaboration and partnership
Biotechnology research has continued to expand and evolve over the last decade. Its collaborative nature implies that discoveries depend on both previous and current knowledge.

Biotechnology companies coming together to share ideas and contribute to their field of expertise drive the bioscience industry forward. It is expected that biotechnology companies will continue to collaborate and partner for further discoveries and developments in 2022.

Increasing probabilities of success
Apart from accelerating speed and saving costs, finding ways to improve outcomes and to derive higher probabilities of success is a pressing need against the backdrop of still deteriorating returns of pharma investments. Disease relevance based on patient-related omics-data plays a key role. Decisive, in Evotec’s view, is the analysis of curated, proprietary disease-specific data, rather than public data often from unknown sources.

MAJOR BUSINESS EVENTS IN 2021

As part of its long-term strategy, the Action Plan 2025, Evotec saw a number of major business events in 2021.

TIMELY COMPLETION AND OPENING OF THE FIRST J.POD® IN REDMOND, WASHINGTON (USA)

In August 2021, Evotec opened its late-stage clinical and commercial biologics current Good Manufacturing Practice ("cGMP") manufacturing facility, J.POD® Redmond (WA), USA. The innovative cGMP biomanufacturing facility is the final step in Just – Evotec Biologics' J.DESIGN platform that integrates data analytics and ML through all activities involved with the discovery, development, and manufacture of biologics. This includes design of discovery libraries (J.DISCOVERY™), molecules (J.MD™), processes (JP3®) and the manufacturing facility, J.POD®.

The 12,000 square meter (130,000 square foot) J.POD® facility was designed with improved environmental sustainability and a significant compressed construction time compared with traditional biologics manufacturing. The site includes dedicated quality control and process development laboratories for both clinical and commercial products, a warehouse, and collaborative office and meeting spaces for approximately 200 employees at full capacity. It allows the production from a few kilograms to metric tons in the same facility. The start of operations is fully on track among others with orders of the US Department of Defense ("DOD"); first contribution is expected in the course of the year 2022.

Additionally, the design and planning of a second J.POD® facility in Europe has been initiated. The build-up of the J.POD® Toulouse, France, will be supported with a loan of up to € 50 m from the French government, the Occitanie Region, Bpifrance, the Haute-Garonne prefecture as well as the Toulouse Métropole. Significant parts of this loan can be converted into a non-refundable grant if certain criteria and timelines are met. The J.POD® Toulouse, France is expected to be fully operational in 2024.

— CO-OWNED PIPELINE PROGRESS —

In recent years, Evotec has laid a strong foundation for a continued and strong growth of its co-owned pipeline.

Partnership with Kazia Therapeutics for clinical development of EVT801
In April 2021, Evotec entered into both a licensing and master service agreement with Kazia Therapeutics for the company`s oncology project EVT801. Evotec received a small upfront payment and is eligible to receive clinical and commercial milestones of more than € 300 m as well as tiered high single-digit royalties on the net sales of EVT801, which will be shared with Sanofi, Evotec's partner for the discovery and early development of EVT801. In November 2021, Kazia announced that the first patient was enrolled in the first-in-human Phase I trial.

SIGNIFICANT MILESTONE ACHIEVEMENTS AND MAJOR CONTRACTS WON

Great progress within BMS-collaborations

a) iPSC-based neurodegeneration collaboration
In the course of 2021, notable achievements were obtained within Evotec`s strategic partnerships with BMS. BMS exercised its option for EVT8683 as the first programme within the framework of the iPSC-based neurodegeneration collaboration and moved the compound into a first clinical Phase I trial shortly thereafter. The opt-in decision by BMS led to a payment of $ 20 m to Evotec. The inclusion of a new cell type and additional programme designations triggered payments of more than $ 50 m to Evotec.

b) Targeted protein degradation collaboration
In April 2021, it was announced that BMS has decided to exercise its option to extend its partnership with Evotec in the field of targeted protein degradation leading to a double-digit million amount for Evotec. Under this alliance, several undisclosed milestones have been achieved in 2021.

Strategic collaboration in kidney disease with Chinook Therapeutics
In February 2021, Evotec entered into a strategic collaboration with Chinook Therapeutics focused on the discovery and development of novel precision medicine therapies for patients with chronic kidney diseases. Evotec received an undisclosed upfront payment and will be eligible to receive research funding, progress-dependent milestone payments and tiered royalties on net sales for targets identified through the collaboration.

Strategic RNA targeting drug discovery and development alliance with Takeda
In March 2021, Evotec and Takeda initiated a multi-RNA target alliance with the goal to discover and develop RNA targeting small molecule therapeutics for highly attractive targets that are difficult to address via more conventional approaches. Under the terms of the agreement, Evotec will get significant research funding and will be eligible to receive discovery, pre-clinical, clinical, commercial and sales milestone payments of up to $ 160 m per programme. Additionally, Evotec is entitled to tiered royalties on net sales of any products resulting from the collaboration. Under this alliance, several undisclosed milestones have been achieved in 2021.

Continuation of DOD's collaboration with Just – Evotec Biologics
In January 2021, the US Department of Defense ("DOD") awarded Evotec's Seattle, Washington-based subsidiary, Just – Evotec Biologics, Inc., an agreement worth $ 28.6 m for the production of monoclonal antibodies ("mAbs") for use in the development of a treatment and/or prophylaxis for COVID-19.

ACCELERATION OF VALUE CREATION FROM EQUITY INVESTMENT STRATEGY (EVO*equity*)

EVO*equity* is one of the eight building blocks within the Company's Action Plan 2025. Via **EVO***equity*, Evotec makes strategic equity investments in products, technology platforms and companies through which it obtains early access to innovation.

In 2021, Evotec made significant steps forward in generating upside potential regarding equity investments, with some examples listed below:

- In April 2021, Evotec became a co-lead investor in OxVax, a new immuno-oncology company based on research from Oxford University, which enables the development of the next generation of cancer vaccines with the potential to overcome the limitations of the current approaches.
- In July 2021, Evotec`s first spin-off company Topas Therapeutics successfully extended its Series B round with an additional € 18 m raised, bringing the total for this financing to € 40 m. All of Topas' existing investors participated in the extension.
- In October 2021, Exscientia closed its initial public offering at NASDAQ. The total gross proceeds to Exscientia from the offering were approximately $ 350.4 m. Evotec and Exscientia have collaborated since 2016 in the discovery and development of bispecific, first-in-class small molecule immuno-oncology therapeutics. Evotec remains a key shareholder of Exscientia and thus participates in this success. In April 2021, the British pharmatech company declared that one of the programmes developed under this partnership has moved into human clinical trials.

Furthermore, Evotec initiated two new academic BRIDGE partnerships backed by BMS. The new BRIDGEs, beLAB2122 and beLAB1407 were launched in April and May of 2021, respectively, and are each supported with a total funding volume of $ 20 m. beLAB2122 leverages leading academic institutions from the Rhine-Main-Neckar region of Germany while beLAB1407 brings together top-tier academic institutions from the UK.

— SITE EXPANSION —

In July 2021, Evotec announced the acquisition of the land and buildings of the Verona site, now Campus Levi-Montalcini, from GlaxoSmithKline SpA. Evotec has been operating at its Verona site since acquiring Aptuit in 2017 and currently employs more than 750 employees on Campus Levi-Montalcini. Both the existing buildings as well as the plot hold further potential to enter the next growth phase in Verona and continue to build capacity as needed to support the Company's global strategic framework Action Plan 2025.

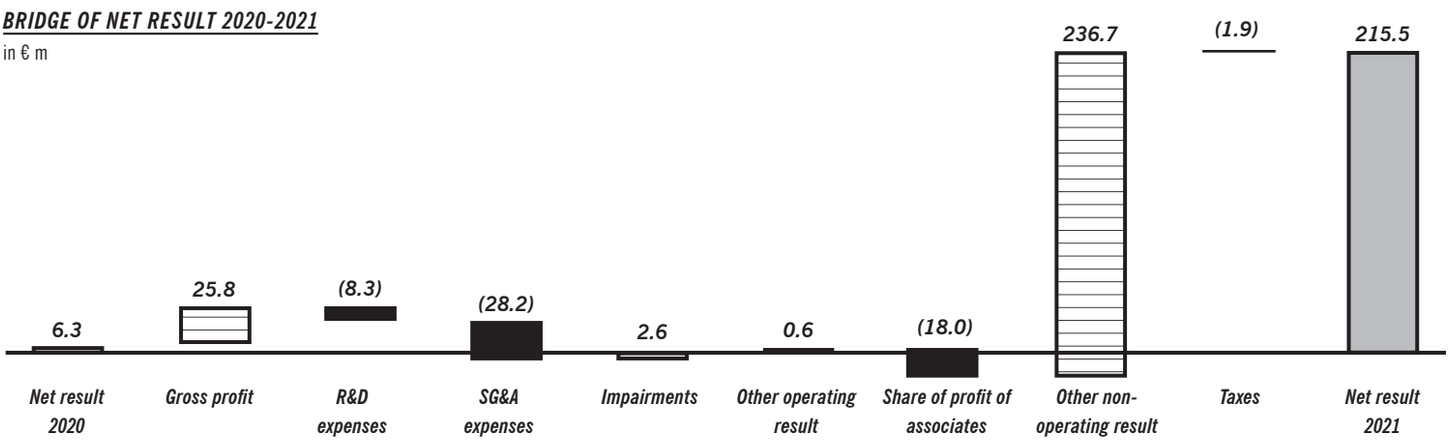
— SUCCESSFUL PUBLIC OFFERING ON NASDAQ — PROCEEDS SUPPORTING STRATEGY WITHIN ACTION PLAN 2025

In November 2021, Evotec closed its public offering of American Depositary Shares (ADSs). In total, gross proceeds of the transaction amounted to $ 500 m (€ 436 m) comprising the first offering of 20,000,000 ADSs ($ 435 m / € 375 m) and the exercised option of 2,995,000 additional ADSs ($ 65 m / € 56 m), before deducting underwriting commissions and estimated offering expenses payable by Evotec. Each ADS represents half of one ordinary share. Evotec offered all ADSs sold in the offering at a public offering price of $ 21.75 (€ 18.77) per ADS. The proceeds from the issuance of the new shares will be used to fund and, in particular, expand the ongoing business operations.

RESULTS OF OPERATIONS

BRIDGE OF NET RESULT 2020-2021

in € m



CONDENSED INCOME STATEMENT
in k€

		2020	2021	Variance
Revenues[1)]		500,924	**618,034**	117,110
Cost of revenue		(375,181)	**(466,491)**	(91,310)
Gross profit		125,743	**151,543**	25,800
Gross margin	*%*	*25.1%*	***24.5%***	*(0.6)%-p*
— R&D expenses		(63,945)	**(72,200)**	(8,255)
— SG&A expenses		(77,205)	**(105,445)**	(28,240)
— Impairment result (net)		(3,244)	**(683)**	2,561
— Other operating income (expenses), net		67,207	**67,781**	574
Operating income (loss)		48,556	**40,996**	(7,560)
Net income		**6,278**	**215,510**	**209,232**
Adjusted Group EBITDA[2)]		***106,654***	***107,270***	***616***

[1)] Including sales from material recharges in accordance with IFRS 15
[2)] Adjusted for changes in contingent considerations
Included in the revenues are revenues from contribution in the year 2021 in the amount of € 8.6 m (2020: € 4.6 m).

— REVENUES —

Double-digit revenue growth
Despite the market circumstances caused by the still ongoing COVID-19 pandemic, the anticipated end of the Sanofi payment after Q1 2020 (€ (8.6) m) and negative FX effects (€ (9.2) m) in 2021, Evotec succeeded in strongly improving its Group revenues by 23% or € 117.1 m to € 618.0 m. Excluding the effect of these items, organic revenue growth was € 134.9 m or 27%, driven by contributions from all eight pillars of Evotec's data-driven R&D Autobahn to Cures (please see chapter "The Evotec Innovation Hub: The "Data-driven R&D Autobahn to Cures" in this combined Management Report. (Please see chapter "The Evotec Innovation Hub: The 'Data-driven R&D Autobahn to Cures'" in this combined Management Report.)

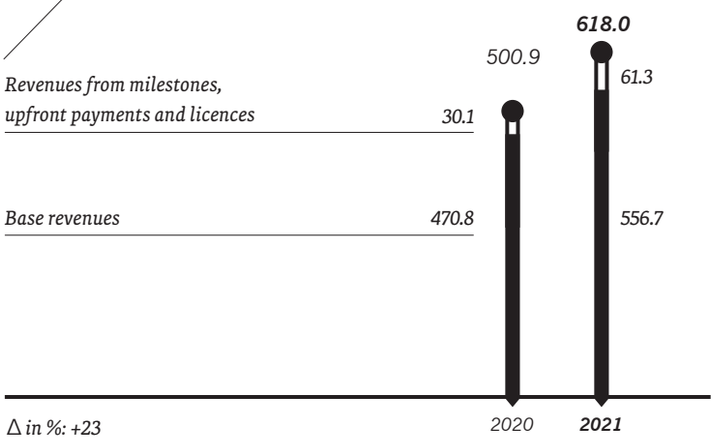
The total increase is attributable to six received milestone payments of € 49.5 m associated with BMS and Takeda (2020: € 17.1 m mostly from five different collaborations). In general, milestone revenue differs at the various development stages as it depends on the success rate and progress of the projects, which may not be within the Group's control.

Group revenues included an impact from application of IFRS15 in 2021 of € 36.0 m (2020: € 21.9 m) which relates to material recharges at a very low margin. Just – Evotec Biologics acquisition contributed an additional € 12.5 m or +30% to consolidated revenue growth compared with 2020 due to the opening of the J.POD® facility in Redmond (WA), USA in Q3.

The Group's total backlog, including revenues from contracts already closed and upcoming potential milestone and upfront revenues, also increased by 15% from € 446.5 m as of 31 December 2020 to € 513.5 m as of 31 December 2021.

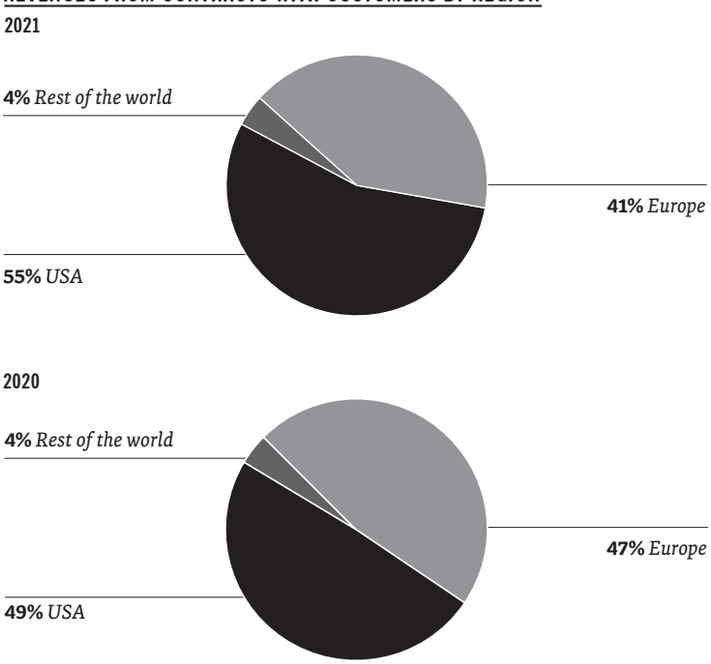
Included in the revenues are revenues from contribution in the year 2021 in the amount of € 8.6 m (2020: € 4.6 m).

REVENUES
in € m



Evotec's revenues were generated primarily with US (55%) and Europe customers (41%), and only to a very small extent in the rest of the world (predominantly Japan).

REVENUES FROM CONTRACTS WITH CUSTOMERS BY REGION



— COSTS OF REVENUE/GROSS MARGIN —

Gross margin unaffected by higher costs of revenue
The costs of revenue of the Group consists of direct personnel costs, associated with revenue-generating projects, facilities, operating costs, depreciation and overhead used to support those projects. Cost of

materials primarily consists of the purchase cost of materials consumed in the provision of the Group's products or services. In addition, costs of revenue include amortisation of intangible assets of € 12.6 m (2020: € 13.4 m) resulting from purchase price allocations (PPA).

The costs of revenue of the Group increased by 24.3% from € 375.2 m for the twelve months ended 31 December 2020 to € 466.5 m for the twelve months ended 31 December 2021, while revenue increased by 23.4% year-on-year in the same period. The proportional more spending in costs of revenue reflected higher manufacturing and process development costs in particular related to the completion of Evotec's first J.POD® in Redmond (WA), USA. The Group's gross profit margin was roughly stable at 24.5% for the twelve months ended 31 December 2021 compared with 25.1% for the twelve months ended 31 December 2020. The slight decrease resulted from ramp-up costs related to the opening of the J.POD® Redmond (WA), USA in particular but also from a negative FX impact which reduced gross profit by € 8.6 m or 1%.

— RESEARCH AND DEVELOPMENT EXPENSES —

Further investments in unpartnered R&D as part of corporate strategy
In 2021, Evotec has continued to progress all projects from the seven core treatment areas (please see chapter "Partnered R&D" in this combined Management Report) the Company is working on. Evotec is investing in first-in-class developments; the ultimate goal of the EVT Innovate segment is therefore to build a broad strategic pipeline, resulting in a portfolio of partnerships to ensure sustainability of these innovations.

Reflecting continuing investments in the capacity and capabilities of Evotec's research and development platform, R&D expenses were € 72.2 m, compared with € 63.9 m in 2020. In particular, more spending is mainly due to the improvement of Evotec's efficiency and precision medicine platforms. The increase was further driven by the recognition of € 58.1 m "unpartnered R&D" (2020: € 46.4 m), partially offset by lower "partnered" R&D with € 14.1 m (2020: € 17.5 m). "Partnered" are funded projects and are mainly run at the ID Lyon site, which was acquired in 2018. Indirect expenses represented 11% (2020: 15%) of the total.

R&D EXPENSES BY CATEGORIES
in k€

	2020	***2021***	*Variance*
Neuroscience & Pain	(7,504)	**(9,352)**	(1,848)
Oncology	(7,773)	**(9,352)**	(1,578)
Metabolic Diseases	(8,767)	**(9,309)**	(542)
Inflammation & Immunology	-	**-**	-
Virology	(3,938)	**(3,597)**	341
Anti-Bacterial	(9,551)	**(7,417)**	2,133
Global Health	(1,675)	**(849)**	826
Innovate Platform R&D	(11,766)	**(21,660)**	(9,894)
Total Innovate excluding Indirect Costs	**(50,974)**	**(61,536)**	**(10,562)**
Biologics	(2,693)	**(572)**	2,121
Gene Therapy	-	**(941)**	(941)
Other	(943)	**(1,015)**	(71)
Total Execute excluding Indirect Costs	**(3,636)**	**(2,528)**	**1,109**
Total Indirect Costs	(9,335)	**(8,136)**	1,199
Total	**(63,945)**	**(72,200)**	**(8,255)**
thereof:			
Partnered (funded) R&D	*(17,504)*	***(14,083)***	*3,421*
Unpartnered R&D	*(46,441)*	***(58,117)***	*(11,676)*

— SELLING, GENERAL AND ADMINISTRATIVE EXPENSES —

Increase in overall headcount
The Group's administrative expenses increased by 36.6% from € 77.2 m for the twelve months ended 31 December 2020 to € 105.4 m for the twelve months ended 31 December 2021. The increase was mainly due to an increase in wages, benefits and social security expenses following an increase in headcount caused by the growing business volume and Nasdaq-related expenses for consulting and legal services as well as higher insurance premiums. Further staff-related IT costs like higher licenses, maintenance and consumables costs in connection with a new contract for the Company's ERP-system as well as depreciation costs for the new facility overseas had to be increased to support Evotec's rapid organic growth. Extraordinary expenses of approximately € 2.3 m were incurred for the US listing and other strategic activities.

— OTHER OPERATING INCOME AND EXPENSES —

Other operating income and expenses, which included mainly Sanofi recharges for ID Lyon, R&D tax credits and changes in the fair value of earn-out liabilities accruals, was € 67.8 m in 2021 compared with income of € 67.2 m for 2020. Other net operating income of € 35.8 m related to Sanofi recharges in 2021 (2020: € 39.8 m) and R&D tax credits mainly received in France for the Toulouse and Lyon sites and an increased contribution from Italy for Aptuit Verona of € 32.0 m (2020: € 25.3 m).

— OPERATING RESULT —

The operating result of the Group decreased by 15.6% from € 48.5 m for the twelve months ended 31 December 2020 to € 41.0 m for the twelve months ended 31 December 2021, which proved Evotec's efforts and measures particularly in administrative expenses as well as the planned higher R&D expenses to advance the company's growth strategy. The result was partly offset by strong top-line growth and higher gross profits as well as favourable other operating income.

Overall, this resulted in a slightly lower R&D cost ratio (R&D spend in relation to revenues) of 11.7% for the twelve months ended 31 December 2021 compared with 12.8% for the twelve months ended 31 December 2020. As expected, the SG&A cost ratio increased from 15.4% in 2020 to 17.1% in the current reporting period. Due to one-off effects from impairments or income from bargain purchase, the operating margin can be volatile. The Adjusted Group EBITDA margin reached 17.4% in 2021 (2020: 21.3%).

MULTIPLE-YEAR OVERVIEW OF RESULTS OF OPERATIONS

in k€

	2017[1)]	*2018[2)]*	*2019[2)]*	*2020[2)]*	***2021***
Revenues	**263,765**	**375,405**	**446,437**	**500,924**	**618,034**
Costs of revenue	(181,965)	(263,389)	(313,546)	(375,181)	**(466,491)**
Gross profit	**81,800**	**112,016**	**132,891**	**125,743**	**151,543**
Research and development expenses	(17,614)	(35,619)	(58,432)	(63,945)	**(72,200)**
Selling, general and administrative expenses	(42,245)	(56,820)	(66,433)	(77,205)	**(105,445)**
Impairment of goodwill (net)	-	-	(1,647)	-	-
Impairment of intangible assets (net)	(1,180)	(4,364)	(10,272)	(3,244)	**(683)**
Income from bargain purchase	-	15,400	-	-	-
Other operating income and (expenses), net	16,104	47,042	66,600	67,207	**67,781**
Operating result	**36,865**	**77,655**	**62,707**	**48,556**	**40,996**
Non-operating income and (expense), net	(11,162)	(5,464)	(6,032)	(22,716)	**195,984**
Profit (loss) before taxes	**25,703**	**72,191**	**56,675**	**25,840**	**236,980**
Tax income (expense)	(2,383)	12,007	(19,363)	(19,562)	**(21,470)**
Net result	**23,320**	**84,198**	**37,312**	**6,278**	**215,510**
P&L Ratios					
Gross margin (= Gross Profit / Revenues)	31.0%	29.8%	29.8%	25.1%	**24.5%**
Operating margin (= Operating result / Revenues)	14.0%	20.7%	14.0%	9.7%	**6.6%**
EBITDA adjusted margin (= EBITDA adjusted / Revenues)	21.7%	25.5%	27.6%	21.3%	**17.4%**
Return on sales (= Net result / Revenues)	8.8%	22.4%	8.4%	1.3%	**34.9%**
R&D cost ratio (= R&D expenses / Revenues)	6.7%	9.5%	13.1%	12.8%	**11.7%**
SG&A cost ratio (= SG&A expenses / Revenues)	16.0%	15.1%	14.9%	15.4%	**17.1%**
Personnel costs to total costs[3)]	47.2%	44.7%	50.7%	54.8%	**49.9%**

[1)] 2017 restated for IFRS 15

[2)] 2018 - 2020 restated for IAS 19

[3)] 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

— OTHER NON-OPERATING RESULT —

The FY 2021 result from other non-operating contribution includes a substantial extra-ordinary positive effect of € 223.8 m, as measurement result of investments mainly from Evotec's Exscientia participation.With two financing rounds and finally the IPO in September, Evotec's stake in Exscientia decreased and had to be re-classified from an at equity to a minority shareholding in March. The fair value adjustment of € 225.8 m reflects the higher market value of Exscientia's shares as a pure accounting effect without any realisation or liquidation so far. In addition, a fair value adjustments of € 2.0 m was recorded for Leon Nanodrugs GmbH.

In addition, impairment of investments using the equity method amounted to € 11.9 m and included impairments for Facio (€ 2.2 m) and Eternygen (€ 2.3 m) after conducting updated business valuations as well as a write-down of the Celmatix stake by € 7.4 m to reflect the difficult re-financing situation of the company.

Share of the result of associates accounted for using the equity method amounted to € 16.6 m.

Interest income increased by € 0.9 m from € 1.3 m in 2020 to € 2.3 m in 2021. This increase is due to the higher overall cash position, in particular after the US NASDAQ listing from November 2020 as well as interest income earned for convertible loans provided to equity investments.

Interest expense increased by € 0.8 m from € 8.5 m in 2020 to € 9.3 m in 2021. This increase was due to a higher volume of long-term bank loans used in 2021 (€ 0.3 m), a revaluation of interest rate swaps as a result of the yield curve (€ 1.0 m), and an increase in interest expense from lease liabilities (€ 0.6 m). This was partly offset by capitalized interest for the J.POD® construction loan (€ 1.2 m).

Foreign exchange gains amounted to € 7.8 m mostly due to the weakened EUR vs USD and the revaluation of USD liquidity and receivables at the balance sheet date. This includes a realised foreign exchange gain of € 1.4 m and an unrealised loss of € 8.6 m from hedging activities in 2021 (2020: realised gain of € 1.9 m and an unrealised gain of € 3.8 m).

For the twelve months ended 31 December 2021, the total tax expense of the Group amounted to € 21.5 m (2020: € 19.6 m). Thereof, Evotec recorded total income taxes of € 16.4 m (2020: € (12.1) m) attributed to income tax from local authorities mainly in Italy, France, UK and due to the increased profitability of Evotec International with its achievement of BMS and Takeda milestones. The remaining € (5.1) m expenses (2020: € (7.5) m) related to deferred taxes.

— NET INCOME & ADJUSTED GROUP EBITDA —

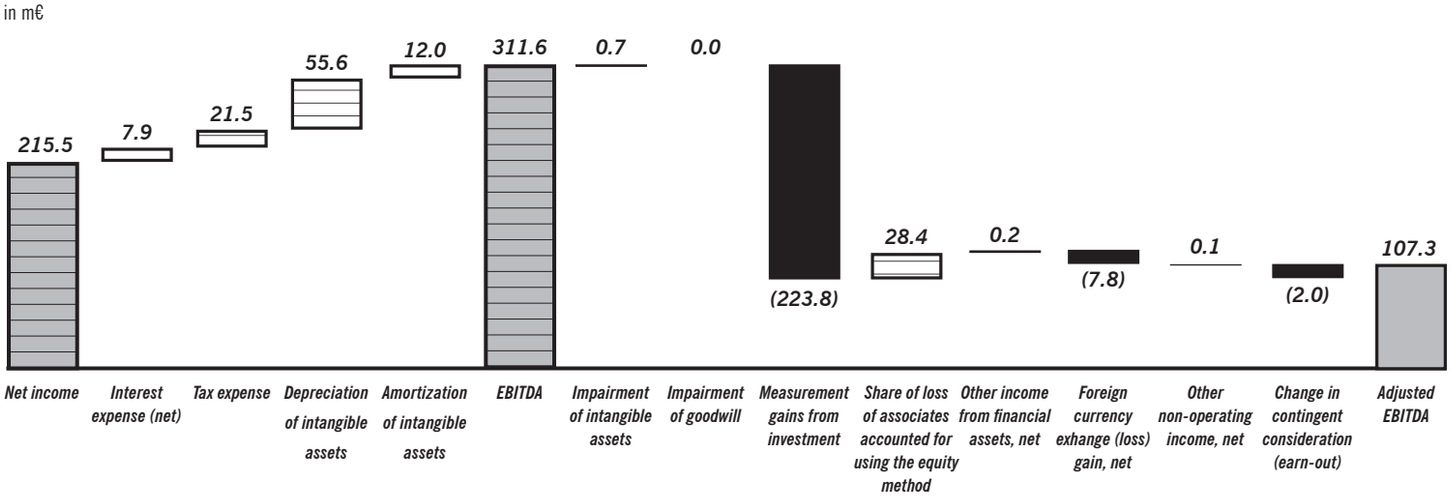
Adjusted Group EBITDA within Guideline

Net income as of 31 December 2021 amounted to € 215.5 m (2020: € 6.3 m), almost entirely due to the large valuation uptick of Evotec's shareholding in Exscientia plc.

Despite the significant expenditures on R&D as well as higher COGS and SG&A expenses ahead of the manufacturing start at J.POD® Redmond (WA), USA, Adjusted Group EBITDA for the twelve months ended 31 December 2021 increased to € 107.3 m (2020: € 106.7 m). Positive contributors to the 1% step up were higher milestone revenues and increased R&D tax credits in France and Italy. Currency effects had a negative impact of € 8.5 m. Adjusting for the effect of € 8.6 m Sanofi payments in the first quarter of 2020 and FX losses, like-for-like growth would have reached a strong 18%.

BRIDGE FROM NET INCOME TO ADJUSTED EBITDA

in m€



— SEGMENT REPORTING —

Note: Since 1 January 2021 material recharges (totalled € 36.0 m) have been allocated to both segments. In the twelve months ended 31 December 2020, material recharges amounted to € 21.8 m (EVT Execute: € 20.7 m, EVT Innovate: € 1.1 m). The prior period was restated.

SEGMENT INFORMATION 2021
in k€

		EVT Execute	*EVT Innovate*	*Intersegment eliminations*	*Evotec Group*
External revenues[1)]		471,052	146,982	-	618,034
Intersegment revenues		139,116	-	(139,116)	-
- Costs of revenue		(482,588)	(110,379)	126,476	(466,491)
Gross margin	*%*	*20.9%*	*24.9%*	-	*25.1%*
- R&D expenses		(2,900)	(81,940)	12,640	(72,200)
- SG&A expenses		(83,936)	(21,509)	-	(105,445)
- Impairment result (net)		-	(683)	-	(683)
- Other operating income (expenses), net		22,365	45,416	-	67,781
Operating income (loss)		**63,109**	**(22,113)**	**-**	**40,996**
Adjusted EBITDA[2)]		*124,792*	*(17,522)*	-	*107,270*

[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

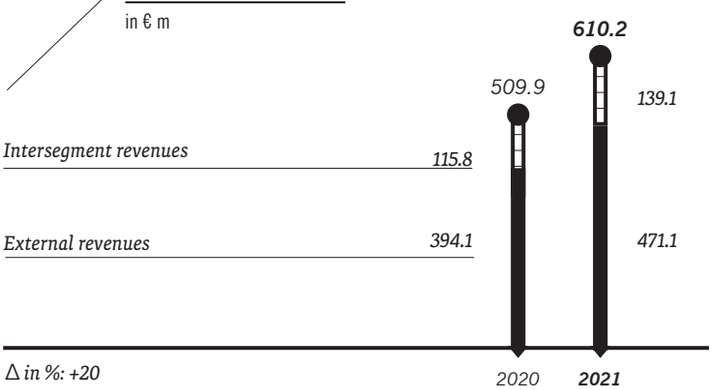
Overall Group revenues increased by 23% to € 618.0 m, compared with the four quarters in 2020, reflecting strength in both business segments – EVT Execute and EVT Innovate.

EVT Execute

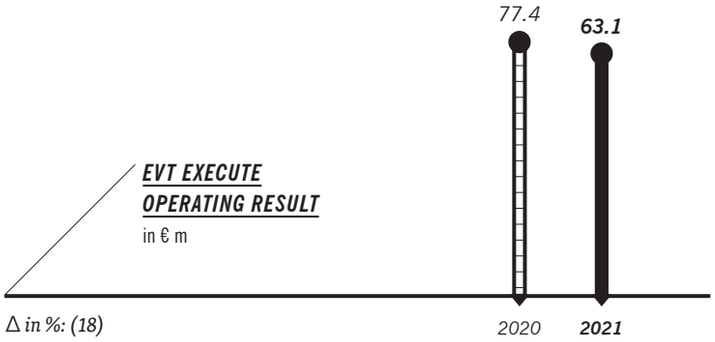
Total revenue in the EVT Execute segment was € 610.2 m for 2021, compared with € 509.9 m for 2020. The 20% growth observed year-over-year was primarily due to a strong base business; Evotec defines its base business as the ongoing business from FTE based research (services) excluding milestone, upfront and royalty payments. Also contributing to higher revenues in EVT Execute was a € 11.6 m or 30% increase in Just–Evotec Biologics. In total, the contribution of Just–Evotec Biologics amounted to € 53.6 m, € 12.5 m higher than in 2020. Excluding the favourable effect of Sanofi in April 2020, revenues grew by 22%.

Growth in intersegment revenues (2021: € 139.1 m, 2020: € 115.8 m) was largely driven by the strong momentum of the EVT Innovate segment. Gross margin performance was negatively affected by the construction and start of J.POD® Redmond (WA), USA, overall amounting to € 127.6 m (2020: € 126.9 m), missing Sanofi payments for Toulouse and negative FX movements. Consequently, gross margin declined from 24.9% to 20.9% in the same period. The increase in SG&A expenses (plus € 22.2 m year-on-year) primarily reflects higher administrative costs in promoting the support of the company's growth pillars as well as costs related to the US stock listing in November 2021. These unfavourable elements were partially offset by additional tax credits in Italy resulting in an other operating result of € 22.4 m (2020: € 16.6 m) and finally in an Adjusted Group EBITDA slightly below the previous year (2021: € 124.8 m vs. 2020: € 129.3 m).

EVT EXECUTE REVENUES
in € m



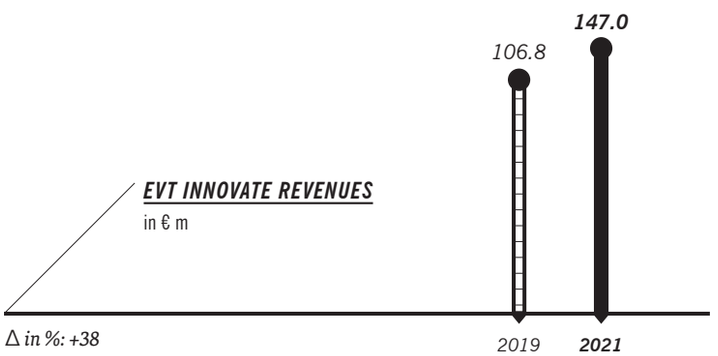
EVT EXECUTE OPERATING RESULT
in € m

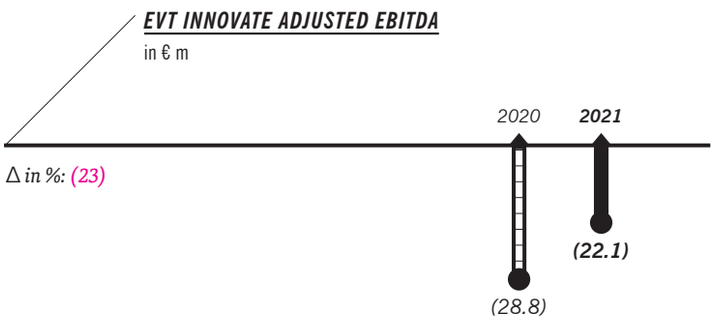


EVT Innovate

Performance in the EVT Innovate segment totalled € 147.0 m in 2021 (2020: € 106.8 m) reflecting revenue growth of 37.6% across all involved sites and projects, entirely of third-party revenues. The increase in EVT Innovate was largely driven by higher project revenue from ID Lyon as well as uptake in projects with BMS. Also contributing to higher base revenue were projects with Chinook and CureXsys. Accretive to revenue, the costs of revenue increased by 13.1% from € 97.6 m in 2020 to € 110.4 m in 2021, resulting in a segment gross margin of 24.9% (2020: 8.6%), which in turn derived from milestone payments of € 44.3 m. For the twelve months ended 31 December 2021, research and development expenses were € 81.9 m, compared with € 69.9 m for the comparative prior year period. The increase was recognized with respect to expanded spending on Evotec's unpartnered Platform R&D activities like the EVT Innovate initiative "QRbeta Therapeutics" (beta cell replacement therapy programme for the treatment of diabetes). The increase from € 15.5 m in 2020 to € 21.5 m in SG&A expenses was driven by the same factors as the rise in SG&A expenses at the Group level, as explained further above. Key driver for improvement in adjusted EBITDA from € (22.7) m in 2020 to € (17.5) m in 2021 was again a strong performance from milestone revenues, in particular with BMS.

Evotec's Management defines segment adjusted EBITDA as segment operating income adjusted for depreciation and amortization of intangibles, impairments on goodwill and other intangible and tangible assets and change in contingent consideration (earn-out). Adjusted EBITDA and segment adjusted EBITDA should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with IFRS. The Executive Board therefore considers segment adjusted EBITDA to segment operating income, the most directly comparable financial measure, respectively, prepared in accordance with IFRS.





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 2021, the Company held unused credit lines in the amount of € 99.6 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 November 2021, Evotec SE announced the placement of its public offering of American Depositary Shares (ADS). The offering produced gross proceeds of $ 435 m from the sale of 10,000,000 ordinary shares of Evotec in the form of 20,000,000 ADSs at a price of $ 21.75 per ADS. In addition, Evotec granted the underwriters an option (greenshoe) to purchase up to 3,000,000 additional ADSs which resulted in gross proceeds of $ 65.1 m. Each ADS represents one half of an ordinary share of Evotec. As a result, the Group's liquidity, which consists of cash on hand, bank balances and investments, rose from € 481.9 m as of 31 December 2020 to € 858.2 m as of December 2021 and a small net debt position of € 10.0 m as of 31 December 2020 was turned into a comfortable net cash position of € 345.3 m as of 31 December 2021.

Thanks to its strong liquidity situation, Evotec is in a position to secure continued organic growth. This includes investments in facilities for the manufacturing of biologics (J.POD®) for clinical development and commercial applications in the US and France, projects in novel cell and gene therapies, as well as the continued expansion of many of its sites in the US and Europe. Furthermore, Evotec intends to invest in the expansion of its precision medicine platform, its proprietary research projects, in maintaining and upgrading its drug discovery and development platforms, and evaluating potential M&A options. The Company invests in selected biotechnology companies in their start-up and early phase to accelerate its co-owning 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 —

NASDAQ listing and the investments in Just – Evotec Biologics had an impact on cash flows

Group *cash flow from operating activities* amounted to € 122.2 m in 2021 (2020: € 44.7 m). Prepayments for ongoing and future project work paid by BMS in particular in the second half of 2021 accounted for a major part of these inflows. Furthermore, the operating income contributed favourably and was supported by a decrease in working capital due to increased Trade Accounts Payable and Contracted Liabilities.

Group *cash flow used in investing activities* was € 243.9 m (2020: € 155.1 m). Net investments in securities and other investments (corporate bonds and fixed deposits) with terms of more than three months were made, amounting to € 96.4 m. Investments in property, plant and equipment rose to € 118.9 m (2020: € 99.1 m) and included in particular € 63 m (2020: € 49 m) for the continuation of the construction of the J.POD® production facility at Just – Evotec Biologics in the US. Furthermore Evotec invested € 25.5 m in the expansion of its sites in Abingdon, UK, Toulouse, France and Verona, Italy. The acquisition of financial assets and investments accounted for using the equity method amounted to € 20.7 m (2020: € 22.7 m) and mainly related to follow-up investments CureXsys (€ 4.0 m), Breakpoint (€ 3.7 m), Topas (€ 2.7 m), Leon (€ 2.0 m), Facio (€ 1.3 m) and Immunitas (€ 1.1 m) as well as a few other smaller investments of less than € 1 m. Issues of convertible loans to Evotec's at equity and minority shareholdings amounted to € 7.4 m (2020: € 6.2 m).

Group *cash flow provided by financing activities* amounted to € 398.4 m (2020: € 246.4 m). With the dual listing in the US on the NASDAQ stock exchange net proceeds from capital increase of € 403.1 m ($ 462.2 m) were recorded. All ADSs sold were offered at a public offering price of $ 21.75 per ADS. In total, gross proceeds of the transaction amounted to $ 500 m comprising a first offering of 20,000,000 ADSs ($ 435 m) and an exercised greenshoe option of 2,995,000 additional ADSs ($ 65 m). The proceeds from the issuance of the new shares are intended to be used to fund and in particular expand the ongoing business operations. In the previous year, the high level of cash flow provided by financing mainly related to a capital increase in October 2020 (€ 250 m net). In addition, bank loans were increased by (net) € 14.8 m. In April a new long-term KfW Innovation loan was provided by IKB with € 20.4 m and in October the first tranche of the BPI France loan for the J.POD® Toulouse, France was received with € 8.6 m. On the other hand, two fixed term loans amounting to € 5 m and € 10 m were repaid as scheduled. Repayments of lease obligations (mainly rent of buildings) amounted to € 20.7 m. Cash flows from option exercises amounted to € 1.2 m.

The impact of exchange rate movements on cash and cash equivalents in 2021 was € (0.1) m (2020: € (1.3) m).

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

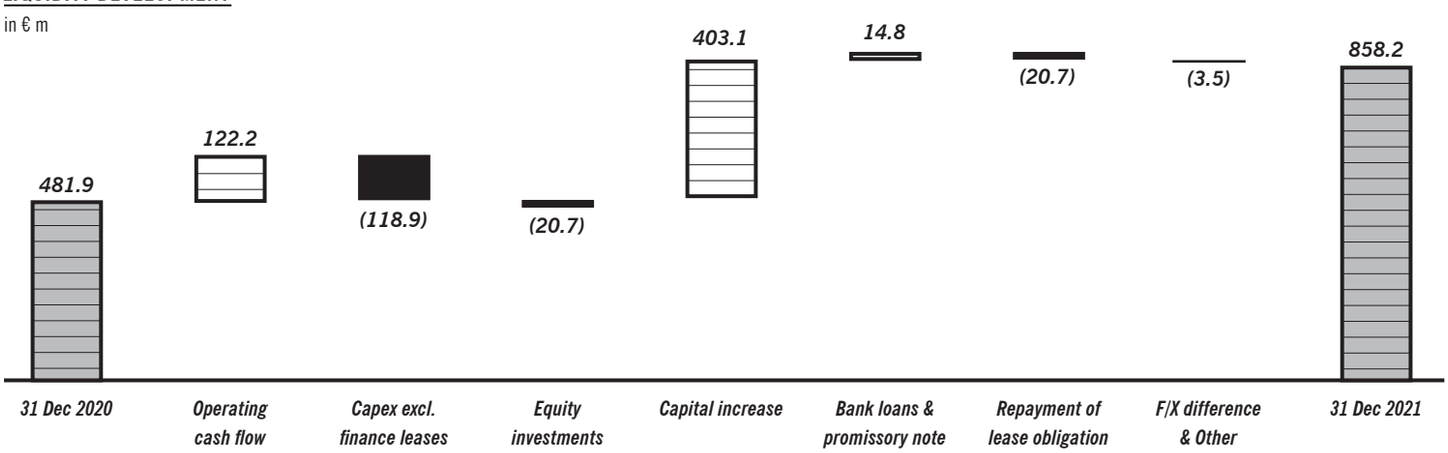
in k€

	2020	2021	Variance
Net cash provided by (used in)			
– Operating activities	44,721	**122,237**	77,516
– Investing activities	(155,089)	**(243,855)**	(88,766)
– Financing activities	246,409	**398,430**	152,021
Net increase/decrease in cash and cash equivalents	**136,041**	**276,812**	**140,771**
Exchange rate difference	9,505	**(66)**	(9,571)
Cash and cash equivalents			
– At beginning of year	277,034	**422,580**	145,546
– At end of year	**422,580**	**699,326**	**276,746**
– Investments	**59,350**	**158,908**	**99,558**
Liquidity at end of year	**481,930**	**858,234**	**376,304**

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 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 five years, even when executing the acquisitions of Aptuit in 2017 and Just Biotherapeutics in 2019.

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 k€

	31 Dec 2017[1)]	*31 Dec 2018*[2)]	*31 Dec 2019*[2)]	*31 Dec 2020*[2)]	***31 Dec 2021***
Liquidity[3)]	91,156	149,449	320,022	481,930	**858,234**
Debt[4)]	189,928	114,465	463,099	491,965	**512,917**
Net liquidity	**(98,772)**	**34,984**	**(143,077)**	**(10,035)**	**345,317**
Current liabilities	242,945	196,275	178,955	208,459	**324,516**
Non-current liabilities	89,785	148,706	522,793	529,422	**532,960**
Total stockholders' equity	333,273	426,380	478,613	724,456	**1,377,685**
Total liabilities and stockholders' equity	**666,003**	**771,361**	**1,180,361**	**1,462,337**	**2,235,161**
Cash flow from operating activities	10,828	156,240	42,216	44,721	**122,237**
Cash flow from investing activities	(269,033)	(39,130)	(86,634)	(155,089)	**(243,855)**
Cash flow from financing activities	240,724	(77,764)	211,263	246,409	**398,430**
Movements in investments and fx differences	(17,633)	18,947	3,728	25,867	**99,492**
Net increase/decrease in liquidity	**(35,114)**	**58,293**	**170,573**	**161,908**	**376,304**
Capital expenditures	17,565	27,867	31,322	99,072	**118,943**
Investment rate[5)]	23.1%	30.8%	27.9%	50.5%	**35.0%**
Capex to write-downs[6)]	128.0%	144.5%	139.3%	378.2%	**312.2%**
Net Debt Leverage (= Net liquidity / Adj. EBITDA)[7)]	1.72	(0.37)	1.16	0.09	**(3.22)**

[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 3 in the Notes

[2)] 2018 - 2020 restated for IAS 19

[3)] Cash and cash equivalents and investments

[4)] Loan liabilities and lease obligations

[5)] Ratio Capex / Property, plant and equipment excl. ROU (IFRS16)

[6)] Write-down (Depreciation) excl. IFRS16

[7)] In consideration of IFRS 16

— LIQUIDITY —

Evotec ended the year 2021 with liquidity of € 858.2 m (2020: € 481.9 m). Cash and cash equivalents accounted for € 699.3 m and investments (corporate bonds and time deposits) for € 158.9 m of liquidity. Cash and cash equivalents can be accessed within a period of less than three months. The increase in liquidity in 2021 resulted mainly from the capital increase in connection with the US listing, resulting in net proceeds of € 403.1 m in November.

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

LIQUIDITY AS OF 31 DECEMBER 2021

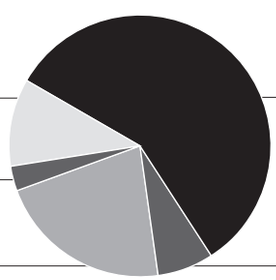
in k€

	2017	2018	2019	2020	**2021**
Cash and cash equivalents	67,017	109,055	277,034	422,580	**699,326**
Current investments	24,139	40,394	42,988	59,350	**158,908**
Total liquidity	**91,156**	**149,449**	**320,022**	**481,930**	**858,234**

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 an investment grade rating (BBB- or better, Standard & Poor's ratings or equivalent). Only money market funds are allowed a maximum portion of 25% of sub-investment grade ratings, however these must be spread across several investors and are limited in size (max. € 5 m). All investments must be in line with Evotec's internal investment policy. As of 31 December 2021, the majority of the liquidity was invested short-term, in bank balances (€ 494.5 m), money-market funds (€ 183.5 m) and corporate bonds (€ 92.0 m) with a maturity of up to seven years. As a result, Evotec has sufficient flexibility to seize strategic growth opportunities and finance the construction of its second J.POD® facility in France, continued growth in ongoing research activities and platforms, and future equity investments.

LIQUIDITY BY INVESTMENT TYPE

in € m



92.0 *Coupon bonds*

494.5 *Cash at bank*

28.4 *Long-term deposits*

183.5 *Money-market funds*

59.7 *Short-term deposits**

** Short-term: Maturity = < 3 months*

Exchange rate development, interest rates and financing

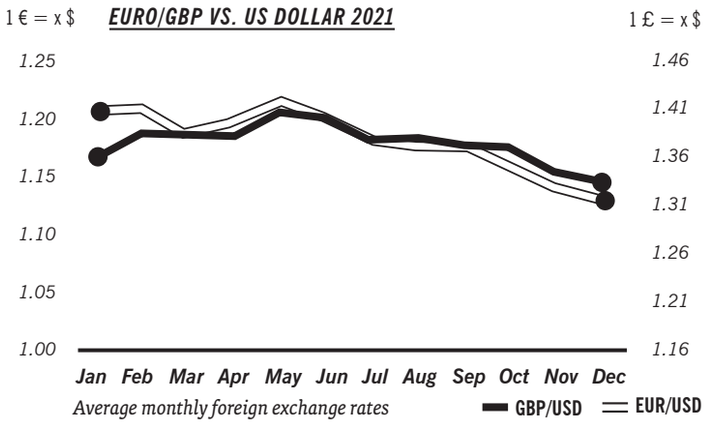
Evotec's financial performance is affected by currency movements and fluctuations in interest rates. Changes in raw material prices may affect aspects of its integrated Chemistry Manufacturing and Controls (CMC) business, and higher prices for laboratory materials may increase R&D costs and FTE rates.

— FX RATES / HEDGING —

The euro (€) to US dollar ($) exchange rate fluctuated in a broad range between $ 1.13 and $ 1.22 in 2021. After starting the year at $ 1.21, the euro oscillated between $ 1.18 and $ 1.22 until August and proceeded to fall until December, ending the year at $ 1.13. On average, the US dollar against the Euro stayed nearly stable with $ 1.14 per Euro in 2020 to $ 1.18 per Euro in 2021.

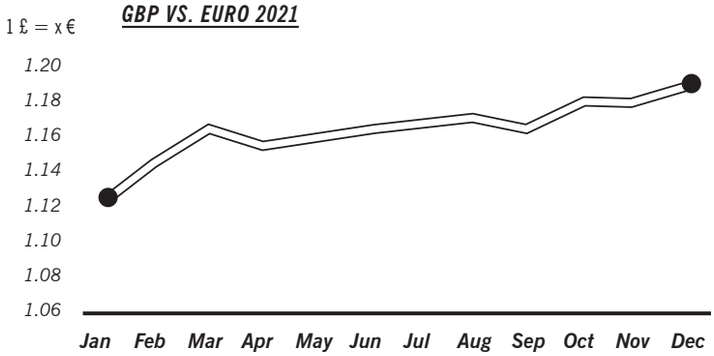
The pound sterling (£) to euro (€) exchange rate fluctuated between € 1.12 and € 1.19 in 2021. In the first quarter of 2021, the pound sterling appreciated € 1.13 to € 1.17, then ranging between 1.15 € and 1.18 €, to increase to 1.19 € at the end of the year. The average exchange rate in 2021 was € 1.16 per pound sterling compared with € 1.13 in 2020.

EURO/GBP VS. US DOLLAR 2021



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

GBP VS. EURO 2021



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

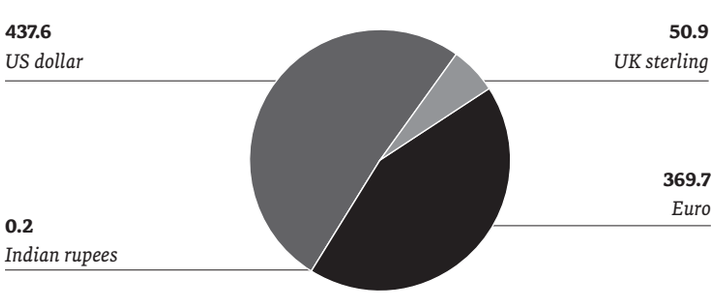
The Evotec Group is exposed to both translational and transactional foreign currency risks. The Company mainly uses forward contracts to hedge its transaction exposures, but does not apply hedge accounting.

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 2021, 50% and 12% of Evotec's revenue and 21% and 18% of Evotec's operating cost was in US dollars and pounds sterling, respectively. 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 euro increased to € 369.7 m at the end of 2021 (31 December 2020: € 289.0 m) and accounted for 43% of the Group liquidity. The currency holding in US dollars increased significantly following the USD listing to € 437.6 m or 51% at the end of 2021 (31 December 2020: € 147.4 m). The currency holding in pound sterling was € 50.9 m or 6% as of 31 December 2021 (31 December 2020: € 45.2 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 until July 2021 reduced 2021 revenues by € 11.7 m and Adjusted Group EBITDA by € 7.6 m compared with the prior year. The continuous strengthening of pound sterling against the euro during 2021 had an impact on revenues and costs of Evotec's UK sites after conversion into euro. It had a negative impact on revenues of € 2.5 m and a positive impact on the operating income of € 1.1 m. Overall, currency fluctuations had a negative impact of € 9.2 m on group revenues and of € 8.2 m on the Adjusted Group EBITDA.

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 € 1.4 m and an unrealised loss of € 8.6 m in 2021 (2020: realised gain of € 1.9 m and an unrealised gain of € 3.8 m). The economic hedging relationships are not recognized as hedging relationships in the consolidated financial statements.

As of 31 December 2021, the Company held derivative financial instruments in the amount of € 302.5 m (31 December 2020: € 57.5 m), thereof € 255.3 m in forward contracts selling US dollars for euro, € 38.5 m selling US dollars for pound sterling, and € 8.7 m in forward contracts selling euros for pound sterling. These forward contracts have a maturity of up to 24 months. The increase in forward contracts as per 31 December 2021 resulted mainly from hedging the USD equivalent of € 180 m of the proceeds from the US listing selling US dollars for euro.

Interest rates

Reinforced by the COVID-19 pandemic, the European Central Bank (ECB) continued its policy of Quantitative Easing in the EU. The ECB's interbank interest rate (3-month Euribor) remained negative throughout 2021 and decreased slightly from (0.54)% to (0.57)% 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 2020, total bank loans increased slightly by € 16.1 m to € 362.5 m as of 31 December 2021 (2020: € 346.4 m). All bank debt was denominated in euros. A long-term KfW Innovation loan was provided by IKB with € 20.4 m and in October the first tranche of a € 43.3 m BPI France loan for the J.POD® Toulouse, France was drawn with € 8.6 m. On the other side, two fixed term loans amounting to € 5 m and € 10 m were repaid as scheduled.

As a result of the capital increase in the US, the net debt ratio changed to a net cash position of (negative) (3.2) in relation to Adjusted Group EBITDA (2020: 0.1x Adjusted EBITDA), which can be seen in the chapter "Multiple-year overview financial position" of this combined Management Report. The ratio amounts to (5.5)x Adjusted Group EBITDA (2020: (1.5)x Adjusted Group EBITDA), when taking effects of IFRS 16 into account, i.e. the effects of additional depreciation and amortization from rights of use and additional lease liabilities.

— CAPITAL EXPENDITURE TO DEPRECIATION —

Increased investments in upgrading and expanding Evotec's platforms

Capital expenditure rose significantly as planned to € 118.9 m in 2021 (2020: € 99.1 m), mainly driven by the creation of production capacity of the J.POD® Redmond (WA), USA, as well as the initiation of J.POD® Toulouse, France. 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 scientific capacity on multiple sites, primarily Abingdon, UK, Toulouse, France and Verona, Italy, and group-wide investments in equipment and supporting infrastructure, including growing investment in carbon-efficient energy utilisation in Abingdon, which Evotec expects to result in savings of CO_2 equivalents of 800 tons on an annualised basis as of H2 2022. Moreover, major technology enhancements were deployed in a number of high value and strategically important areas, such as additional capacities and upgrades in 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), high-throughput screening and PanOmic technologies. Investments were also made to enhance the efficiency and quality of technology platforms, such as the development of automation for end-to-end continuous bio-manufacture and by developing the AI-based humanoid antibody library (J.HAL℠), both of which will enhance Just – Evotec Biologics offering. Just as importantly, expanding, upgrading and digitising supporting administrative tools and systems will continue to consume significant capex in order efficiently support and optimise growth and scalability.

Depreciation of property, plant and equipment amounted to € 55.6 m (2020: € 42.1 m), mainly due to higher investments. Of this amount, € 17.5 m can be attributed to IFRS 16 and the related lease liabilities (2020: € 15.9 m).

ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY

— CAPITAL STRUCTURE —

US NASDAQ Listing: $ 500 m capital increase completed; equity ratio increases significantly to 62%

In 2021, Evotec's share capital increased by 7.7% to € 176.6 m (31 December 2020: € 163.9 m) and additional paid-in capital by 38.8% to € € 1,430.1 m (31 December 2020: € 1,030.7 m), mainly due to the capital increase in connection with the dual listing in November 2021.

The capital increase and the net profit were main reasons for the significant increase in stockholders' equity of € 653.2 m to € 1,377.7 m as of the end of 2021 (31 December 2020: € 724.5 m).

Furthermore, in 2020, a total of 32,594 stock options (2019: 50,000 options) were exercised. As of 31 December 2021 and 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 2021, a total of 1,195,954 shares (2020: 1,501,254 shares) were issued from conditional capital for exercised Share Performance Awards (SPA). During the first quarter of 2021, a total of 285,075 SPAs (2020: 307,832) were granted to the Management Board and key employees. These awards could result in a maximum of 570,150 bearer shares (2020: 615,664) being issued at maturity after four years. In the fourth quarter of 2020, an additional 323,635 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 2021, the total number of awards granted for future exercise amounted to 1,325,450 (2020: 1,570,113), approximately 0.8% of issued shares in 2021 and 1.0% in 2020.

As a result, Evotec's equity ratio increased significantly to 61.6% at the end of 2021 (2020: 49.5%).

— ASSETS AND LIABILITIES —

CONDENSED BALANCE SHEET

in k€

	2020	**2021**	Variance
Cash, cash equivalents and investments	481,930	**858,234**	376,304
Trade accounts receivables incl. related parties	87,896	**134,721**	46,825
Inventories	13,585	**25,793**	12,208
Other current assets	75,433	**82,192**	6,759
Deferred tax assets	24,392	**17,359**	(7,033)
Property, plant and equipment	337,297	**484,597**	147,300
Intangible assets, excluding goodwill	98,036	**30,851**	(67,185)
Goodwill	247,370	**257,569**	10,199
Long-term investments	19,288	**268,793**	249,505
Equity investments and other long-term investm.	39,711	**13,068**	(26,643)
Other non-current assets	37,399	**61,984**	24,585
Total assets	**1,462,337**	**2,235,161**	**772,824**
Current maturities of loans and finance leases	30,008	**50,609**	20,601
Trade accounts payable	42,549	**72,598**	30,049
Current provisions	41,848	**39,260**	(2,588)
Current contract liabilities	66,477	**112,061**	45,584
Other current liabilities	27,577	**49,988**	22,411
Long-term loans and finance leases	461,957	**462,308**	351
Non-current provisions	20,731	**18,021**	(2,710)
Non-current contract liabilities	22,437	**33,476**	11,039
Other non-current liabilities	24,297	**19,155**	(5,142)
Total stockholders' equity	724,456	**1,377,685**	653,229
Total liabilities and stockholders'equity	**1,462,337**	**2,235,161**	**772,824**

— CURRENT AND NON-CURRENT ASSETS —

The Company's total assets rose by € 772.8 m to € 2,235.2 m as of 31 December 2021 (2020: € 1,462.3 m), mainly due to the inflows from the US capital increase, the follow-on investments in Just – Evotec Biologics, the extension of Evotec's BMS collaborations with several prepayments and the upward valuation of the Company's minority shareholding in Exscientia plc (see "Major business events" chapter of this combined Management Report).

Liquidity, which consists of cash and cash equivalents and investments, increased by € 376.3 m to € 858.2 m (31 December 2020: € 481.9 m). The increase in liquidity mainly resulted from the US listing and related capital increase (see "Financing and financial position" chapter of this combined Management Report.

Trade accounts receivable and accounts receivable from related parties included several milestones and prepayments invoiced close to year-end and hence rose from € 87.9 m at 31 December 2020 to € 132.1 m as of 31 December 2021. The amount of milestones and significant prepayments as per 31 December 2021 amounted to € 40.4 m compared with only € 2.3 m as per 31 December 2020 and is only a short-term increase due to timing of project achievements late in 2021. The remaining receivables grew from € 85.6 m as per 31 December 2020 to € 91.7 m as per 31 December 2021 due to the overall increased base business. The amount of aged debtors overdue by more than 120 days was reduced during 2021 to € 2.2 m (31 December 2020: € 6.2 m).

Inventories as per 31 December 2021 amounted to € 25.8 m, an increase of € 12.2 m compared with 31 December 2020 (€ 13.6 m). This increase related mainly to the Just – Evotec Biologics US with the new J.POD® becoming operational in the third quarter of 2021 with € 13.9 m (31 December 2020: € 5.1 m) and COVID-19 related safety stocks.

Property, plant and equipment increased significantly by € 147.3 m to € 484.6 m in 2021 (31 December 2020: € 337.3 m). The increase was mainly due to advance investments in the J.POD® (reported as construction in progress) and the acquisition of the Verona site from GSK which led to a reclassification of € 56.2 m from intangibles (favourable contracts) to fixed assets land and buildings. The investments into the J.POD® US facility, which summed up to € 108.6 m fixed assets and € 14.6 m assets under construction, € 57.4 m higher than at the beginning of the year. The construction of J.POD® Toulouse, France started and built € 3.4 m of assets under construction by end of 2021. Other group companies, mainly Aptuit Verona and Evotec UK, expanded as well and showed a total increase of € 7.2 m in assets under construction. Furthermore, remaining capital expenditure for laboratory equipment and infrastructure exceeded depreciation to enable further growth.

Intangible assets decreased by € 67.2 m to € 30.9 m, mainly due to the Verona/GSK transaction as aforementioned as well as scheduled write-downs on the valuations of customer lists, technologies and trademarks from purchase price allocation. Goodwill increased by € 10.2 m to € 257.6 m, mainly due to the currency-related increase of the valuations of Aptuit, Cyprotex and Just – Evotec Biologics.

Long-term investments and investments accounted for using the equity method increased from € 59.3 m to € 281.9 m at 31 December 2021. This substantial increase resulted nearly exclusively from a gain from fair value adjustments of Exscientia of € 225.4 m as well as losses from fair value adjustments for Evotec's investments in Leon Nanodrugs (€ 2.0 m) as well as impairments of Facio, Eternygen, Leon and Celmatix (in total loss of € 11.9 m). Follow-up and new investments amounted to € 20.7 m, and were partially offset by the share of losses from the investments of € 16.2 m.

Other non-current assets amounted to € 62.0 m (31 December 2020: € 37.4 m) of which the majority or € 56.0 m related to R&D tax credits in France.

— CURRENT AND NON-CURRENT LIABILITIES —

The current portion of loans increased from € 15.4 m as of 31 December 2020 to € 36.1 m, as the three-year promissory note was reclassified during the 2021 financial year due to the shorter remaining term. Two fixed term loans were repaid as scheduled. Current lease obligations came to € 14.5 m and remained stable versus 31 December 2020 (€ 14.6 m). Current trade accounts payable increased from € 42.5 m to € 72.6 m mainly due to the D&O insurance and general business growth, in particular at Aptuit) in the financial year, while current provisions decreased from € 41.8 m to € 39.3 m. Current contract liabilities amounted to € 112.1 m (31 December 2020: € 66.5 m). The increase resulted mainly from the BMS collaborations and related upfront payments (€ +29.4 m).

The long-term portion of bank loans decreased by € 4.7 m to € 326.3 m as of 31 December 2021 (31 December 2020: € 331.0 m). Long-term lease obligations increased from € 130.9 m to € 136.0 m, driven by new rental contracts e.g. for the expansion at Alderley Park (UK). Non-current contract liabilities increased to € 33.5 m in 2021 (31 December 2020: € 22.4 m) and consist mainly of advance payments from BMS.

— WORKING CAPITAL —

The Company's working capital remained negative and changed from € (1.5) m as of 31 December 2020 to € (31.2) m as of 31 December 2021. The increase in current contract liabilities and trade accounts payable exceeded the increase in trade accounts receivables and inventories.

WORKING CAPITAL CALCULATION

in k€

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

	2020	***2021***	*Variance*
Trade accounts receivables incl. related parties	87,896	**134,721**	46,825
Inventories	13,585	**25,793**	12,208
Other current assets	75,433	**82,192**	6,759
Current Assets	**176,914**	**242,706**	**65,792**
Trade accounts payable	42,549	**72,598**	30,049
Current provisions	41,848	**39,260**	(2,588)
Current contract liabilities	66,477	**112,061**	45,584
Other current liabilities	27,577	**49,988**	22,411
Current Liabilities	**178,451**	**273,907**	**95,456**
Working Capital	**(1,537)**	**(31,201)**	**(29,664)**

— 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 € 9.5 m (31 December 2020: € 14.0 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 k€

	31 Dec 2017[1)]	*31 Dec 2018*[2)]	*31 Dec 2019*[2)]	*31 Dec 2020*[2)]	***31 Dec 2021***
Cash, cash equivalents and investments	91,156	149,449	320,022	481,930	**858,234**
Trade accounts receivable incl. related parties	46,113	48,030	83,616	87,896	**134,721**
Inventories	5,568	5,660	10,749	13,585	**25,793**
Deferred tax assets	18,761	42,807	33,779	24,392	**17,359**
Property, plant and equipment	76,069	90,519	239,229	337,297	**484,597**
Intangible assets, excluding goodwill	135,033	122,989	116,994	98,036	**30,851**
Goodwill	220,447	220,791	255,919	247,370	**257,569**
Other assets[3)]	72,856	91,116	120,053	171,831	**426,037**
Total assets	**666,003**	**771,361**	**1,180,361**	**1,462,337**	**2,235,161**
Loans and finance leases	189,928	114,465	463,099	491,965	**512,917**
Trade accounts payable	26,078	31,137	31,319	42,549	**72,598**
Provisions	37,302	45,943	53,553	62,579	**57,281**
Contract liabilities	44,844	112,228	104,852	88,914	**145,537**
Other liabilities[4)]	34,578	41,208	48,925	51,874	**69,143**
Total stockholders' equity	333,273	426,380	478,613	724,456	**1,377,685**
Total liabilities and stockholders' equity	**666,003**	**771,361**	**1,180,361**	**1,462,337**	**2,235,161**

Working capital[5)]	13,980	(37,014)	(6,581)	(1,537)	**(31,201)**
Current ratio[6)]	0.73	1.27	2.62	3.16	**3.39**
Receivables turnover[7)]	5.72	7.82	5.34	5.70	**4.59**
Intangibles and goodwill to total assets	53.4%	44.6%	31.6%	23.6%	**12.9%**
Provisions to total liabilities and stockholders' equity	5.6%	6.0%	4.5%	4.3%	**2.6%**
Equity ratio	50.1%	55.3%	40.6%	49.5%	**61.6%**

[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 4 in the Notes

[1)] 2018 - 2020 restated for IAS 19

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

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

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

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

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

Evotec SE

The management report of Evotec SE and the Group management report for the financial year 2021 have been combined pursuant to section 315 paragraph 5 of the German Commercial Code in conjunction with section 298 paragraph 2 sentence 1 of the German Commercial Code. In addition to the Evotec Group reporting, Evotec SE's net assets, financial position and results of operations as well as its development are described below. The economic situation is presented in a condensed version. Evotec SE's complete statutory financial statements in accordance with the German Commercial Code and the Consolidated Financial Statements are published in the German Federal Gazette.

The risks and opportunities are presented in the "Risk and opportunity management" chapter of this combined Management Report.

According to Evotec SE's business model, revenues and operating profitability strongly depend on the business development of its most important subsidiary, Evotec International, as new contracts and contract extensions are preferably concluded with Evotec International.

FINANCIAL PERFORMANCE INDICATORS

Evotec SE's business is managed by the financial performance indicators revenues, adjusted EBITDA and liquidity (cash & bank balance as well as trade securities less credit defaults under IFRS). The performance indicators are determined in the same way as for the Group.

2021 FINANCIAL RESULTS COMPARED WITH FORECAST

	Forecast Annual Report 2020	*Actual*
Revenues	Decrease by single digit percentage	**4.5%**
Adjusted EBITDA	Positive adjusted EBITDA around single digit million range	**€ (11.2) m**
Liquidity	At the end of the year well below € 200 m	**€ 591.1 m**

As stated in the outlook section of the Management Report 2020 of Evotec SE, a single-digit percentage decrease in revenues for the financial year 2021 had been expected. Evotec SE ended the financial year 2021 with revenues of € 82.0 m (2020: € 78.5 m). This is above the expected level and represents an increase of 4.5% compared to 2020. The increase in revenues is mainly driven by higher intercompany revenues (2021: € 67.5 m; 2020: € 57.4 m).

The adjusted EBITDA amounted to € (11.2) m (2020: € (18.1) m) and was below the expectation. This is primarily due to bank fees related to the initial public offering in the US.

At the end of the year, the liquidity is € 591.1 million. Compared to the previous year (€ 288.8 m) and the forecast (significant reduction below € 200.0 m), the difference is mainly due to the net cash inflow resulting from the listing in the US in November 2021. For further information, please refer to the "Major business events 2021" chapter of this combined Management Report.

RESULTS OF OPERATIONS

— REVENUES —

In 2021, total revenues of Evotec SE amounted to € 82.0 m, an increase of € 3.5 m or 4.5% compared to the previous year (€ 78.5 m). Revenues mainly comprise of drug discovery service revenues, milestone revenues, rent income and intercompany revenues.

Third party revenues including milestones decreased from € 21.1 m in 2020 to € 14.6 m in 2021, a decrease of € 6.5 m. In 2021, milestone revenues of € 0.5 m were generated, which is a decrease of 75% compared to the previous year (2020: € 2.0 m). At the same time, intercompany revenues increased by € 10.1 m to € 67.5 m. This is due to the fact that new contracts and contract extensions were preferably concluded with the subsidiary Evotec International GmbH. As a result, the number of external customers decreased year-on-year.

In 2021, the total revenue contribution of the three largest customers (Evotec International GmbH, CHDI Foundation Inc, Evotec UK Ltd.) amounted to 82% (2020: 87%).

— NET RESULT —

Evotec SE ended up with a net loss of € 27.8 m in 2021. The loss included extraordinary effects from investment revaluations and trade securities of € 14.1 m and provisions for contingent losses of € 8.6 m.

In 2021, adjusted EBITDA* amounts to € (11.2) m (2020: € (18.1) m).

In k EUR	*2020*	***2021***
Net loss	(24,184)	**(27,798)**
– Taxes on income	225	**(27)**
– Interest income	(5,455)	**(8,168)**
– Interest expenses	4,448	**6,290**
– Depreciation of tangible assets	3,623	**4,075**
– Amortization of intangible assets	3,647	**311**
– Amortization of financial assets and securities classified as current assets	132	**14,131**
– Impairments on current intercompany assets	0	**0**
– Reversal of impairments on current and non-current intercompany assets	(550)	**(0)**
Adjusted EBITDA	**(18,114)**	**(11,186)**

** Regarding the definition please refer to the "Results of operations" chapter of this combined management report*

The cost of materials increased by € 3.0 m from € 20.0 m in 2020 to € 23.0 m in 2021. This is primarily the result of purchased services from Evotec's subsidiaries which increased by € 2.2 m to € 9.7 m in 2021 (2020: € 7.5 m).

Personnel expenses increased by € 8.0 m from € 37.4 m in 2020 to € 45.4 m in 2021. This increase was mainly due the increased number of employees because of the company growth.

In the financial year 2021, other operating income increased by € 41.6 m to € 46.0 m (2020: € 4.4 m) and mainly reflects currency gains of € 45.4 m.

Other operating expenses increased by € 33.8 m from € 48.1 m to € 81.9 m. The increase is mainly driven by bank fees and higher legal and consultancy expenses which are related to the listing in the US.

Interest income increased by € 2.7 m to € 8.2 m in 2021 (2020: € 5.5 m). This increase mainly related to the higher overall liquidity, in particular after the NASDAQ listing in the US in November 2021 as well as interest income for convertible loans granted to investments.

Interest expense increased year-on-year from € 4.4 m to € 6.3 m.

Write-downs of financial assets amounted to € 10.5 m (2020: € 0.1 m) and include impairment losses regarding three investments, as further delays in the respective lead programs lead to the failure of further financing rounds and consequently to a permanent impairment.

Income from investments increased by € 2.6 m from € 5.0 m in 2020 to € 7.6 m in 2021. The dividend payments 2021 from affiliated companies primarily related to Evotec France (SAS) (2020: Evotec (France) SAS: € 5.0 m).

In the financial year 2021, income from other securities and from loans held as financial assets increased by € 2.7 m to € 8.1 m (2020: € 5.4 m). This increase is mainly due to interest income on loans granted to subsidiaries of € 2.3 m.

NET ASSETS AND FINANCIAL POSITION FINANCING AND FINANCIAL STATUS

Total assets of Evotec SE amounted to € 1,340.9 m (2020: € 914.7 m) at financial year end.

— LIQUIDITY AND FINANCING —

As of 31 December 2021, liquidity increased by € 308.3 m to € 591.1 m (2020: € 288.8 m). The increase is mainly due to the net cash inflow of € 403.1 m resulting from the NASDAQ listing in the US in November 2021. In terms of cash outflow, the financing of subsidiaries of € 74.7 m was the largest item.

The net cash flow from operating activities amounted to € (12.7) m due to lower milestone payments and higher personnel and administrative expenses as a result of strong growth in Group functions (2020: net cash outflow of € (1.4) m).

The net cash outflow from investing activities amounted to € 19.6 m (2020: € 44.5 m) and consisted mainly of € 4.1 m (2020: € 5.1 m) capital expenditures as well as € 13.7 m (2020: € 16.1 m) purchase of new investments and further investments in existing investments as part of financing rounds.

The net cash flow from financing activities amounted to € 335.1 m (2020: € 213.2 m) and was mostly due to the NASDAQ listing in the US and the associated issuance of new shares. The net cash inflow from this capital increase was € 403.1 m. The net borrowing of new bank loans amounted to € 6.3 m. The granting of loans to affiliated companies of € 74.7 m was the major offsetting effect.

Effects on exchange rate changes on liquidity amounted to € 9.1 m (2020: € (7.2) m).

NET ASSETS

— CAPITAL STRUCTURE —

Total share capital increased by € 12.7 m. In 2021, 1,195,954 shares from share performance awards ("SPAs") from Evotec Group employees and members of the Management Board, as well as former Evotec Group employees and former members of the Management Board (2020: 32,594 stock options and 1,501,254 SPAs) were converted into Evotec shares by using conditional capital. No stock options were exercised by Evotec Group employees and members of the Management Board as well as former Evotec Group employees and members of the Management Board in 2021 and 2020, which were serviced by treasury shares. As of 31 December 2021, Evotec SE held 249,915 of its treasury shares (31 December 2020: 249,915).

In 2021, total equity increased by € 418.6 m to € 964.5 m (2020: € 545.9 m) mainly due to the listing in the US. As of 31 December 2021, Evotec SE reported an increased equity ratio of 71.0% (2020: 59.7%). The increase in equity ratio was again mainly due to the listing in the US.

— NET ASSETS AND LIABILITIES —

Financial assets include shares in affiliated companies, loans to affiliated companies, investments and loans to investments. In 2021, the financial assets increased by € 60.6 m and amounted to € 579.7 m as of 31 December 2021 (2020: € 519.1 m). New loans to affiliated companies of € 9.0 m relate to Just – Evotec Biologics EU SAS and of € 52.8 m to J.POD®-Evotec-Biologics Inc). The purchase of investments amounted to € 13.7 m (2020: € 16.1 m). Thereof, € 2.7 m related to new investments, primarily in Ananke Therapeutics Inc. and € 11.0 m to the expansion of already existing investments, primarily in Breakpoint Therapeutics GmbH.

Compared with 31 December 2020, receivables and other assets increased by € 60.2 m to € 146.3 m. This increase is mainly due to the increase in intercompany loans by € 33.5 m as well as in short-term deposits in foreign currency by € 25.3 m to € 35.9 m.

In the financial year 2021, other provisions increased by € 6.6 m from € 13.1 m to € 19.7 m. This increase mainly results from higher provisions for outstanding invoices mainly relating to the capital increase in November (€ 2.8 m) and higher personnel-related provisions (€ 1.0 m).

In 2021, Evotec SE's liabilities to banks increased by € 7.5 m to € 354.3 m (2020: € 346.8 m). This change is primarily a result of a loan disbursement of € 20 m as well as two repayments totaling to € 15 m.

Trade accounts payables increased by € 7.9 m to € 10.9 m (2020: € 3.0 m) in connection with listing in the US.

Effects on exchange rate changes on assets and liabilities amounted to € (12.2) m (2020: € (9.9) m).

GENERAL STATEMENT ON EXPECTED DEVELOPMENTS BY THE MANAGEMENT BOARD

In 2021, Evtoec SE achieved a solid performance with an increase in revenues of 4.5%, which is above the forecast. As most of the upcoming contracts or contract extensions with external customers are concluded with Evotec International GmbH, the portion of external revenues continued to decrease. The decrease of external revenue by € 6.5 m was more the compensated by the increase in intercompany revenues of € 10.1 m.

In 2021, the adjusted EBITDA amounted to € (11.2) m (2020: € (18.1) m). The increase was due to the write-downs of financial assets and other securities.

OUTLOOK EVOTEC SE

— EXPECTED OPERATING RESULTS —

In 2022, Evotec expects revenues to decline in the single-digit percent range. This assumption is based on current orders on hand, foreseeable new contracts and the extension of contracts as well as prospective milestone payments. Despite the positive development of the Evotec Group, the adjusted EBITDA of Evotec SE is expected to be in the range between € (20) m to € (30) m.

— EXPECTED LIQUIDITY —

The Company's strong liquidity position offers a solid basis to further strengthen the strategic position in the drug discovery and development market as well as the building of the "facility of the future" and to increase the shareholder value. In 2022, it is expected that Evotec SE's liquidity will decrease to just over € 400 m, as Evotec SE will support its subsidiaries with liquid funds, including the building of the "facility of the future" in Toulouse as well as scaling the existing technology platforms. In addition, investments in the area of IT as well as the fit out of buildings are planned.

We additionally refer to the statements in the Group outlook section, which also reflects the expectations concerning Evotec SE.

Sustainable business development

Sustainability and compliance with environmental, social and governance (ESG) criteria are of vital importance to the Evotec Group and are an essential component of all the company's business processes. For Evotec, sustainability means effectively combining economic success with ecological and socially responsible activities. This commitment includes reviewing the Company's activities in terms of relevant (reporting) standards and guidelines, codes, and laws as well as towards rating agencies. 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.

For a detailed overview of Evotec's sustainability activities and the Company's ESG performance, please see Evotec's "Sustainability Report 2021". The report provides a new level of ambition and transparency to a broad range of environmental, social and governance topics in business fields such as global health, empowering the Company's people and DEI (Diversity, Equity & Inclusion), taking care of the planet as well as compliance. It is available on the Evotec website under the following link:
https://www.evotec.com/en/investor-relations/publications

— EMPLOYEES —

Headquartered in Hamburg, Germany, the Evotec Group employs 4,198 people around the globe as of 31 December 2021 (2020: 3,572 employees), which corresponds to a total increase of 18% compared with the prior year's end. Overall, the number of employees grew by 626 (absolute number) in 2021 (2020: 542 employees). Evotec's strong growth is shaped decisively by the expertise, passion, and skill of all employees at all levels both in Europe and recently in the USA for the new J.POD® production site. Focusing on human capital therefore increases the Company's capacity for innovation and continued best-in-class services for its partners and customers.

As of 31 December 2021, the Evotec SE had a total of 563 employees worldwide (2020: 513 employees), which corresponds to a total increase of 9.7% compared to the prior year's end. This growth reflects the continued organic growth. In total, Evotec SE grew by 50 (absolute number) employees in 2021.

— DIVERSITY —

By committing to the German "Charta der Vielfalt" ("Diversity Charter") and its 7 dimensions in 2020, Evotec further continued to work on becoming an even more attractive and diverse employer in 2021.

At the end of 2021, employees of 81 different nationalities worked at Evotec. The average age of Evotec's employees at the end of 2021 was 38.5 years, and 1.6% of the Company's employees have a recognized disability.

Regarding gender diversity, 54% of Evotecs global workforce are women. In 2018, the Company set its corporate gender goal for senior executive management two levels below the Board to reach a proportion of 30% women by 30 June 2022. In 2021, this target was met ahead of time with 31%.

— TRAINING AND EDUCATION —

Evotec's employees are highly skilled with more than 80% having an academic background. Evotec is convinced that growth is only possible through continuous learning and development of its people. To offer its people the best growing opportunities with comprehensive and coordinated support, Evotec has a dedicated Center of Expertise (CoE) for Global People Development, within the Global HR function which takes care of this. The Global People Development team provides global learning and development approaches aligned with the Company's strategy, global business needs and a long-term vision.

To succeed in this ambition, Evotec's learning culture encourages each employee to take ownership of their development on the job, through interactions with others and on training. The Company follows the 70/20/10 (on the job / from others / in training) learning approach.

Training programs are provided for employees at all sites and cover a variety of topics, depending on the country of operations: **EVO***lead* – Leading Self & Others, **EVO***talk* training, SBI feedback training, Individual 1-to-1 coachings, Policy training, EHS training and Language training (English, German, Italian, French).

— HEALTH AND SAFETY —

Evotec's EHS department implements measures to safeguard the health, safety and welfare of all staff and visitors, or those affected by the Company's work, so far as is reasonably practicable. As such, it is the policy of the Company to provide and maintain safe and healthy working conditions, equipment and systems of work for all its staff. To this end, information, training and supervision is provided where necessary. Evotec recognises that full compliance with all aspects of national and regional legislation relating to health and safety is essential.

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 "IR & ESG" section under the link
https://www.evotec.com/en/investor-relations/ESG

Post-balance sheet events

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DISCONTINUATION OF BAYER'S CLINICAL DEVELOPMENT CANDIDATE ELIAPIXANT

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Despite the publication of positive Phase IIb in the treatment of patients suffering from refractive chronic cough in September 2021, Bayer informed Evotec at the beginning of February 2022 of its decision to discontinue the development of the investigational P2X3 receptor antagonist eliapixant (BAY1817080), which stems from a former Evotec/Bayer multi-target research alliance. Following a review of additional data, generated in phase II trials in other indications (endometriosis, overactive bladder), Bayer concluded that the overall benefit no longer outweighs the risk in the actively pursued indications.

As a consequence of Bayer's decision, Evotec regains the rights to all P2X3 assets. The Company will evaluate the underlying data as soon as they are made available and will evaluate all options.

Risk and opportunities management

GROUP WIDE RISK MANAGEMENT

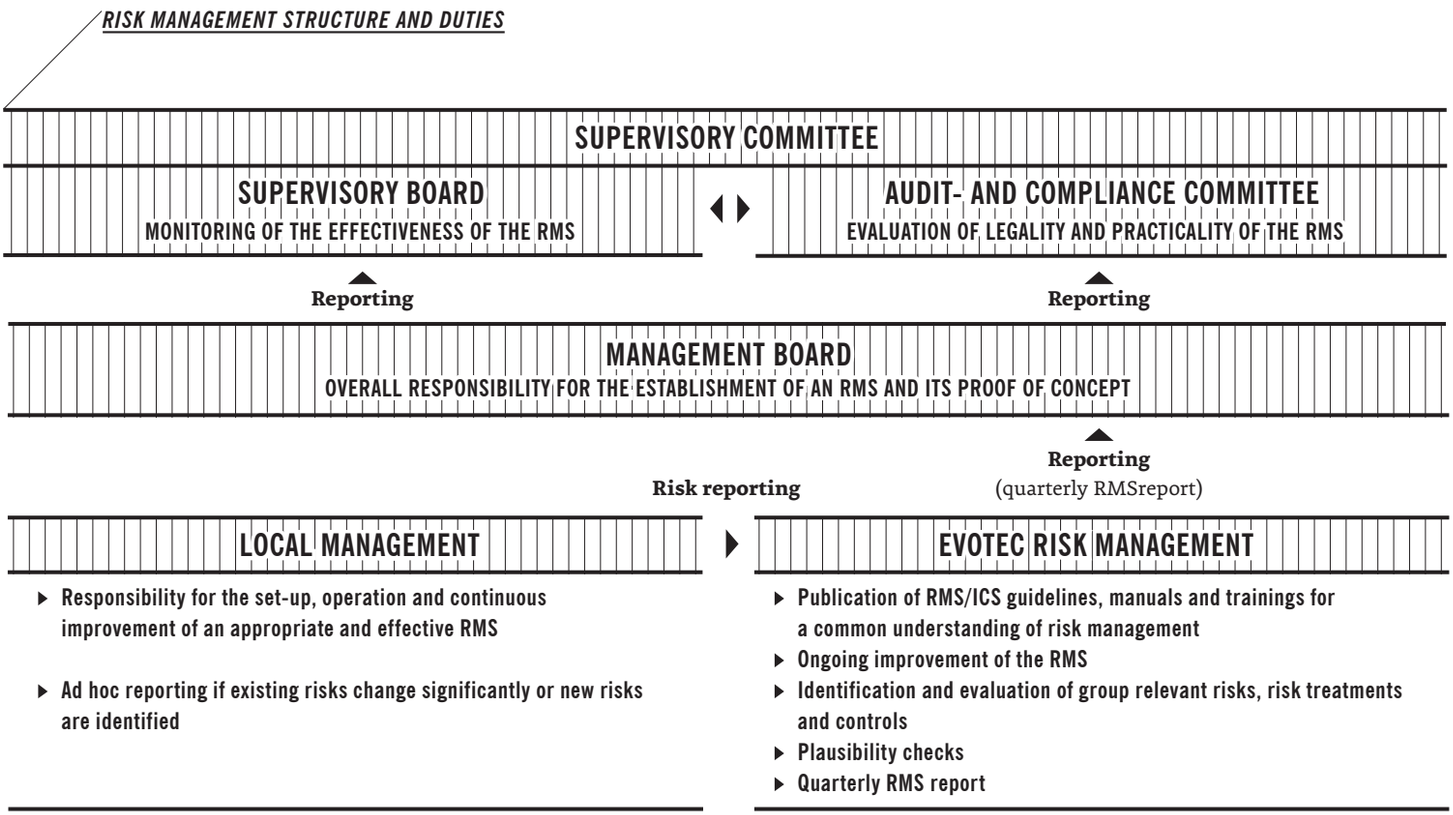
Evotec operates in a complex and ever-changing global business environment. Many internal and external factors therefore affect the achievement of the Group's objectives. For this reason, the assessment of opportunities and risks is embedded in its decision-making. In its risk and opportunity policy, 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 risks 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).

BASIC ELEMENTS OF THE RISK MANAGEMENT SYSTEM

The Company's risk management system in accordance with Section 91 paragraph 3 of the German Stock Corporation Act ("AktG") is attuned to the early detection, assessment and management of major risks, in particular



those that may threaten its existence. 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.

Evotec's Management Board assumes the responsibility for the risk management system and the underlying cornerstones of risk policy and strategy. 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, providing advice for and monitoring the shaping and implementation of suitable countermeasures. In this context, contacts for risk reporting and risk management in all business units are continuously identified and nominated.

Risk detection

The corporate risk management has the sole right to maintain and update the risk portfolio in the risk management tool. Risk detection happens 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 the 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. As a basic standard, all risks are evaluated on a gross (i.e. before the consideration of response measures) and a net (i.e. remaining risks after existing and risk response measures) risk basis in order to display the effectiveness of risk response activities.

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 – 25%**
High	**> 25%**

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 a year to see if any changes need to be made. In 2021, 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 should also be recorded.

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 Evotec`s 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, the 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 major 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.

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/investor-relations/governance.

CONTROL AND MONITORING SYSTEMS

Evotec has implemented an early risk detection system and a risk bearing capacity model in accordance with section 91 paragraph 2 of the German Stock Corporation Act ("AktG") to ensure the legally required monitoring of essential business risks by the management board and supervisory board. This also includes the upgrade of an internal control system in accordance to Section 91 paragraph 3 of the German Stock Corporation Act ("AktG") in conjunction with Section 289 paragraph 4 of the German Commercial Code ("HGB") which Evotec expanded during the financial year 2021 to ensure

compliance with the requirements of the US Sarbanes Oxley Act 2002 (section 404). As a newly public listed company in the US the Company is allowed to wait until Evotec's second annual report to fully comply with Section 404 so that reporting according to SOX compliance regarding ICFR is not yet required for 2021.

Early risk detection system and risk bearing capacity model

Evotec fulfils the requirements according section 91 paragraph 2 AktG to be able to identify all significant developments and/or developments that threaten the existence of the Company at an early stage with Evotec's group wide implemented and standardized Risk Management system. In addition, Evotec set up a risk bearing capacity calculation that examines if Evotec can absorb the impact of all risks on liquidity in the event that the relevant risks materialise. For this purposes, scenarios for all risks are created based on stochastic calculations considering distribution curves. If the risk simulation exceeds the company´s risk bearing capacity and risk tolerance, counter measures are worked out immediately in cooperation with the Management Board.

Internal control system

As part of the comprehensive risk management system, Evotec has an internal control system in place in which suitable structures and processes are defined and implemented in the organization. The aim of the Company's internal control system is to minimize the occurrence of procedural risks to an acceptance level. This also includes ensuring proper and effective accounting and financial reporting in accordance with national and international accounting standard and laws. The accounting based internal control system is designed in such a way that a timely, uniform and correct accounting entry of all business transactions based on applicable accounting standards is guaranteed.

The internal control system, including the accounting based 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 Global Internal audit function. This ensures the legally obligatory monitoring of the effectiveness of the internal control system by the Executive Board in accordance with section 91 paragraph 3 of the German Stock Corporation Act ("AktG"). At the same time, organisational structures and processes are reviewed. The effectiveness of the internal control system was fully tested in 2021 for all material entities – based on a developed scoping model – from the global Risk Management Department and an external consultant firm (PriceWaterhouseCoopers GmbH) in connection with the global Sarbanes Oxley Act implementation. From 2022 onwards, Evotec entities have to evaluate and confirm the appropriateness, documentation and efficiency of the key controls continuously. Key controls will be tested on a yearly basis by Evotec's Global Internal Audit function exclusively and independently.

Based on this information, the Board of Directors has concluded in its review that Evotec's internal control system, 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 in terms of 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.

Process independent monitoring

The Global Internal Audit function runs independent, risk-oriented and objective audit procedures with a clearly defined systematic approach in order to assess the effectiveness of the corporate management, processes, control and risk management and in order to contribute to the improvement. In addition, the external auditor, as an independent external body, assesses the risk early detection system for its fundamental suitability as part of the audit of the annual financial statements.

OVERVIEW OF CURRENT RISK SITUATION

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.

In the following, the most relevant risks from Evotec´s risk assessment are reported. Established risk control measures are taken into account so that the following risk overview is based on a net risk perspective for the probability of occurrence and the financial impact. Evotec also reports significant risks that may not be financially quantifiable in a meaningful way. In the following, Evotec describes the individual risk categories and indicate their risk classification. The order does not imply any valuation of the risks.

Evotec points out that an inevitable uncertainty in the risk assessment is implicit as risk assessments are subject to considerable estimations and require assumptions that not always can be verified through previous internal experiences or external sources.

The table below is an overview of these risks.

CORPORATE RISK OVERVIEW (AGGREGATED)	*Probability of Occurence*	*Potential financial impact*
1. Strategic risks		
Failure to achieve strategic targets	High	High
Disruptive market participants	Low	High
Future risks to success in drug discovery and development	High	High
Failure of mergers and acquisitions	Medium	Medium
Political risks	High	Low
2. Market risks		
Competitive situation	Low	High
Commercial risks from out-licensing and licenced products	High	Medium
Overall economic development	High	Medium
Risks related to the COVID-19 pandemic	Low	High
Termination of projects and contractual relationships	High	High
3. Financial risks		
Liquidity risk	Low	Low
Currency risks	Low	High
Interest rate risks	Low	Low
Loss of R&D tax credits	Low	High
Risks in the context with changes in tax laws and interpretations by authorities in jurisdictions of business operations	Medium	Medium
4. Legal/compliance risks		
Litigation	Low	High
Contractual risks	Medium	Low
Regulatory risks	Low	Low
Product liability risks	Low	Low
Quality risks in R&D	Medium	High
General governance and compliance risks (fraud, corporate governance)	Low	High
5. Ownership and patent risks		
Patents and proprietary technologies	Medium	Medium
Licences granted for partnered assets	Medium	Medium
6. HR risks		
Loss of highly qualified staff (key employees)	High	Low
7. Information technology risks		
Loss of data	Medium	High
Data integrity and protection	Medium	Low
Cyber risks	High	High
GDPR and other similar jurisdictions	High	High
8. Operational risks		
Environmental, health and occupational safety risks	Medium	Low
Procurement risks	High	High
Process risks	Low	Medium
Major disasters on sites	Low	High

Due to the changed evaluation methodology of risks in connection with the new IDW PS 340, a comparison of the risk evaluation with the previous year is not possible and meaningful.

Compared with fiscal year 2020, Evotec has fundamentally changed its evaluation basis as well as the valuation methodology. As of the fiscal year, all risks are derived using a gross-net method, as recommended by German and international standards. This leads to a more accurate assessment of risks and improved management of countermeasures at Evotec SE. In addition, the risk management has been changed to a cash impact assessment only, which allows for an improved comparability of risks. As a result of this change, a comparison of risks in terms of the amount of damage and probability of occurrence is not meaningful or is only meaningful to a limited extent. For this reason, we have decided to dispense with the presentation of risk development in relation to the previous year for the first time in the 2021 financial year and will do so again from the 2022 financial year in the interests of consistency.

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 a foreseeable aggregation.

1. Strategic risks

The risk of **failure to achieve strategic targets** depends on internal and external factors. Currently, Evotec has more than 4,000 employees and, in connection with the growth and advancement of its pipeline, Evotec expects to increase the number of employees and the scope of Evotec's operations. To manage its anticipated development and expansion, Evotec must continue to implement and improve its managerial, operational, legal, compliance and financial systems, expand its facilities, and continue to recruit and train additional qualified personnel. Also, Evotec's management may need to divert a disproportionate amount of its attention away from its day-to-day activities and devote a substantial amount of time to managing these development activities. Evotec is actively developing pipeline assets in many therapeutic areas and across a wide range of diseases. The Company also routinely pursues new service offerings, such as its recent expansion into CRO services including, but not limited to, protocol preparation and review and regulatory preparation and submission. Successfully developing candidates for, and fully understanding the regulatory and manufacturing pathways to, all of these therapeutic areas and diseases requires a significant depth of talent and experience, resources and corporate processes in order to allow simultaneous execution across multiple areas. In case of limited resources, Evotec may not be able to effectively manage this simultaneous execution and the expansion of its operations or recruit and train additional qualified personnel. This may result in weaknesses in Evotec's infrastructure, give rise to operational mistakes, legal or regulatory compliance failures, loss of business opportunities, loss of employees and reduced productivity among remaining employees. For example, by expanding into CRO services, Evotec may become liable for acts or omissions made in connection with developing clinical protocols. The physical expansion of Evotec's operations may lead to significant costs and may divert financial resources from other projects. If Evotec's management is unable to manage effectively the Company's expected development and expansion, the expenses may increase more than expected, the ability to generate or increase revenue could be reduced and Evotec may not be able to implement its business strategy. Evotec's future financial performance and its ability to compete effectively will depend in part on the ability to manage effectively the future development and expansion of the Company. In order to achieve its strategic targets, the Company above all must continue and expand its top-quality, innovative services.

The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. Evotec faces the risk of **disruptive market participants**, i.e. that new market entrants and existing competition may try to replicate Evotec's business model or introduce a more innovative offering that renders Evotec's services less competitive or obsolete. In addition, Evotec's drug discovery and development efforts may target diseases and conditions for which there are existing therapies or therapies that are being developed by Evotec's competitors, which may have e.g. greater resources or greater manufacturing capabilities than the Company does. Further, any drug products resulting from Evotec's research and development efforts might not be able to compete successfully with others' existing and future products.

Evotec addresses 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.

Evotec faces **future risks to success in drug discovery and development** due to failure, whereby some of the factors of success are beyond its control. Evotec seeks to serve as a source of innovative drug candidates to potential partners. The Company is advancing a number of active discovery and early-stage development assets that it intends to license to partners for clinical development and commercialization. Some of Evotec's assets are not partnered, and if Evotec cannot find a suitable partner or agree on acceptable terms with a partner, the Company may not be able to generate a return on such assets. Furthermore, the amount of Evotec's return on its investments in the Company's pipeline assets depends on many factors, such as the degree of innovation and strength of Evotec's intellectual property position, as well as on external factors outside of Evotec's control. For example, Evotec's ability to generate a return on its investments in its pipeline assets depends, in significant part, on Evotec's partners' research and development priorities. The market environment, demand and competitive landscape for Evotec's individual pipeline assets might change significantly over time as certain diseases become more or less prevalent or other treatment options are demonstrated to be more safe and effective or become more readily available, thereby reducing the market opportunities for Evotec's pipeline assets in development. As a result, the commercial objectives of Evotec's partners with respect to individual assets and the financial proceeds Evotec may receive from partnering individual assets is highly uncertain, subject to factors outside of Evotec's control and could deviate significantly from its projections.

Whether Evotec is eligible to receive milestone and royalty payments is subject to its partners' success with regard to pre-clinical and clinical testing. The outcome of respective tests and trails is inherently uncertain, and Evotec neither controls nor drives the development process once its partners enter the clinical trial phase. Evotec's partners also may experience unforeseen challenges during, or as a result of, any clinical trial which they conduct. This could significantly delay or even prevent successful product development and subsequent market approval. Furthermore, there is a risk that milestone and potential license payments on future drug sales by partners will be lower than anticipated in Evotec's strategic planning. This could thus lead to impairments of underlying individual intangible assets, affecting 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 so that the Company faces the **risk of failure of mergers and acquisitions.**

Evotec intends to undertake additional strategic acquisitions; however, it may not realize the intended advantages of such acquisitions and investments, in particular if Evotec is unsuccessful in ascertaining or evaluating target businesses. For instance, Evotec's assumptions may prove to be incorrect, which could cause the Company to fail to realize the anticipated benefits of these transactions. If Evotec fails to realize the expected benefits from acquisitions or investments, whether as a result of e.g. unidentified risks or liabilities or integration difficulties, the Company's business, results of operations and financial condition could be adversely affected (e.g. impairments on goodwill or intangible assets). Moreover, Evotec may not be able to locate suitable acquisition or partnership opportunities. Following an acquisition, Evotec may not be able to successfully integrate the acquired business or operate the acquired business profitably. In addition, integration efforts often take a significant amount of time, place a significant strain on managerial, operational and financial resources, might result in loss of key personnel and can prove to be more difficult or expensive than predicted. The diversion of the management's attention and any delay or difficulties encountered in connection with any future acquisitions could result in the disruption of Evotec's on-going business or inconsistencies in standards and controls that could negatively affect its operations, including the ability to maintain third-party relationships. If Evotec encounter difficulties integrating newly acquired assets or operations with its platform, its business and results of operations as a group may be adversely impacted. Moreover, if Evotec invests in new modalities and technologies, it may not be successful in integrating them into its platform offerings or generating customer or partner demand for them, which could result in failure to generate a return on Evotec's investment.

Some of the businesses Evotec may seek to acquire may be marginally profitable or unprofitable. For these businesses to achieve acceptable levels of profitability, Evotec may need to improve their management, operations, products and/or market penetration. Evotec may not be successful in this regard, and it may encounter other difficulties in integrating acquired businesses into its existing operations.

Further, as part of Evotec's **EVO***equity* model, from time to time Evotec invests in start-up companies and/or development stage technology. In evaluating these opportunities, Evotec follows an evaluation process that considers factors such as potential financial returns, new expertise in emerging drug discovery and business benefits. Despite Evotec's best efforts to calculate potential return and risk, some or all of these companies the Company invests in may be unprofitable at the time of, and subsequent to, Evotec's investment. Evotec may incur losses from these investments, including the potential for future impairment charges on the investments, and the anticipated benefits of the technology and business relationships may be less than expected.

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 Evotec considers to be strategic risks, mainly include geopolitical decisions that lead to global trade conflicts or an uncertain economic situation. In case of instable political situations, Evotec also faces the risk of direct impact on its operations e.g. due to delays of deliveries or blacklisted countries including suppliers and customers from these countries. Evotec addresses these risks by continuously monitoring political uncertainties and actively working with stakeholders in order to assess and minimize 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, e.g., a BREXIT task force in 2020 until mid 2021. With the Russia/Ukraine conflict, starting in 2021, Evotec closely monitors all impacts from sanctions against Russia for its business. The impact on Evotec from the Russia/Ukraine conflict is recorded directly under the purchasing risks. Evotec addresses these risks by e.g. transferring orders to other suppliers at an early stage and proactively. However, based on Evotec's evaluation of the impacts on its business from the increasing crisis in the Ukraine, the political risk is currently assessed to be not material.

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.

Evotec´s mission is to discover best and first-in-class medicines for a broad range of difficult-to-treat diseases in collaboration with Evotec's partners. To that end, Evotec has built a comprehensive suite of fully integrated, next generation technology platforms which it believes will transform the way new drugs are discovered. By leveraging the advanced capabilities of its integrated platforms, Evotec is able to provide solutions to its partners that enable significant improvements in the quality of new drugs while accelerating the drug discovery process and reducing the high cost of attrition often associated with traditional drug discovery processes. The industry in which Evotec operates is highly competitive, with many players pursuing similar scientific approaches. If Evotec does not continually offer its partners innovative and cutting-edge solutions and remain at the forefront of precision medicine, the Company's business may be materially and adversely affected.

Moreover, Evotec's business operations are subject to challenges as a result of industry pressures. For instance, Evotec expects the industry to continue experiencing pricing pressures due to the persistent trend toward managed healthcare, the increasing influence of health maintenance organizations and additional legislative changes. The downward pressure on healthcare costs, particularly with regard to prescription drugs, has intensified and Evotec's partners are impacted accordingly. As Evotec's business is dependent on the continued health and growth of the pharmaceutical and biological industry, should the industry contract due to pricing pressure, Evotec's business may be materially and adversely affected. Evotec addresses this risk with a diversified business model based on innovative, multifunctional technologies and platforms that took years to develop.

The **commercial risk from out-licensing and licensed products** is a medium risk, in Evotec's view. Evotec depends in part on out-licensing arrangements for late-stage development, marketing and commercialization of its pipeline assets. Dependence on out-licensing arrangements subjects

Evotec to a number of risks, including the risk that it has limited control over the amount and timing of resources that the Company's licensees devote to pipeline assets, that its licensees may experience financial difficulties or that its licensees may fail to secure adequate commercial supplies of pipeline assets upon marketing approval, if at all. Moreover, Evotec faces the risks that its future revenues depend heavily on the efforts of its licensees and that business combinations or significant changes in a licensee's business strategy may adversely affect the licensee's willingness or ability to complete the development, marketing and/or commercialization of the relevant pipeline assets. Finally, a licensee could move forward with a competing product candidate developed either independently or in partnership with others, including Evotec's competitors.

If Evotec or any of its licensees breach or terminate their agreements with Evotec or if any of its licensees otherwise fail to conduct their development and commercialization activities in a timely manner or there is a dispute about their obligations, Evotec may need to seek other licensees, or the Company may have to develop its own internal sales and marketing capability for its pipeline assets. Evotec's dependence on its licensees' experience and the rights of its licensees will limit Evotec's flexibility in considering alternative out-licensing arrangements for its pipeline assets. Any failure to develop successfully these arrangements or failure by Evotec's licensees to successfully develop or commercialize any of Evotec's pipeline assets in a competitive and timely manner will have a material adverse effect on the commercialization of the Company's pipeline assets.

To mitigate this risk to the extent possible, detailed project reporting is established within Evotec and stipulated in any collaboration agreement.

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.

The COVID-19 pandemic is continually evolving and to date has led to the implementation of various containment measures, including government-imposed shelter-in-place orders, quarantines, national or regional lockdowns, travel restrictions and other public health safety measures, as well as reported adverse impacts on healthcare resources, facilities and providers across the world. In response to the spread of COVID-19, and in accordance with direction from government authorities, Evotec has, for example, limited the number of such personnel that can be present at its facilities at any one time, mandated the usage of face masks in all Evotec facilities, implemented regular COVID-19 task force consultations, limited the maximum numbers of people allowed in rooms at one time and requested that many of the Company's personnel work remotely. In the event that government authorities were to further modify current restrictions, Evotec's employees conducting research and development or manufacturing activities may not be able to access Evotec's laboratory or manufacturing facilities and the Company's core activities may be significantly limited or curtailed, possibly for an extended period of time.

As a result of the COVID-19 pandemic, Evotec has experienced and may in the future (with COVID-19 or other similar pandemics and outbreaks) experience severe disruptions, including:

- interruption of or delays in receiving products and supplies, such as pipettes and pipette tips, from the third parties Evotec relies on to, among other things, provide the Company's service offerings to its customers or manufacture for its customers, which may impair Evotec's ability to operate its business;

- limitations on Evotec's business operations by local, state or federal governments that affect the Company's ability to operate its business;

- delays in customers' orders and negotiations with customers and potential customers;

- delays in clinical trials conducted by Evotec's partners, leading to a decrease in revenue in the Company's EVT Innovate segment due to a corresponding delay in milestone achievements;

- business disruptions caused by workplace, laboratory and office closures and an increased reliance on employees working from home, travel limitations, cyber security and data accessibility limits, or communication or mass transit disruptions; and

- limitations on employee resources that would otherwise be focused on the conduct of the Company's activities, including because of sickness of employees or their families or the desire of employees to avoid contact with large groups of people.

Any of these factors could severely affect Evotec's operations. Evotec cannot predict the scope and severity of any potential business shutdowns or disruptions as a result of the ongoing COVID-19 pandemic. The extent to which the pandemic may negatively impact Evotec's consolidated operations and results of operations or those of Evotec's third-party manufacturers, suppliers, partners or customers will depend on future developments, which are highly uncertain and cannot be predicted with confidence.

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 the Company rates the impact of COVID-19 as an ongoing material risk.

Evotec classifies the **termination of projects and contractual relationships** especially Evotec´s key projects with larger customers as a medium net risk, which, however, is also associated with significant opportunities.

Evotec depends on certain individual large customers. The loss of any of these customers would have a material adverse impact on its results of operations. Furthermore, certain of the Company's service contracts involve scientific or technical delivery risks. In the current fiscal year, the revenue contribution of Evotec's three largest customers was 25% compared with 24% in 2020. Although Evotec generally has long-term contracts with its major customers, there is a risk that customers may terminate projects and 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 Evotec's customers that cannot be influenced. If a customer exits a drug discovery and development project, future revenues including

milestone and royalty payments 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.**

As of December 31, 2021, Evotec had € 858.2 m in cash, cash equivalents and investments. However, Evotec's operating plan may change as a result of many factors currently unknown to the Company, and Evotec may need to seek additional funds sooner than planned, through public or private equity or debt financings, government or other third-party funding, sales of assets, other partnerships and licensing arrangements, or a combination of these approaches. Even if Evotec believes it has sufficient funds for its current or future operating plans, the Company may seek additional capital if market conditions are favourable or if Evotec has specific strategic considerations. Evotec's spending will vary based on new and ongoing development and corporate activities. 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.

All options for refinancing are reviewed on a regular basis, including potential capital increases and the use of debt instruments. Overall, Evotec sees little liquidity risk at this point.

Evotec's business and reported profitability are affected by fluctuations in foreign exchange rates mainly between the US dollar, pound sterling and the euro.

Evotec manages the **currency risks** via close market monitoring, forwards, natural hedges and other selective hedging instruments. Hedging transactions are entered into for future transactions that can be reliably anticipated based on Evotec order book. Despite active currency management, exchange rate risk cannot be eliminated due to unpredictable volatility. As a result, Evotec's business may be affected by fluctuations in foreign exchange rates, which may have a significant impact on its results of operations and cash flows from period to period. Currency exchange movements also impact Evotec's reported liquidity in respect of translating liquid assets held in US dollars or pound sterling into euros.

In its individual financial statements, Evotec SE opted not to create a separate valuation unit according to section 254 German Commercial Code.

Interest rate risks may arise from unavoidable negative interest on investments of available cash after capital increases, financing, etc. Due to the European Central Bank's negative deposit interest rate of (0.5)% (the European Central Bank decided on 3 February 2022, to keep the rate at (0.5)%), Evotec's banks are also charging negative interest on its balances. The Corporate Treasury Team continuously screens the market for suitable short-to-medium term investment options in order to avoid negative interest. In addition, Evotec continuously monitors interest rate market developments in order to react on interest rate increase risks – due to economic developments – on Evotec's floating rate loans at an early stage.

Evotec operates in many different countries and is therefore potentially taxable in several countries and subject to various national tax laws and regulations. **Risks in the context with changes in tax laws and interpretations by authorities in jurisdictions of business operations** as well as findings based on audits by authorities in these countries can lead to additional tax expenses and payments, which can have a negative impact on the Company's business, its financial position and results. These unforeseen additional tax expenses can arise for a number of reasons. Due to the complexity of Evotec's business model, this could affect the tax treatment of individualized elements of customer contracts, the taxable presence of a group company in a tax jurisdiction, adjustments to transfer prices, the application of indirect taxes to certain transactions and the non-recognition of the benefits of double tax treaties. Furthermore, **R&D tax credits** in various countries form a significant part of other operating income and contribute positively to Evotec's financial performance. Influences can also arise from significant acquisitions, divestments, restructuring and other reorganizations. Due to the global economic downturn caused by the COVID-19 pandemic and the resulting increase in government costs, there is a higher risk that Evotec will receive notifications about the reduction or failure to grant tax relief or receive adverse changes to tax assessments. In general, Evotec works together with external consultants in all countries in which the Company operates in order to minimize any risks. In addition, Evotec regularly monitors the political and legal landscape in this regard, but could not completely avoid the negative effect on its results due to the lack of influence and compensation options.

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.

Despite Evotec's pro-active measures, the Company is exposed to risks from **litigation** and cannot completely rule out infringements of legislation. As a result, Evotec is 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 **contractual risks** like legal liability risks and financial risks. Evotec addresses this risk by continuously involving its 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 Evotec considers the risk to be low.

Evotec and its pharmaceutical and biotechnology customers and partners are subject to extensive regulations by the FDA and similar regulatory

authorities in other countries for development, manufacturing and commercializing products for therapeutic or diagnostic use. Such regulations include but are not limited to, restrictions on testing on animals and humans, manufacturing, safety, efficacy, labelling, sale, advertising promotion and distribution of Evotec's or its partners' products. In addition, new laws and regulations to which Evotec and its customers and partners are subject may change in the future affecting the viability of market entry for new products developed in the Company's EVT Innovate segment or the ability to continue certain projects in the EVT Execute segment that may consequently be terminated at an early stage.

These **regulatory risks** and risks arising from **changing or stricter regulations** are addressed by continuously monitoring global and local legislations to ensure that imminent 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 to 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 and may face an even greater risk if any drug candidate that Evotec develops is commercialized. If Evotec cannot successfully defend itself against claims that drug products it develops with its partners caused injuries, the Company could incur substantial liabilities. Regardless of the merit or eventual outcome of such claims, any liability claims may result in e.g. decreased demand for any drug product that Evotec may develop with its partner, loss of revenues, significant time and costs to defend the related litigation, initiation of investigations by regulators and injury to Evotec reputation and significant negative media attention. Evotec is covered by liability insurance, but notwithstanding such coverage, the Company's financial position or results could be negatively affected by product liability claims. On occasion, large judgments have been awarded in class action lawsuits based on drugs or medical treatments that had unanticipated adverse effects.

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 progression of drug programmes and drug candidates in development partnerships is part of Evotec's non-financial performance indicators. The success of Evotec's business therefore hinges upon the fulfilment of both the Company's own and legal quality standards.

Parts of Evotec's operations are subject to GMP, GLP and Good Clinical Practice ("GCP") requirements and similar foreign requirements. Regulatory authorities and Evotec's customers may conduct scheduled or unscheduled (for cause) periodic inspections of Evotec's facilities to monitor its quality control system and verify that it complies with regulatory requirements and with the terms of Evotec's quality agreements with its customers. Audit findings that are classified as "critical" may lead to a loss of certification with regulatory agencies or a loss of approved supplier status with Evotec's customers and a subsequent loss in revenue. Evotec's manufacturing facilities also require certification and validation activities to demonstrate that they operate as designed. In addition, Evotec's manufacturing facilities are subject to regulatory inspections by the FDA, the national competent authorities in EU member states (including AIFA in Italy), the Medicines and Healthcare products Regulatory Agency ("MHRA") in the UK, and other comparable regulatory authorities. If Evotec is unable to reliably manufacture products in accordance with the legal and regulatory requirements of the relevant regulatory authorities, Evotec may not obtain or maintain the necessary approvals. Further, Evotec's facilities may fail to pass regulatory inspections, which would cause significant delays and additional costs required to remediate any deficiencies identified by the regulatory authorities. Any of these challenges could delay completion of clinical trials, require bridging clinical trials or the repetition of one or more clinical trials, increase clinical trial costs, delay regulatory approval, impair commercialization efforts, increase Evotec's cost of goods, and have an adverse effect on Evotec's business, financial condition, results of operations and growth prospects.

To minimise potential **quality risks in manufacturing and 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 two main general risks **patents** and **proprietary technologies** as well as **licences granted for partnered assets.**

Different risk scenarios could arise which Evotec subdivides in the following risk areas. The Company's success depends in part on Evotec's ability to develop, use and protect its proprietary methodologies, software, compositions, processes, procedures, systems, technologies and other intellectual property. To protect its intellectual property position, Evotec primarily relies upon trade secrets, confidentiality agreements and policies, invention assignments and other contractual arrangements, trademark registrations and copyrights. Although Evotec's patent portfolio is not material to certain aspects of its business as a whole, Evotec has filed patent applications in the United States, Europe and abroad related to the Company's pipeline assets, processes or other technologies (including methods of manufacture). Evotec's collaboration partners also file patent applications on their development assets on which Evotec may earn milestones and royalties. Evotec may not be able to apply for patents on certain aspects of its current or future pipeline assets, processes or other technologies and their uses in a timely fashion or at a reasonable cost. Even issued patents may later be found invalid or unenforceable or may be modified or revoked in proceedings before various patent offices or in courts in the United States, Europe or other jurisdictions. The degree of future **protection for Evotec's intellectual property** and other proprietary rights is uncertain. Only limited protection may be available and may not adequately protect Evotec's rights or permit Evotec to gain or keep any competitive advantage. Additionally, Evotec's intellectual property may not provide the Company with sufficient rights to exclude others from copying Evotec's processes and technologies or commercializing pipeline assets. If Evotec does not adequately obtain, maintain, protect, defend and/or enforce its intellectual property and proprietary technology, competitors may be able to use Evotec's proprietary technologies and erode or negate any competitive advantage Evotec may have, which could have a material adverse effect on Evotec's financial condition and results of operations. The patent application process is subject to numerous risks and uncertainties, and there can be no assurance that Evotec or any of Evotec's current or future licensors or partners will be successful in prosecuting, obtaining, protecting, maintaining, enforcing and/or defending patents and patent applications necessary or useful to protect Evotec's proprietary technologies (including pipeline assets and methods of manufacture) and their uses. Furthermore, the **patent prosecution process** is also expensive and time-consuming, and Evotec may not be able to file, prosecute, maintain, protect, defend, enforce or license all necessary or desirable patents or patent applications, as applicable, at a reasonable cost or in a timely manner or in all potentially relevant jurisdictions.

The patent position of pharmaceutical and biotechnology companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. Moreover, there are periodic **changes in patent law**, as well as discussions in the Congress of the United States and in international jurisdictions about modifying various aspects of patent law and such changes in patent laws or in interpretations of patent laws may diminish the value of Evotec's intellectual property. There is no uniform, worldwide policy regarding the subject matter and scope of claims granted or allowable in pharmaceutical or biotechnology patents. As a result, the issuance, scope, validity, enforceability, and commercial value of Evotec's patent rights are highly uncertain.

Evotec's ability to enforce its owned (solely or jointly), and in-licensed patent and other intellectual property rights depends on Evotec's **ability to detect infringement, misappropriation and other violation** of such patents and other intellectual property. It may be difficult to detect infringers, misappropriators and other violators who do not advertise the components or methods that are used in connection with their products and services. Moreover, it may be difficult or impossible to obtain evidence of infringement, misappropriation or other violation in a competitor's or potential competitor's product or service, and in some cases Evotec may not be able to introduce obtained evidence into a proceeding or otherwise utilize it to successfully demonstrate infringement. Evotec may not prevail in any lawsuits that Evotec initiates and the damages or other remedies awarded if Evotec were to prevail may not be commercially meaningful. If any of Evotec's owned (solely or jointly) or in-licensed patents covering Evotec's pipeline assets, processes or other technologies are narrowed, invalidated or found unenforceable, or if a court found that valid, enforceable patents held by third parties covered one or more of Evotec's pipeline assets, processes or other technologies, the Company's competitive position could be harmed or Evotec could be required to incur significant expenses to protect, enforce or defend Evotec's rights.

Evotec currently has rights to certain intellectual property, through its owned (solely or jointly) and in-licensed patents and other intellectual property rights, relating to identification and development of its pipeline assets, processes or other technologies. Evotec's pipeline assets, processes or other technologies could require the use of intellectual property and other proprietary rights held by third parties and their success could depend in part on Evotec's ability to acquire, in-license or use such intellectual property and proprietary rights. In addition, Evotec's pipeline assets may require specific formulations to work effectively and efficiently and these intellectual property and other proprietary rights may be held by others. Evotec may be **unable to secure such licenses or otherwise acquire or in-license from third parties** any compositions, methods of use, processes or other third-party intellectual property rights that Evotec identifies as necessary or considers attractive, on reasonable terms, or at all, for pipeline assets, processes and other technologies that Evotec may develop. The licensing and acquisition of third-party intellectual property rights is a competitive area, and a number of more established companies are also pursuing strategies to license or acquire third-party intellectual property rights that we, or Evotec's partners, may consider attractive or necessary. These established companies may have a competitive advantage over Evotec due to their size, cash resources, and greater clinical development and commercialization capabilities. Any of the foregoing could have a material adverse effect on Evotec's competitive position, business, financial conditions, results of operations and prospects.

Evotec's owned (solely or jointly) and licensed patents and patent applications may be subject to validity, enforceability and priority disputes. The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability. Some of Evotec's patents or patent applications (including licensed patents and patent applications) may be challenged at a future point in time in opposition, derivation, re-examination, inter partes review, post-grant review or interference or other similar proceedings. Any successful **third-party challenge to Evotec's or Evotec's licensors' patents** in this or any other proceeding could result in the unenforceability or invalidity of such patents, which may lead to increased competition to Evotec's business, which could have a material adverse effect on Evotec's business, financial condition, results of operations and prospects.

Evotec may **not be aware of all third-party intellectual property rights** potentially relating to its assets. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until approximately 18 months after filing or, in some cases, not until such patent

applications issue as patents. Evotec might not have been the first to make the inventions covered by each of Evotec's pending patent applications and Evotec might not have been the first to file patent applications for these inventions. To determine the priority of these inventions, Evotec may have to participate in interference proceedings, derivation proceedings or other post-grant proceedings declared by the United States Patent and Trademark Office ("USPTO"), or other similar proceedings in non-US jurisdictions (e.g. within the jurisdiction of the "Deutsches Patent und Markenamt" DPMA or European Patent Office EPO), that could result in substantial cost to Evotec and the loss of valuable patent protection. The outcome of such proceedings is uncertain. No assurance can be given that other patent applications will not have priority over Evotec's patent applications. In addition, changes to the patent laws of the United States allow for various post-grant opposition proceedings that have not been extensively tested, and their outcome is therefore uncertain. Furthermore, if third parties bring these proceedings against Evotec's patents, regardless of the merit of such proceedings and regardless of whether Evotec is successful, Evotec could experience significant costs and Evotec's management may be distracted. Any of the foregoing events could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Evotec's commercial success depends in part on its ability and the ability of future partners to develop, manufacture, market and sell Evotec's assets and use Evotec's assets and technologies without infringing, misappropriating or otherwise violating the intellectual property rights of third parties. There is a substantial amount of litigation involving patents and other intellectual property rights in the biotechnology industry, as well as administrative proceedings for challenging patents, including interference, derivation, inter partes review, post-grant review, and re-examination proceedings before the USPTO, or oppositions and other comparable proceedings in foreign jurisdictions. Evotec may be exposed to, or threatened with, **future litigation by third parties** having patent or other intellectual property rights alleging that Evotec's assets, manufacturing methods, software and/or technologies infringe, misappropriate or otherwise violate their intellectual property rights.

Patents have a limited lifespan. Most international jurisdictions provide a 20-year nominal patent term, though many require payment of regular, often annual, annuities to maintain pendency of an application or viability of an issued patent. In some jurisdictions, one or more options for extension of a patent term may be available, but even with such extensions, the lifespan of a patent, and the protection it affords, is limited. Even if patents covering Evotec's or its partners' assets, processes and other technologies and their uses are obtained, once the patent term has expired, Evotec may be subject to competition from third parties that can then use the inventions included in such patents to create competing products and technologies. Any of the foregoing could have a material adverse effect on Evotec's competitive position, business, financial conditions, results of operations and prospects.

6. HR risks

The **loss of highly qualified staff (key employees)** could impede the achievement of Evotec´s short-term financial targets as well as its medium- and long-term strategic goals.

Evotec's ability to compete in the highly competitive biotechnology and pharmaceutical industry depends upon Evotec's ability to identify, attract, develop, motivate, adequately compensate and retain highly qualified managerial and scientific personnel. Evotec is highly dependent upon members of Evotec's management and qualified scientific personnel to perform research and development work and therefore is exposed to the risk that losing employees may mean the loss of critical knowledge. Evotec may not be able to retain these employees in particular due to the competitive environment in the biotechnology industry. The loss of any of Evotec's employees' services may adversely impact the achievement of Evotec's strategic objectives. Evotec currently does not have "key person" insurance on any of Evotec's employees. Evotec also may encounter problems hiring and retaining the experienced scientific, quality-control and manufacturing personnel needed to operate Evotec's manufacturing processes and operations, which could result in delays in production or difficulties in maintaining compliance with applicable regulatory requirements.

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.

7. Information technology risks

Evotec collects and maintains information in digital form that is necessary to conduct Evotec's business, particularly for purposes of Evotec's **EVO***panOmics*, **EVO***panHunter,* J.DESIGN and induced Pluripotent Stem Cell ("iPSC")-based drug discovery platforms, and Evotec is highly dependent on its information technology systems. In the ordinary course of Evotec's business, the Company collects, stores, and transmits large amounts of confidential information, including intellectual property, proprietary business information, human samples and personal information. Evotec has also outsourced elements of its information technology infrastructure, and as a result a number of third- party vendors may or could have access to confidential information. Despite the implementation of security measures and safeguards, Evotec's information technology systems and data and those of Evotec's current or future contractors and consultants are vulnerable to compromise or damage.

Evotec's internal computer systems and those of its current and any future partners, vendors, and other contractors or consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, cybersecurity threats, war, and telecommunication and electrical failures. Furthermore, because the techniques used to obtain unauthorized access to, or to sabotage, systems change frequently and often are not recognized until launched against a target, Evotec may be unable to anticipate these techniques or implement adequate preventative measures. Evotec may also experience security breaches that remain undetected for an extended period of time. If any such material system failure, accident or security breach were to occur and cause interruptions in Evotec's operations, it could result in a material disruption of Evotec's development programs and the Company's business operations, whether due to a loss of Evotec's trade secrets or other proprietary information or other similar disruptions. Any such breach, loss or compromise of clinical trial participant personal data, including in connection with **EVO***panHunter,* may also subject Evotec

to civil fines and penalties. To the extent that any disruption or security breach were to result in a loss of, or damage to, data or applications, or inappropriate disclosure of confidential or proprietary information, Evotec could incur internal costs or liability, Evotec's competitive position could be harmed and the further development and commercialization of Evotec's partners' product candidates could be delayed.

Although Evotec takes measures to protect sensitive data from unauthorized access, use or disclosure, Evotec's information technology and infrastructure may be vulnerable to attacks by hackers or viruses or breached due to employee error, malfeasance or other malicious or inadvertent disruptions. Any such breach or interruption could compromise Evotec's networks and the information stored there could be accessed by unauthorized parties, manipulated, publicly disclosed, lost or stolen. Any such access, breach or other loss of information could result in legal claims or proceedings, and liability under federal, state or foreign laws that protect the privacy of personal information, as well as regulatory penalties.

Though Evotec has put systems and procedures in place to minimize the likelihood of security breaches, accidents or system failures occurring; Evotec cannot guarantee that third parties will not be able to gain unauthorized access to or otherwise breach Evotec's systems in the future. Any such unauthorized access or breach could adversely affect Evotec's business, results of operations and financial condition.

To minimize the risk of **losing data,** 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. 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. Evotec has increased resources and investments in order to further secure its IT and data on all its sites.

All of the risks named above are given the highest priority regardless of the fact that potential damage can vary greatly depending on scale, duration and cause.

Considering the significantly expanded regulations under **General Data Protection Regulation ("GDPR") and other similar jurisdictions,** Evotec is permanently reviewing the handling of relevant internal and external data and its respective flow, storage and access. If Evotec fails to comply with the GDPR and the applicable national data protection laws of the European Union member states, or if regulators assert Evotec has failed to comply with these laws, it may lead to regulatory enforcement actions or other administrative penalties. This may be onerous and may interrupt or delay Evotec's development activities, and adversely affect the Company's business, financial condition and results of operations. Further, from January 1, 2021, Evotec has to comply with the GDPR and also the UK GDPR, which, together with the amended UK Data Protection Act 2018, retains GDPR in United Kingdom national law. The European Commission has adopted an adequacy decision which will automatically expire in June 2025 unless the European Commission re-assesses and renews/extends that decision. The relationship between the United Kingdom and the European Union in relation to certain aspects of data protection law remains unclear, and it is unclear how United Kingdom data protection laws and regulations will develop in the medium to longer term, and how data transfers to and from the United Kingdom will be regulated in the long term. These changes may lead to additional costs and increase Evotec's overall risk exposure. Other jurisdictions outside the European Union are similarly introducing new or enhancing existing privacy and data security laws, rules and regulations, which could increase Evotec's compliance costs and the risks associated with non-compliance. Privacy and data security laws are rapidly evolving and the future interpretation of those laws is somewhat uncertain. Evotec cannot guarantee that it is, or will be, in compliance with all applicable international regulations as they are enforced now or as they evolve. There is significant uncertainty related to the manner in which data protection authorities will seek to enforce compliance with privacy and data security laws, including the GDPR. Enforcement uncertainty and the costs associated with ensuring compliance with privacy and data security laws, including the GDPR may be onerous and adversely affect Evotec's business, financial condition, results of operations and prospects. If any of these events were to occur, the Company's business and financial results could be significantly disrupted and adversely affected.

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.

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 Evotec's processes, the safety of Evotec's 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.

Finally, Evotec's operations, including its research, development, testing and manufacturing activities are subject to numerous environmental, health and safety laws and regulations. These laws and regulations govern, among other things, the controlled use, handling, release and disposal of, and the maintenance of a registry for, hazardous materials and biological materials. Evotec's operations involve the use of hazardous and flammable materials, including chemicals and biological materials. Evotec's operations also produce hazardous waste products. Evotec generally contracts with third parties for the disposal of these materials and wastes. In the event of contamination or injury resulting from the use of hazardous materials, Evotec could be held liable for any resulting damages, and any liability could exceed Evotec's resources. Evotec also could incur significant costs associated with civil or criminal fines and penalties for failure to comply with such laws and regulations.

Evotec's business depends on a reliable supply of various materials for its laboratories and production. Due to Evotec's business model, short-term order inquiries are unavoidable, so that delivery bottlenecks can lead to delays in projects and production and thus have a negative impact on Evotec's capacity planning and earnings situation. Price increases for laboratory and production materials, but also for electricity and gas, represent a financial risk. Evotec faces this risk by working closely with its suppliers and using different sources of supply. Due to regulatory requirements, however, Evotec is not always able to switch to other sources of supply, so that it cannot fully mitigate the risk. Evotec tries to limit the risk by reviewing and monitoring Evotec's supplier relationships, a continuous exchange with the operational areas for the early identification of needs and constant market analyses. In the context of the Russia / Ukraine conflict Evotec is facing high **procurement risks** in the short term due to increasing electricity and gas prices for entities purchasing gas and electricity on the Spot market. In the event of a short- to medium-term gas shortage, it may come to interruptions up to productions stop in Evotec´s sites if Evotec is unable to switch sufficiently to alternative sources of supply. Such a gas shortage could also have a direct impact on Evotec's suppliers and could disrupt the entire supply chain. Evotec also sees a risk of increasing transportation costs due to higher transport times and on-charging of costs from its suppliers.

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. Evotec therefore rates 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 (especially in risk areas like Seattle, US) 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 and development 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 capabilities and platforms are well established in the industry and have generated a significant growing revenue stream over the past years. This has resulted in a high level of customer satisfaction, which Evotec 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 130 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, 37% 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 for the Evotec Group

The information set forth in this section contains forward-looking statements concerning future events. Words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "might," "plan," "potential," "should," "target," "would" and variations of such words and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on the information available to, and the expectations and assumptions deemed reasonable by Evotec at the time these statements were made. No assurance can be given that such expectations will prove to have been correct. These statements involve known and unknown risks and are based upon a number of assumptions and estimates, which are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of Evotec. Evotec expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Evotec's expectations with respect thereto or any change in events, conditions or circumstances on which any statement is based.

BUSINESS DIRECTION AND STRATEGY

In accordance with the strategic Action Plan 2025, "The data-driven R&D Autobahn to Cures", Evotec's management focuses on sustainable growth and value creation by expanding the Company's position as a leader in external innovation, offering high-quality drug discovery and development solutions to its pharma and biotech partners as well as to mission-driven foundations and academic institutions. By collaborating with partners and applying state-of-the-art platforms and the most suitable therapeutic modalities, Evotec aims to develop most efficiently new or at least best-in-class cures and to increase probabilities of success of future therapies targeting the treatment of diseases so far deemed incurable. The strategy of sharing the success of Evotec's proprietary platforms 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 one of the largest pools 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 recognised 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. 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 FTE rate-based 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.

In late 2021, Evotec set the following non-financial targets for 2022 for the EVT Execute and EVT Innovate segments and for the group:

Please find detailed information about the eight building blocks of Evotec's Action Plan 2025 "The data-driven R&D Autobahn to Cures" on the Evotec website under https://actionplan.evotec.com.

EVT EXECUTE

- Expansion of capacity
- Expansion of existing and conclusion of new integrated service alliances
- Introduction and acceleration of AI/ML offerings across all modalities
- Start manufacturing in J.POD® Redmond (WA), USA
- Start construction of J.POD® Toulouse, France
- Build a strategy beyond the J.POD® Toulouse, France

EVT INNOVATE

- Build co-owned new alliances and Spin-Offs along the Building Blocks of Action Plan 2025
- Initiation of new clinical trials and progress in the co-owned pipeline
- Acceleration of Cell therapy initiatives
- Invest >10% of R&D commitments & footprint in Women's health, Tuberculosis (GH) & AMR

GROUP

- Hire, entrepreneurially build and integrate new employees >700 new hires in 2021
- Build long term leadership, learning and succession plans while keeping the Company's employee turnover rate below 2021
- Align all environment goals with 1.5° C SBTi commitment with best possible impact latest until 2025

FINANCIAL OUTLOOK FOR 2022

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

— 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 erratic over time. In general, milestones should contribute significantly to the company's overall profitability.

In € m	*Actual figures for 2021*	*Forecasts for 2022*	*Main assumptions*
Group revenues	**618**	700–720[1)]	Growth driven by ▶ current orders on hand ▶ foreseeable new contracts ▶ extension of contracts ▶ prospective milestone payments
Adjusted Group EBITDA	**107**	105–120[2)]	▶ Growing base business ▶ Investing into sustainable structure to augment future growth ▶ Expanding expenses for unpartnered R&D
Unpartnered R&D expenses	**58**	70–80	▶ Long-term expansion of the pipeline ▶ Focus on first-in-class platforms and projects

[1)] At unchanged exchange rates against the average rate for 2021, this forecast range would be approximately € 690 m to € 710 m, ceteris paribus.
[2)] At unchanged exchange rates against the average rate for 2021, this forecast range would be around € 95 m to € 110 m, ceteris paribus.

In 2022, Evotec expects group revenues to grow to a range of € 700–720 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 into account – as far as possible – the current global uncertainties related to the COVID-19 pandemic.

Regardless of the challenges arising from COVID-19, Evotec still expects Adjusted Group EBITDA to grow to € 105–120 m. This projection takes into account of increasing expenses for promising R&D projects, the adoption of organisation structures to ensure sustainable growth and the ramp-up of the Just – Evotec Biologics business via investments, the further expansion of the J.POD® capacities in the US and the construction of a second J.POD® in Europe (Toulouse, France).

Evotec's activities are all related to R&D. Aside from the partnered and funded R&D, Evotec will continue to strongly invest in its own unpartnered R&D 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 of between € 70 and 80 m in 2022.

— 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 push 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 continued to increase investments in the expansion and development of individual locations in 2021. In Toulouse, it intends to significantly expand its capacities and to build J.POD® Toulouse, France. Likewise the Company is expanding the existing campus in Abingdon, Oxfordshire, UK, building new capacities for proteomics in Munich in 2022, and a new building for the planned iPSC centre will be erected in Hamburg in the next few years. After the completion of the first J.POD® facility in North America, an integral part of Just – Evotec Biologics' J.DESIGN platform, the Company is evaluating the expansion of capacity in Redmond (WA), USA depending on the development of Evotec's order book. The J.POD® 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.

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 of this combined Management Report.

GENERAL STATEMENT ON EXPECTED DEVELOPMENTS BY THE MANAGEMENT BOARD

Evotec intends to further strengthen and expand its business as a leading top-quality, innovative provider of drug discovery and development solutions across all therapeutic modalities. Evotec intends to further expand its integrated capabilities of biologics discovery, development and manufacturing in North America as well as in Europe. 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 improved Adjusted Group EBITDA of at least the level seen in 2021. With its strong cash position, Evotec will be able to further strengthen its strategic role in the drug discovery and development market and in expanding its production capabilities (among others by building the second J.POD® in Toulouse, France), while creating shareholder value.

Information pursuant to section 289a and section 315a of the German Commercial Code (HGB) and explanatory report

Evotec management primarily aims to generate shareholder value. For that reason, any proposed change of control or takeover offer that could realise 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 2021, the share capital of Evotec SE amounted to € 176,608,195 and was divided into 176,608,195 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. Other than short-term lock-up agreements with the members of the Supervisory and Management Board in the course of the US listing in November 2021, no binding lock-up agreements have been made by the Company with any shareholder, and neither stock loans nor pre-emptive stock purchase rights are known to the Company. Moreover, the Company does not control voting rights of any shares owned by employees.

No shareholder is entitled 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 4 and 15 November 2021, is authorised to increase the Company's share capital by up to € 21,417,436 in one or more tranches until 15 June 2026 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 defined conditions.

Conditional capital: As of 31 December 2021, the remaining conditional capital of the Company amounted to € 37,077,323.00. Conditional capital in the amount of € 7,118,034.00 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 2021, conditional capital in the total amount of € 11,195,954.00 was used as holders of stock options and SPAs exercised their rights to subscribe for new shares in the Company. Additional conditional capital in the amount 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 2021, 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 2021. As a result, it held voting rights as of 31 December 2021 equivalent to 10.75%. On 23 June 2021, Evotec was notified by T. Rowe Price Group Inc., Baltimore, Maryland, USA that its voting rights held reduced to equivalent to 9.97% (9.90% via shareholdings, 0.07% via instruments) from previous 10.08%.

CORPORATE GOVERNANCE STRUCTURE

Evotec's corporate governance structure is further detailed in the "Declaration of Corporate Management", which is available on the Company's website under https://www.evotec.com/en/investor-relations/governance.

AUTHORISATION OF MANAGEMENT TO REPURCHASE STOCK

Evotec is currently not authorised by a resolution of the Annual General Meeting to acquire its treasury 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 where a shareholder of the Company or a third party acquires either alone or under the rules of section 30 WpÜG (German Securities Acquisition and Takeover Act (e.g. via 'acting in concert') a holding of more than 30% of the shares of the Company, and as a consequence thereof, the members of the Management Board's tasks and scope of responsibility are substantially altered. The contracts of the members of the Management Board contain a standard clause that allows the members of the Management Board to terminate their existing contracts with three month notice in such an event. In the event of such an effective termination the member of the Management would be entitled to a settlement payment amounting to eighteen (18) month's salary calculated as the sum of the monthly base payments and 1/12 of the target bonus, but no more than the total compensation due for the remaining term of the service agreement.

Declaration of corporate management

Evotec SE is guided by recognised standards of good and responsible corporate governance: the German Corporate Governance Code ("Deutscher Corporate Governance Kodex"), as amended from time to time, is the guideline for the exercise of management and control. The corporate governance standards applied are summarised in the corporate governance declaration in accordance with section 289f and section 315d HGB. It contains the Declaration of Conformity pursuant to section 161 of the German Stock Corporation Act ("Deutsches Aktiengesetz"), which was adopted by the Management Board and the Supervisory Board in December 2021, as well as the Corporate Governance Report (Principle 22 of the Code 2020).

The corporate governance declaration is available for download on the Company's website in the "IR & ESG" section at
https://www.evotec.com/en/investor-relations/governance

Remuneration Report

The Remuneration Report of Evotec is available on the Company's website in the Governance/Remuneration of Management Board and Supervisory Board section under the following link:
https://www.evotec.com/en/investor-relations/governance

“INDEPENDENT AUDITOR’S REPORT

To Evotec SE, Hamburg

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

AUDIT OPINIONS

We have audited the consolidated financial statements of Evotec SE and its subsidiaries (the group), which comprise the consolidated statement of financial position as at December 31, 2021, and consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in stockholders’ equity for the financial year from January 1, 2021 to December 31, 2021, and notes to the consolidated financial statements for the fiscal year 2021, including a summary of significant accounting policies.

In addition, we have audited the combined management report (report on the position of the company and of the group) of Evotec SE for the financial year from January 1, 2021 to December 31, 2021. In accordance with the German legal requirements, we have not audited the content of those parts of combined management report listed in section “OTHER INFORMATION”.

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 § 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 December 31, 2021, and of its financial performance for the financial year from January 1, 2021 to December 31, 2021, and
- the accompanying combined management report as a whole provides an appropriate view of the group’s position. In all material respects, this combined 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 combined management report does not cover the content of those parts of the combined management report listed in section “OTHER INFORMATION”.

Pursuant to § 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 combined management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with § 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 COMBINED 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 Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 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 audit opinions on the consolidated financial statements and on the combined 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 financial year from January 1, 2021 to December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

We have identified the following matters as key audit matters:

1. Recoverability of goodwill
2. Revenue recognition from long-term contracts with customers
3. Classification and impairment of financial assets

RECOVERABILITY OF GOODWILL

Matter

In the consolidated financial statements of Evotec SE, goodwill in the amount of € 257.6 Mio (11.5 % of the consolidated total assets or 18.7 % of the consolidated equity) is reported under the statement of financial position line item "Goodwill". Goodwill was allocated to cash-generating units. Cash-generating units with allocated goodwill are subjected to an impairment test by the company at least once a year and additionally if there are indications of impairment. The valuation is carried out using a discounted cash flow method. If the carrying amount of a cash-generating unit is higher than the recoverable amount, an impairment loss is recognized in the amount of the difference. In the financial year 2021, no impairment of goodwill was recognized.

The impairment test for goodwill is complex and requires judgment and inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability. The assessment of the recoverability of goodwill is complex and requires various estimates and judgements by the management of the company, particularly with regard to the amount of future cash flows in the detailed planning period, the growth rate for forecasting cash flows beyond the detailed planning period and the discount rate to be used.

Due to the significance of goodwill for Evotec SE's consolidated financial statements in terms of amount, the complexity of the assessment and the significant inherent uncertainties in the assessment, a key audit matter has been identified. Evotec SE's disclosures on goodwill are included in sections "(2) Summary of significant accounting policies", subsection “Impairment of non-financial non-current assets and goodwill” and "(14) Goodwill" of the notes to the consolidated financial statements for the financial year 2021.

Auditor’s Response and Observations

As part of our audit, we initially assessed the appropriateness of the key assumptions as well as the methodology used for the purposes of performing the impairment test with the involvement of our valuation specialists. We obtained an understanding of the methodology and budgeting process, as well as of the significant assumptions made by the management of the company in the forecasts. We reconciled the forecast of future cash flows in the detailed planning period with the multi-year plan prepared by the management of the company and convinced ourselves of the company's quality of planning comparing the plan in the past with developments in the current period. We verified the assumptions used for the planning and the growth rates assumed in the forecast of cash flows beyond the detailed planning period by comparing them with past developments and current industry-specific market expectations. In addition, we critically examined the discount rates used on the basis of the average cost of capital of a peer group. Our audit also included the sensitivity analyses performed by Evotec SE. With regard to the effects of possible changes in the cost of capital and the assumed growth rates, we additionally performed our own sensitivity analyses. Furthermore, we obtained reasonable assurance about the completeness and accuracy of the disclosures in the notes regarding the recoverability of goodwill. In our opinion, the valuation parameters and assumptions applied by the management of the company have been appropriately determined for the purpose of the impairment test.

REVENUE RECOGNITION FROM LONG-TERM CONTRACTS WITH CUSTOMERS

Matter

In Evotec SE's consolidated financial statements, revenues of € 618.0 Mio are recognized in the income statement. A significant part of Evotec Group's revenues, which are based on an agreement with enforceable rights and obligations and in some of them comprising multiple performance obligations (€ 609.5 Mio), is generated from long-term contracts with customers. The agreed consideration from a contract with a customer is sometimes paid in advance in part or in full and recognized as a contract liability until the progress of performance exceeds the amount of the advance payment or the performance obligation is fulfilled. The agreed transaction price may also include variable components dependent on the achievement of certain milestones and is allocated to the identified performance obligations based on the individual selling prices.

Revenue recognition for long-term contracts with customers is performed over time for those performance obligations where control is not transferred at a point in time. Evotec measures its progress for the part of long-term contracts with customers for which revenue recognition is performed over time in satisfying performance obligations by applying input-based methods, i.e. on the basis of the ratio of the factor input already performed on the reporting date to the expected total factor input required. The measurement of progress is primarily based on the number of actual FTE delivered in relation to total planned FTE.

Significant judgment is exercised by management of the company in identifying performance obligations, determining, and allocating the transaction price to multiple performance obligations and in estimating the number of total FTE. Given this background and the materiality of the revenue, the recognition of revenue from long-term contracts with customers was a particularly important audit matter. Evotec SE's disclosures on revenue recognition from contracts with customers are included in the sections "(2) Summary of significant accounting policies", subsection “Revenues from

contracts with customer” and "(23) Revenues" of the notes to the consolidated financial statements for the financial year 2021.

Audit approach and findings

We obtained an understanding of the group-wide process for recognition of revenue from long-term contracts with the customer and reviewed the process based on the documentation provided to us. In the course of this, we obtained an understanding of the relevant internal controls and assessed their appropriateness and implementation.

For a risk-based selection as well as a sample of closed agreements, based on the understanding of an appropriate categorization as a contract with a customer, we performed and assessed the identification of stand-alone performance obligations, the determination of the transaction price as well as the allocation of the transaction price to the identified performance obligations based on the contractual basis. In the case of agreements with variable components of the transaction price in the form of milestone payments, we obtained confirmation from the respective contractual partner and evidence of payments already received that any uncertainty in connection with the achievement of the milestones no longer existed. Furthermore, for the selected agreements, we assessed whether the requirements for over time revenue recognition are met for the performance obligations concerned.

We have assessed the progress of the respective agreements by discussing the planned and actual factor input for the selected agreements with the management of the company and comparing the underlying planning with the development in the fiscal year 2021. In addition, we performed a multi-year assessment of the planning accuracy and quality for selected long-term agreements. Furthermore, we verified the hourly statements on which the determination of the progress of work is based for conformity with the billing of the respective project.

By issuing appropriate instructions to the subdivision auditors, we ensured that audit procedures were performed consistently throughout the Group.

We were able to convince ourselves that the estimates and assumptions made by the management of the company are sufficiently documented and reasoned to ensure the appropriate recognition of revenue. Therefore, as judgment was used in the accounting treatment, this was used appropriately.

CLASSIFICATION AND IMPAIRMENT OF FINANCIAL ASSETS

Matter

The consolidated financial statements of Evotec SE include several investments in (early-stage) companies that are not fully consolidated as subsidiaries due to a lack of control over the relevant business activities. The investments entered into are mainly of a strategic nature and are made with the aim of progressing new business models as well as, in particular, the development of products and/or technology platforms in pharmaceutical research. In the event of development failures, there is a risk of the need for partial or full impairment of the financial assets. The statement of financial position line item "Long-term investments accounted for using the equity method” and “Long-term investments” include shares in companies accounted for using the equity method as well as other investments amounting to € 281.9 Mio. The subsequent measurement of financial assets relates to other non-operating income with a contribution to earnings of € 195.4 Mio (90 % of profit for the

period), of which - after recognition of impairment losses of € 11.8 Mio - an amount of € 223.8 Mio relates to measurement income from investments and € -16.6 Mio to the share of profit/loss of companies accounted for using the equity method.

The classification of non-controlling interests in companies accounted for using the equity method and other investments is monitored on an ongoing basis and, in addition to considering the share of voting rights, depends in particular on the level of interdependence in terms of personnel and economic factors. If there is significant interest or control, the investment is included in the consolidated financial statements at equity; if there is no ability to exercise control, the investment is included in the consolidated financial statements at fair value. For the investments accounted for using the equity method, an impairment test is performed using a discounted cash flow model in addition to the continuous updating of the equity carrying amount by, among others, assuming the share of earnings if there are indications of impairment. The fair value of other investments is also determined using valuation techniques in the absence of an observable market price.

The use of valuation techniques requires numerous assumptions and judgments, especially with regard to the achievement of (pre-)clinical stages and the probability of success of the research activities, which are reflected in the recoverable amount and the fair value of the respective investment. Given the inherent judgment involved in separating investments in companies accounted for using the equity method due to the possibility of significant influence or control and other investments, as well as the significant uncertainty associated with subsequent accounting, we consider the accounting for and recoverability of financial assets to be a key audit matter.

Evotec SE's disclosures on the recognition and measurement of investments are included in the sections "(2) Summary of significant accounting policies" and "(9) Long-term Investments accounted for using the equity method" and “(10) Other long-term investments” of the notes to the consolidated financial statements for the financial year 2021.

Auditor’s Response and Observations

In addition to the percentage of shares held and voting rights, we assessed the level of personnel, economic and material (inter-)relationship based on the agreements under company law and the law of obligations concluded with the individual investees. We assessed whether Evotec SE is able to exercise significant influence over the operating and financial policies of the investees based on these agreements, or whether joint control exists, and thus understood the appropriateness of determining the measurement at equity or at fair value following the classification of the investment.

We assessed the process used by the management of the company to identify indications of impairment and evaluated whether the process ensures full identification of potential impairment. We discussed the assessment of possible indications with the management of the company and critically reviewed the assumptions made in this context. In so far as a valuation technique was used for the valuation of financial assets, we assessed the reasonableness of the significant assumptions and discretionary parameters as well as the measurement method with the involvement of our valuation specialists. We discussed and critically assessed the assumptions made regarding the achievement of (pre-)clinical phases and the probability of success of the research activities with the management of the company.

We were able to confirm that the estimates and assumptions made by the management of the company regarding the accounting treatment, in particular the distinction between accounting at

equity or at fair value, and the valuation of financial assets are sufficiently documented and explained.

OTHER INFORMATION

The management of the company or the supervisory board are responsible for the other information. The other information comprises:

- the separately published non-financial group report, to which reference is made in the section "Sustainable business development" of the combined management report;
- the separately published group statement on corporate governance, to which reference is made in section “Declaration of corporate management” of the combined management report;
- the separately published remuneration report according to § 162 AktG, to which reference is made in section “Remuneration Report” of the combined management report;
- the other parts of the annual report, except for the audited consolidated financial statements and combined management report as well as our auditor’s report.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

We have not audited the contents in the following section of the combined management report: "Pipeline development: Progression of drug programmes and drug candidates in development partnerships”.

In connection with our audit, our responsibility is to read the other information and thereby acknowledge whether the other in-formation

- is materially inconsistent with the consolidated financial statements, with the combined management report, or our knowledge obtained in the audit or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE MANAGEMENT OF THE COMPANY AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The management of the company is 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 § 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 of the company is 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 of the company is 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 of the company is responsible for the preparation of the combined 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 of the company is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined 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 combined 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 combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF COMBINED 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 combined management report as a whole provides an ap-propriate 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, com-plies 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 combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 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 combined 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 combined 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 audit 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 combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems;
- evaluate the appropriateness of accounting policies used by the management of the company and the reasonableness of estimates made by the management of the company and related disclosures;

- conclude on the appropriateness of the managements' 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 combined management report or, if such disclosures are inadequate, to modify our respective audit 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 § 315e (1) HGB;
- obtain sufficient appropriate audit evidence regarding the financial in-formation of the entities or business activities within the group to express audit opinions on the consolidated financial statements and on the combined 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 combined 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 of the company in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the management of the company 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 ON THE ELECTRONIC RENDERING OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT

REPORT, PREPARED FOR PUBLICATION PURPOSES IN ACCORDANCE WITH § 317 (3A) HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 (3a) HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file "Evotec_SE_KA_KLB_ESEF-2021-12-31.zip" (SHA256 hash value: 8fe035cd85d8151e46773ef5ef06d6ce139d2e5c729c97ec53c51d054dba2172) and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format. Be-yond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from January 1, 2021 to December 31, 2021 contained in the "REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT" above, we do not ex-press any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file identified above in accordance with § 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 (3a) HGB (IDW AsS 410 (10.2021)). Our responsibility in accordance therewith is further described in the "Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Management of the company and the Supervisory Board for the ESEF Documents

The management of the company is responsible for the preparation of the ESEF documents with the electronic renderings of the consolidated financial statements and the combined management report in accordance with § 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 (1) sentence 4 no. 2 HGB.

In addition, the management of the company is responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or un-intentional non-compliance with the requirements of § 328 (1) HGB for the electronic reporting format.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

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 intentional or unintentional non-compliance with the requirements of § 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We al-so

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB, 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 file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this electronic file;
- evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited combined management report;
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were appointed as group auditor by the Hamburg Local Court on October 29, 2021. We were engaged by the Supervisory Board on November 8, 2021. We have been the group auditor of Evotec SE without interruption since the financial year 2021.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 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 combined management report: Analytical plausibility check of Evotec's interim financial statements as of 30 September 2021 and a readiness check for the non-financial report.

OTHER MATTER — USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the assured ESEF documents. The consolidated financial statements and the combined management report converted to the ESEF format — including the versions to be published in the Federal Gazette — are merely electronic

renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents provided in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr Jens Freiberg.

Frankfurt am Main, April 25, 2022

BDO AG
Wirtschaftsprüfungsgesellschaft

Klaus Eckmann	Dr. Jens Freiberg
German Public Auditor	German Public Auditor