evotec

'RESEARCH NEVER STOPS'

QUARTERLY REPORT Evotec AG, *Manfred Eigen Campus, Essener Bogen 7, 22419 Hamburg (Germany), www.evotec.com*

III

Nine-month
2015
Interim Report

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I. Management report for the first nine months of 2015

STRONG GROWTH IN REVENUES AND PROFITS IN FIRST NINE MONTHS; THREE MAJOR EVT INNOVATE DEALS CONCLUDED; REVENUE GUIDANCE RAISED

FINANCIAL HIGHLIGHTS

Strong key financial results

— EVT Execute revenues up 52% to € 93.4 m and EVT Innovate up 34% to € 14.3 m compared to the prior-year period; overall Group revenues grew by 50% to € 88.2 m (2014: € 58.9 m)

— Strong adjusted EBITDA of € 16.1 m for EVT Execute; adjusted Group EBITDA positive at € 3.4 m and significantly increased compared to the same period of the previous year (2014: € 0.3 m)

— High and stable liquidity position at € 138.8 m

OPERATIONAL HIGHLIGHTS

EVT Execute
Globally leading drug discovery service business

— Collaboration with CHDI to fight Huntington's Disease extended for another three years
— Collaboration with Beyond Batten Disease Foundation ("BBDF") to advance emerging therapies against juvenile Batten Disease (after period-end)
— Multi-year compound management agreements closed (after period-end)

EVT Innovate
Three significant Cure *X* / Target *X* initiatives successfully partnered

— Pfizer Target*Fibrosis* (Tissue fibrosis): Explore potential novel mechanisms as targeted anti-fibrotics in the field of tissue fibrosis
— Sanofi Target*BCD* (Diabetes): Aligning forces to develop next generation therapies in diabetes
— Sanofi, Apeiron Target*ImmuniT* (Immuno-oncology): Joint development of novel small molecule-based cancer immunotherapies

SANOFI TRANSACTION UPDATE

— Successful ongoing integration of new Toulouse site
— One-time positive effect due to income from bargain purchase (€ 18.5 m, still preliminary)

REVENUE GUIDANCE 2015 RAISED, STRONG OUTLOOK

— Revenue guidance increased to approx. 45% growth excluding milestones, upfronts and licences in September 2015
— All other elements of financial guidance as of 12 May 2015 confirmed
— For the remainder of 2015, a strong core business is indicated

1. FINANCIAL HIGHLIGHTS

Strong key financial results

The following tables provide an initial overview of Evotec's financial performance in the first nine months of 2015 and 2014. More detailed information can be found on page 7 of this nine-month report.

Segment information for the **first nine months of 2015**:

in T€	*EVT Execute*	*EVT Innovate*	*Intersegment eliminations*	*Not allocated*	*Evotec Group*
Revenues	93,384	14,269	(19,455)	-	88,198
Costs of revenue	(71,560)	(6,642)	16,173	-	(62,029)
Gross profit	**21,824**	**7,627**	**(3,282)**	**-**	**26,169**
Operating income and (expenses)					
Research and development expenses	(166)	(16,617)	3,282	-	(13,501)
Selling, general and administrative expenses	(14,322)	(4,725)	-	-	(19,047)
Amortisation of intangible assets	(1,890)	(283)	-	-	(2,173)
Impairment of intangible assets	-	(69)	-	-	(69)
Income from bargain purchase	-	-	-	18,476	18,476
Other operating income	7,263	705	-	-	7,968
Other operating expenses	(5,468)	(70)	-	-	(5,538)
Total operating income and (expenses)	**(14,583)**	**(21,059)**	**3,282**	**18,476**	**(13,884)**
Operating income (loss)	**7,241**	**(13,432)**	**-**	**18,476**	**12,285**
EBITDA adjusted	**16,129**	**(12,719)**	**-**	**-**	**3,410**

Segment information for the first **nine months of 2014**:

in T€	*EVT Execute*	*EVT Innovate*	*Intersegment eliminations*	*Evotec Group*
Revenues	61,497	10,630	(13,194)	58,933
Costs of revenue	(46,243)	(7,232)	11,208	(42,267)
Gross profit	**15,254**	**3,398**	**(1,986)**	**16,666**
Operating income and (expenses)				
Research and development expenses	(745)	(10,422)	1,986	(9,181)
Selling, general and administrative expenses	(9,821)	(2,976)	-	(12,797)
Amortisation of intangible assets	(1,621)	(284)	-	(1,905)
Impairment of intangible assets	-	(8,735)	-	(8,735)
Income from bargain purchase	-	137	-	137
Other operating income	2,667	6,075	-	8,742
Other operating expenses	(1,652)	-	-	(1,652)
Total operating expenses	**(11,172)**	**(16,205)**	**1,986**	**(25,391)**
Operating income (loss)	**4,082**	**(12,807)**	**-**	**(8,725)**
EBITDA adjusted	**9,855**	**(9,520)**		**335**

EBITDA is defined as earnings before interest, taxes, depreciation, and amortisation of intangibles. EBITDA excludes impairments on goodwill, other intangible and tangible assets as well as the total non-operating result. EBITDA was adjusted for changes in contingent consideration as well as for one-time effects with regards to the bargain purchase resulting from the acquisition of Evotec (France) SAS in 2015 and Bionamics GmbH in 2014.

2. OPERATIONAL HIGHLIGHTS

EVT Execute
Globally leading drug discovery service business

Collaboration with CHDI to fight Huntington's Disease extended for another three years
In September 2015, Evotec announced the extension of its collaboration with **CHDI Foundation, Inc.** ("CHDI") through to August 2018. The collaboration represents one of the largest drug discovery alliances within Evotec and will fund **55 full-time scientists**. Evotec has been providing innovation support to CHDI since 2006.

Collaboration with Beyond Batten Disease Foundation ("BBDF") to advance emerging therapies against juvenile Batten Disease (after period-end)
In October 2015, Evotec and BBDF announced a collaboration aimed at discovering and developing new treatments for **juvenile Batten disease**, a rare, fatal autosomal recessive neurodegenerative disorder. The aim of the project is to develop and use *in vivo* mechanistic and efficacy assays to assess the translational potential of fundamental and early drug discovery findings emerging from academic institutions in the United States and Europe. The collaboration includes **substantial research funding** to Evotec and runs to the end of 2017, with an option to extend beyond this period.

Multi-year compound management agreements closed (after period-end)
In October 2015, Evotec entered into a multi-year compound management agreement with the **U.S. National Cancer Institute**, Department of Health and Human Services for a period of five years with total estimated **revenues of up to € 4.5 m ($ 4.9 m)**.
Furthermore, in the context of the service agreement and collaboration with Sanofi, Evotec will provide management services (compounds

hosting and projects support) with regards to a five-year agreement Sanofi signed with the **Centre National de la Recherche Scientifique**.

EVT Innovate
Three significant Cure *X* / Target *X* initiatives successfully partnered

Target*Fibrosis*
In September 2015, Evotec and Pfizer announced an agreement on a four-year research collaboration **to explore potential novel mechanisms as targeted anti-fibrotics** in the field of tissue fibrosis. Evotec leverages its drug discovery platform and Pfizer will provide key technologies and industrial scope as well as pharmaceutical development and marketing expertise. The financial terms of the collaboration include an upfront payment and potential milestone payments from Pfizer based on the achievement of specific development and sales milestones.

Target*BCD*
In August 2015, Evotec and Sanofi announced a strategic risk-shared collaboration in the **field of diabetes**. The goal of this collaboration is to develop a beta cell replacement therapy based on functional human beta cells derived from human stem cells. Sanofi and Evotec will use human beta cells for high-throughput drug screening to identify beta cell active small molecules or biologics. The agreement between Evotec and Sanofi includes an **upfront payment of € 3 m**, potential pre-clinical, clinical, regulatory and commercial milestones which could **total over € 300 m** as well as significant royalties and research payments.

Target*ImmuniT*
In August 2015, Evotec, Apeiron Biologics and Sanofi entered into a strategic collaboration to **develop novel small molecule-based cancer immunotherapies**. This collaboration includes major research and development efforts to advance a first-in-class small molecule approach to treat solid and haematopoietic cancers by enhancing the anti-tumour activity of human lymphocytes. The agreement includes two years of substantial research payments for Evotec and Apeiron Biologics with the opportunity to receive pre-clinical, clinical, regulatory and commercial milestones which could **total over € 200 m** as well as royalties upon commercialisation.

3. SANOFI TRANSACTION UPDATE

On 31 March 2015, Evotec closed a five-year, major multi-component strategic alliance with Sanofi effective 01 April 2015. One of the major cornerstones of this alliance is the acquisition of Sanofi's research site in Toulouse, France, including more than 200 highly experienced employees to support the expansion of Evotec's drug discovery capabilities and capacities.

The integration of the new research site continues to proceed successfully. The first small third-party projects were launched in the second quarter of 2015 and further discussions with possible strategic partners are ongoing.

The bargain purchase resulting from the acquisition was not allocated to segments. The initial accounting is provisional with regard to the fair values used to measure the assets and liabilities of the combination. It may therefore be subject to material changes.

With respect to the impact of this transaction on Evotec's financial statements, please refer to pages 20 to 21 of this nine-month report.

4. REVENUE GUIDANCE 2015 RAISED, STRONG OUTLOOK

Evotec has raised its revenue guidance published in Evotec's Annual Report 2014 three times in 2015. It was raised twice as a result of the Sanofi collaboration (on 24 March 2015 and 12 May 2015) and a third time on 15 September 2015 mainly due to the strong business performance of EVT Execute and accelerated growth in the EVT Innovate business. According to the updated revenue guidance, Group revenues excluding milestones, upfronts and licences are expected to increase by approx. 45% over the prior year. All other elements of the financial guidance 2015 as of 12 May 2015 are confirmed with this report. With respect to further information on the guidance, please refer to the "Financial outlook" section on page 11 of this nine-month report. For the remainder of 2015 a strong order book indicates a continued very good business performance.

A. OPERATIONS

Changes in Group structure, corporate strategy and objectives, product offering and business activities

During the first nine months of 2015, Evotec's **Group structure** changed compared to 30 September 2014 due to the acquisition of Sanofi's site in Toulouse effective 01 April 2015, which is now Evotec (France) SAS.

The Company continues to be managed in line with the **corporate objectives and strategy** described in Evotec's Annual Report 2014 on pages 31 and 32. Evotec operates through its two business segments EVT Execute and EVT Innovate. These segments effectively comprise different project types operating from a common platform and both play an important role in successfully delivering on the Company's strategy. Evotec's "Action Plan 2016 – Innovation Efficiency" is on track and updates on EVT Execute and EVT Innovate are described in detail on pages 3 to 4 of this nine-month report. At the end of 2014, specific objectives for 2015 were defined for the EVT Execute and EVT Innovate segments which are described in Evotec's Annual Report 2014 on page 69.

B. REPORT ON THE FINANCIAL SITUATION AND RESULTS

Note: The 2014 and 2015 results are not fully comparable. The difference stems from the acquisition of Evotec (France) SAS, effective 01 April 2015, as well as from the acquisitions of Bionamics GmbH (effective 01 April 2014) and Euprotec Ltd (effective 27 May 2014). While the results of Evotec (France) SAS, Bionamics GmbH and Euprotec Ltd are fully included in the accompanying consolidated income statement for the first nine months of 2015, they were not or only partially included in the comparable period of the previous year.

1. RESULTS OF OPERATIONS

Revenues

Evotec's **Group revenues** for the first nine months of 2015 grew to € 88.2 m, an increase of 50% compared to the same period of the previous year (2014: € 58.9 m). This increase is due to the contribution of the Sanofi collaboration, growth in the core EVT Execute business, a strong contribution from the anti-infective business unit and favourable foreign exchange rate effects. Excluding milestones, upfronts and licences and revenue contributions from the acquired businesses of Bionamics, Euprotec and Sanofi, Evotec's revenues for the first nine months of 2015 were € 55.9 m, an increase of 9% over the same period of the previous year (2014: € 51.4 m).
Geographically, 54% of Evotec's revenues were generated with customers in Europe, 45% with customers in the USA and 1% with customers in Japan and the rest of the world. This compares to 38%, 60% and 2%, respectively, in the same period of the previous year. The growth in revenues generated in Europe in 2015 mainly results from the Sanofi collaboration.

Operating cost structure

Costs of revenue for the first nine months of 2015 amounted to € 62.0 m (2014: € 42.3 m). This increase compared to the prior-year period relates mainly to the Sanofi collaboration. The **gross margin** amounted to 29.7% in the first nine months of 2015 (2014: 28.3%). The gross margin in the third quarter was 31.3%. The margin increase over 2014 is primarily attributable to the contribution from Sanofi, new collaborations within EVT Execute and EVT Innovate and favourable foreign exchange rate effects. As has often been stated, gross margins in the future may be volatile due to the variable receipt of potential milestone or out-licensing payments.

R&D expenses for the first nine months of 2015 increased as expected by 47% to € 13.5 m (2014: € 9.2 m). This increase is primarily due to investments in projects in the oncology field at the Toulouse site as well as higher investments in ongoing Cure *X* and Target *X* initiatives.

SG&A expenses for the first nine months of 2015 increased by 49% to € 19.0 m (2014: € 12.8 m). This increase mainly results from one-time M&A-related costs with regards to the strategic collaboration with Sanofi, SG&A expenses at the Toulouse site, adverse foreign exchange rate movements and higher compensation expenses on outstanding share performance awards due to the positive impact of the Sanofi collaboration as approved at the Annual General Meeting 2015.

In the first nine months of 2015, **amortisation** increased to € 2.2 m from € 1.9 m in the same period of the previous year.

In the first nine months of 2015, **income from bargain purchase** amounted to € 18.5 m (2014: € 0.1 m) and resulted from the acquisition of Evotec (France). This income from bargain purchase may change materially as the purchase price allocation of Evotec (France) is currently preliminary. The prior-year income resulted from the acquisition of Bionamics GmbH.

Other operating income and expenses, net in the first nine months of 2015 amounted to € 2.4 m (2014: € 7.1 m). Operating income in the first nine months of 2015 was affected by research and development tax credits in the UK and France in the amount of € 3.4 m (2014: € 0.0 m) which are recorded as other operating income. Other operating expenses in the first nine months of 2015 included an increase in the Euprotec earn-out due to a fair value adjustment. Other operating income and expenses, net in the prior-year period resulted primarily from the fair value adjustment of the DiaPep277® earn-out provision (€ 6.0 m) relating to the termination of the programme by Hyperion.

Financial results

Adjusted Group EBITDA in the first nine months of 2015 amounted to € 3.4 m (first nine months of 2014: € 0.3 m). EBITDA was adjusted for changes in contingent consideration as well as for one-time effects with regards to the bargain purchase resulting from the acquisition of Evotec (France) SAS in 2015 and Bionamics GmbH in 2014. Evotec's **operating income** for the first nine months of 2015 amounted to € 12.3 m (2014: operating loss of € 8.7 m) and is mainly due to the preliminary income from the bargain purchase resulting from the acquisition of Evotec (France) SAS.

The **net result** amounted to € 10.7 m (2014: € (8.0) m). The total non-operating result in the first nine months of 2015 was overall positively impacted by a foreign currency exchange gain in the amount of € 1.2 m (2014: € 1.1 m) mainly due to the strengthening of the US dollar against the Euro.

Earnings per share for the first nine months of 2015 were € 0.08 (2014: € (0.06)).

2. OPERATING SEGMENTS EVT EXECUTE AND EVT INNOVATE

Segment reporting

Revenues from the EVT Execute segment amounted to € 93.4 m in the first nine months of 2015, an increase of 52% compared to the same period of the previous year (first nine months of 2014: € 61.5 m). This increase is primarily attributable to contributions from the Sanofi transaction, growth of the base business supported by a positive development of the anti-infectives business unit as well as foreign exchange rate effects. Included in this amount are € 19.5 m of intersegment revenues (first nine months of 2014: € 13.2 m). The EVT Innovate segment generated revenues in the amount of € 14.3 m consisting entirely of third-party revenues (first nine months of 2014: € 10.6 m). The increase compared to the prior-year period mainly results from EVT Innovate projects which were partnered in 2015.

The EVT Execute segment recorded costs of revenue of € 71.6 m in the first nine months of 2015 (first nine months of 2014: € 46.2m), resulting in a gross margin of 23.4% (first nine months 2014: 24.8%). The EVT Innovate segment reported costs of revenue of € 6.6 m (first nine months of 2014: € 7.2 m), resulting in a gross margin of 53.5% compared to 32.0% in the prior-year period.

R&D expenses for the EVT Innovate segment increased from € 10.4 m in the first nine months of 2014 to € 16.6 m in the first nine months of 2015 due to significant investments in oncology projects at the Toulouse site as well as higher investments in existing Cure *X* and Target *X* initiatives.

In the first nine months of 2015, SG&A expenses for the EVT Execute segment amounted to € 14.3 m compared to € 9.8 m in the prior-year period and SG&A expenses for the EVT Innovate segment increased to € 4.7 m compared to € 3.0 m in the prior-year period. The increases in SG&A expenses within both business segments are mainly attributable to one-time M&A-related costs with regards to the strategic collaboration with Sanofi, SG&A expenses at the Toulouse site, adverse foreign exchange rate movements and higher compensation expenses on outstanding share performance awards due to the positive impact of the Sanofi collaboration as approved at the Annual General Meeting 2015.

In the first nine months of 2015, the adjusted EBITDA (before changes in contingent consideration) of the EVT Execute segment was high at € 16.1 m and significantly improved compared to the same period of the previous year (first nine months of 2014: € 9.9 m) due to the strong increase in revenues. The EVT Innovate segment reported an EBITDA before changes in contingent consideration of € (12.7) m (first nine months of 2014: € (9.5) m).

3. FINANCING AND FINANCIAL POSITION

Cash flow and liquidity

Cash provided by operating activities for the first nine months of 2015 amounted to € 18.3 m (first nine months of 2014: cash used in operating activities of € 4.7 m) and was strongly positive primarily due to two factors. Firstly, significant milestone payments were received in the first quarter of 2015, which were recognised as revenues in the fourth quarter of 2014, and secondly due to upfronts and prepayments received in the Sanofi collaboration and three EVT Innovate partnerships.

The line item “Adjustments to reconcile net loss to net cash provided by (used in) operating activities” in the condensed cash flow statement amounted to € (5.1) m and mainly consisted of income from bargain purchase (€ 18.5 m), depreciation of property, plant and equipment (€ 6.4 m), amortisation (€ 2.2 m) and compensation expenses (€ 3.7 m).

Cash used in investing activities for the first nine months of 2015 amounted to € 18.7 m compared to cash provided by investing activities of € 10.2 m in the same period of the previous year. Purchases of current investments (€ 102.5 m) exceeded the proceeds from the sale of current investments (€ 53.7 m). Cash acquired in connection with the Sanofi collaboration amounted to € 37.3 m. Capital expenditures increased to € 6.8 m from € 3.0 m in the same period of the previous year. The investments in the first nine months of 2015 included investments for the new site in Toulouse (France), the fit-out of the new protein production facility in Princeton (USA) and the expansion of the laboratory area in Abingdon (UK).

Cash provided by financing activities for the first nine months of 2015 was € 1.7 m (2014: € 2.9 m) and mainly resulted from an increase in long-term debt to finance selected EVT Innovate projects.

Liquidity, which includes cash and cash equivalents (€ 49.4 m) and investments (€ 89.4 m) amounted to € 138.8 m at the end of September 2015 (31 December 2014: € 88.8 m). This increase in liquidity is mainly attributable to the cash inflow resulting from the Sanofi transaction and the receipt of milestone and upfront payments.

4. ASSETS, LIABILITIES AND STOCKHOLDERS’ EQUITY

Assets

Trade accounts receivables decreased to € 17.5 m (31 December 2014: € 25.3 m) mainly due to the receipt of milestone payments in the first quarter of 2015, which were recorded as revenues at the end of 2014.

This is partly reversed by trade accounts receivables from Evotec (France).

Property, plant and equipment significantly increased to € 36.9 m (31 December 2014: € 24.0 m) mainly due to the acquisition of the facility in Toulouse.

Changes in **liquidity** are explained above under "Financing and financial position".

The Company was not involved in any off-balance-sheet financing transactions.

Liabilities
The sharp increase in current and non-current provisions to € 15.4 m and € 27.7 m, respectively (31 December 2014: € 3.7 m and € 18.0 m, respectively) mainly results from provisions for employee benefits of Evotec's new site in Toulouse.

Current deferred revenues increased to € 18.3 m (31 December 2014: € 2.8 m). This related primarily to the receipt of the upfront cash payment related to the Sanofi collaboration. The respective deferred revenues as of 30 September 2015 are recognised as revenues over the three months period of the fourth quarter 2015. Additionally, the increase in deferred revenues results from the licence agreements concluded for Target*ImmuniT* with Sanofi and Target*Fibrosis* with Pfizer in the third quarter 2015.

Stockholders' equity
As of 30 September 2015, Evotec's **share capital** remained largely unchanged compared to the end of 2014. Due to the exercise of stock options, there were 132,364,182 shares issued and outstanding with a nominal value of € 1.00 per share as of 30 September 2015. Included in this amount as of 30 September 2015 were 249,915 treasury shares that were generated in the course of the acquisition of Renovis, Inc. by Evotec AG.

Evotec's equity ratio as of 30 September 2015 remains strong at 62.4% despite the increase in the balance sheet total resulting from the initial consolidation of Evotec's new site in Toulouse (31 December 2014: 70.5%).

More details are described in the notes to the unaudited interim condensed consolidated financial statements on pages 22 to 24 of this nine-month report.

5. HUMAN RESOURCES

Employees
At the end of September 2015, 967 people were employed within the Evotec Group (31 December 2014: 717 employees). This significant increase in the headcount is mainly due to the 227 additional employees who are working at the new Evotec site in Toulouse, France.

Stock-based compensation
In the first nine months of 2015, no stock options were granted to Evotec employees and a total of 675,706 options were exercised: 22,400 options were serviced out of treasury shares and 653,306 options were serviced

from contingent capital. As of 30 September 2015, the total number of options available for future exercise amounted to 2,205,630 (approximately 1.7% of shares in issue).

In 2015, the Company implemented another share performance plan ("SPP 2015"). During the first nine months of 2015, 796,617 share performance awards were granted to members of the Management Board and other key employees and no share performance awards were exercised. As of 30 September 2015, the total number of share performance awards granted for future exercise amounted to 3,881,500 (3,084,883 share performance awards granted under SPP 2012 and 796,617 share performance awards granted under SPP 2015) (approximately 2.9% of shares in issue).

Options and share performance awards have been accounted for under IFRS 2 using the fair value at the grant date. In the first nine months of 2015, no options and 16,398 share performance awards held by employees of the Company continued to be valid after termination of the relating employment. These terminations were accounted for as accelerated vesting.

Shareholdings of the Boards of Evotec AG
Number of shares

	01 Jan 15	Additions	Sales	30 Sept 15
Management Board				
Dr Werner Lanthaler	526,494	-	-	526,494
Colin Bond	-	-	-	-
Dr Cord Dohrmann*	41,387	4,831	-	46,218
Dr Mario Polywka	60,000	-	-	60,000

*Dr Cord Dohrmann received his shares in Evotec through a transfer from an escrow account in accordance with the share purchase agreement in July 2010 in exchange for his share in DeveloGen.

Dr Walter Wenninger, Vice Chairman and member of the Supervisory Board of Evotec until the close of the Annual General Meeting 2015, held 38,538 shares on 01 January 2015 with no reported movements until the close of the Annual General Meeting 2015.

Number of stock options

	01 Jan 15	Additions	Exercise	30 Sept 15
Management Board				
Dr Werner Lanthaler	940,000	-	100,000	840,000
Colin Bond	290,000	-	150,000	140,000
Dr Cord Dohrmann	340,000	-	-	340,000
Dr Mario Polywka	398,792	-	320,606	78,186

Number of Share Performance Awards

	01 Jan 15*)	Additions	Exercise	30 Sept 15
Management Board				
Dr Werner Lanthaler	704,230	141,667	-	845,897
Colin Bond	277,156	58,929	-	336,085
Dr Cord Dohrmann	295,426	64,286	-	359,712
Dr Mario Polywka	296,464	73,500	-	369,964

*) The figures regarding the Share Performance Awards reported for 31 December 2014 and 31 March 2015 are hereby corrected.

The Supervisory Board of Evotec AG does not hold any stock options or Share Performance Awards.
Pursuant to § 15a of the German Securities Trading Act (Wertpapierhandelsgesetz), the above tables and information list the number of Company shares held and rights for such shares granted to each board member as of 30 September 2015 separately for each member of our Management and Supervisory Boards.

C. RISKS AND OPPORTUNITIES MANAGEMENT

The risks and opportunities described in Evotec's Annual Report 2014 on pages 60 to 67 remain unchanged. At present, no risks have been identified that either individually or in combination could endanger the continued existence of Evotec AG.

D. SUBSEQUENT EVENTS

No reportable subsequent events occurred after 30 September 2015.

E. GENERAL MARKET AND HEALTHCARE ENVIRONMENT

Global economic development

Overall, several factors affected global economic growth in the first nine months of 2015, such as the dramatic price decline on the Chinese stock market, highly volatile exchange rates, the rapid decline in oil prices, the new quantitative easing programme of the European Central Bank and the tightening of monetary conditions in the USA. According to its June forecast, the World Bank expects overall global growth to increase to 2.8% in 2015 (2014: 2.6%), the USA to experience 2.7% economic growth (2014: 2.4%) and the Eurozone to grow by 1.5% (0.8% in 2014); these expectations relating to the overall situation, however, are subject to considerable uncertainties.

Trends in the pharmaceutical and biotechnology sector

In the first nine months of 2015, there were no material changes to the overall trends in the pharmaceutical and biotechnology sector described in Evotec's Annual Report 2014 on page 42. Please see Evotec's Annual Report 2014 for further information.

F. FINANCIAL OUTLOOK

Revenue guidance for 2015 raised in September 2015, all other financial targets for 2015 confirmed

	Guidance Annual Report 2014	**Guidance March 2015[1)]**	**Guidance May 2015[2)]**	**Guidance September 2015[3)]**
Group revenues*	Increase more than 10%	Increase more than 20%	Increase more than 35%	Increase by approx. 45%
R&D expenses	Broadly in-line with 2014 levels	€ 15 m - € 20 m	€ 15 m - € 20 m	€ 15 m - € 20 m
EBITDA**	Positive and at a similar level to 2014	Positive	Positive	Positive
Capex investments	Up to € 7 m	Up to € 10 m	Up to € 10 m	Up to € 10 m
Liquidity at year-end	> € 90 m	Well in excess of € 100 m	Well in excess of € 100 m	Well in excess of € 100 m

1) Varies from the guidance provided in the Annual Report 2014 following the financial impact of the Sanofi transaction

2) Revenue guidance raised due to refinement of the accounting treatment of the Sanofi alliance

3) Revenue guidance raised due to Evotec's strong business performance of EVT Execute, accelerated growth in the EVT Innovate business and a positive

outlook for the remainder of the year
** Excluding milestones, upfronts and licences*
*** Before changes in contingent considerations*

Evotec's financial guidance was updated in March 2015, May 2015 and September 2015 as described in the table above.

In 2015, total Group revenues excluding milestones, upfronts and licences are expected to increase by approx. 45%.

Evotec's Group EBITDA before changes in contingent considerations is expected to be positive. EBITDA is defined as earnings before interest, taxes, depreciation and amortisation of intangibles. EBITDA excludes impairments on other intangibles, tangible assets and goodwill as well as the total non-operating result.

Evotec expects research and development (R&D) expenses to grow to € 15 m – € 20 m in 2015.

In 2015, Evotec will continue to invest in its technology platforms and capacities in order to drive its long-term growth strategy. It is therefore planned that up to € 10 m will be invested in further capacity increases and the upgrade of Evotec's technological capabilities.

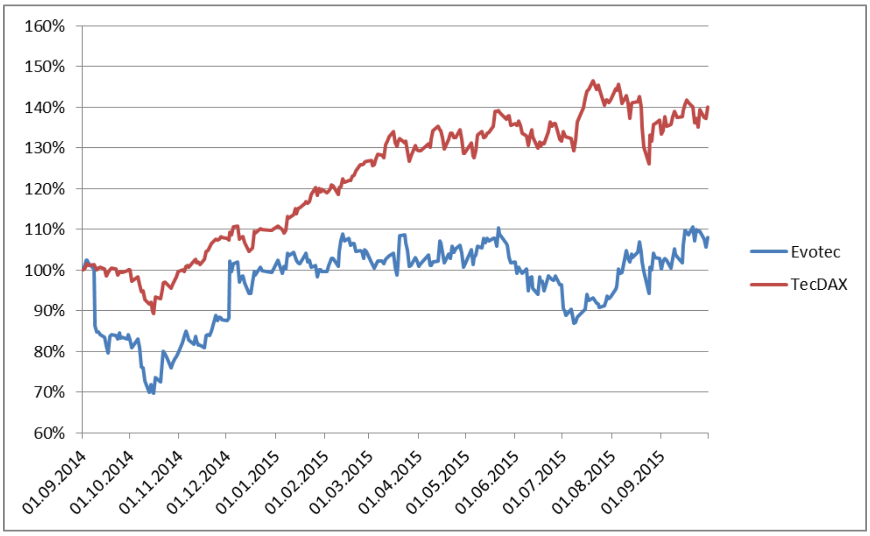
Liquidity is expected to be well in excess of € 100 m at 31 December 2015. This forecast excludes any potential cash outflow from M&A or similar transactions.

The Company's mid-term financial plan does not envisage the need for any additional external financing for Evotec's operating business. However, all strategically desirable moves such as potential company or product acquisitions will need to be considered on a case by case basis.

The statements on **business direction and strategy**, **expected research and development**, **business opportunities** and **dividends** continue to be valid as published in Evotec's Annual Report 2014 on pages 68 to 70.

G. EVOTEC SHARE

Performance of Evotec shares over the past twelve months



The DAX index closed the first nine months of 2015 up 2% at 9,660 points. After climbing to an all-time high of 12,375 points on 10 April 2015 as a result of the weakening of the Euro and the European Central Bank's quantitative easing programme initiated in March 2015, it proved a very volatile performance and fell as low as 9,427 points in September largely due to the financial situation in Greece and the crisis on the Chinese stock markets.

The third quarter of 2015 saw a strong performance by the Evotec share due to positive news flow. Evotec's share price ended the first nine months of 2015 at € 3.98, an increase of 6% compared to its opening price for 2015 (€ 3.77). This compares to an increase of 27% for the German technology stock index TecDAX.

II. Consolidated Interim Financial Statements

Evotec AG and subsidiaries -
Interim consolidated statement of financial position as of 30 September 2015

in T€ except share data	*Footnote reference*	*As of 30 Sept. 2015*	*As of 31 Dec. 2014*
ASSETS			
Current assets:			
Cash and cash equivalents		49,359	48,710
Investments		89,463	40,112
Trade accounts receivables	6	17,527	25,259
Receivables from associated companies		23	-
Inventories		3,689	3,111
Current tax receivables	7	2,266	887
Other current financial assets		839	1,094
Prepaid expenses and other current assets	8	8,173	6,127
Total current assets		**171,339**	**125,300**
Non-current assets:			
Associated companies and long-term investments		-	13
Property, plant and equipment		36,901	24,045
Intangible assets, excluding goodwill	9	30,940	30,210
Goodwill	10	45,221	44,815
Other non-current financial assets		78	78
Other non-current assets		10	139
Total non-current assets		**113,150**	**99,300**
Total assets		**284,489**	**224,600**

LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Current loan liabilities		14,031	13,363
Trade accounts payables		9,341	9,450
Advanced payments received		1,172	542
Provisions	11	15,383	3,694
Deferred revenues	12	18,327	2,806
Current income tax payables		1,038	1,046
Other current financial liabilities		320	1,384
Other current liabilities		2,787	783
Total current liabilities		**62,399**	**33,068**
Non-current liabilities:			
Non-current loan liabilities	13	8,900	8,186
Deferred tax liabilities		1,719	1,583
Provisions	14	27,734	17,957
Deferred revenues		5,390	4,344
Other non-current financial liabilities		964	1,079
Total non-current liabilities		**44,707**	**33,149**
Stockholders' equity:			
Share capital		132,364	131,711
Additional paid-in capital		692,554	688,669
Accumulated other comprehensive income		(19,376)	(23,169)
Accumulated deficit		(628,159)	(638,828)
Total stockholders' equity		**177,383**	**158,383**
Total liabilities and stockholders' equity		**284,489**	**224,600**

Evotec AG and Subsidiaries -

Interim consolidated income statement for the period from 01 January to 30 September 2015

in T€ except share and per share data	*Nine months ended 30 September 2015*	*Nine months ended 30 September 2014*	*Three months ended 30 September 2015*	*Three months ended 30 September 2014*
Revenues	88,198	58,933	33,240	18,848
Costs of revenue	(62,029)	(42,267)	(22,837)	(13,973)
Gross profit	**26,169**	**16,666**	**10,403**	**4,875**
Operating income and (expenses)				
Research and development expenses	(13,501)	(9,181)	(4,995)	(2,897)
Selling, general and administrative expenses	(19,047)	(12,797)	(6,661)	(3,917)
Amortisation of intangible assets	(2,173)	(1,905)	(709)	(552)
Impairment of intangible assets	(69)	(8,735)	-	(8,735)
Income from bargain purchase	18,476	137	-	-
Other operating income	7,968	8,742	3,486	6,546
Other operating expenses	(5,538)	(1,652)	(2,161)	(480)
Total operating income and (expenses)	**(13,884)**	**(25,391)**	**(11,040)**	**(10,035)**
Operating income (loss)	**12,285**	**(8,725)**	**(637)**	**(5,160)**
Other non-operating income (expense)				
Interest income	380	233	120	68
Interest expense	(1,204)	(1,295)	(458)	(465)
Loss from equity investments	(23)	1	(10)	-
Other expense from long-term investments	-	(10)	-	-
Other income from financial assets	-	79	-	33
Other expense from financial assets	(3)	-	-	-
Foreign currency exchange gain (loss), net	1,209	1,143	(334)	1,280
Other non-operating income	233	123	88	87
Other non-operating expense	-	(107)	-	-
Total non-operating income (expense)	**592**	**167**	**(594)**	**1,003**
Income (loss) before taxes	**12,877**	**(8,558)**	**(1,231)**	**(4,157)**
Current tax expense	(2,375)	28	(1,599)	62
Deferred tax income (expense)	167	535	(56)	527
Net income (loss)	**10,669**	**(7,995)**	**(2,886)**	**(3,568)**
Weighted average shares outstanding	**131,495,350**	**131,247,152**	**131,545,273**	**131,325,032**
Net income (loss) per share (basic)	**0.08**	**(0.06)**	**(0.02)**	**(0.03)**
Net income (loss) per share (diluted)	**0.08**	**(0.06)**	**(0.02)**	**(0.03)**

Evotec AG and Subsidiaries -
Interim consolidated statement of comprehensive income for the period from 01 January to 30 September 2015

in T€	*Nine months ended 30 September 2015*	*Nine months ended 30 September 2014*	*Three months ended 30 September 2015*	*Three months ended 30 September 2014*
Net income (loss)	**10,669**	**(7,995)**	**(2,886)**	**(3,568)**
Accumulated other comprehensive income				
Items which are not re-classified to the income statement				
Remeasurement of defined benefit obligation	-	-	-	-
Taxes	-	-	-	-
Items which have to be re-classified to the income statement at a later date				
Foreign currency translation	3,755	3,676	(2,185)	2,152
Revaluation and disposal of available-for-sale securities	38	(8)	(187)	17
Taxes	-	-	-	-
Other comprehensive income	**3,793**	**3,668**	**(2,372)**	**2,169**
Total comprehensive income	**14,462**	**(4,327)**	**(5,258)**	**(1,399)**

Evotec AG and Subsidiaries -
Interim condensed consolidated statement of cash flows for the nine months ended 30 September 2015

in T€	*Nine months ended 30 September 2015*	*Nine months ended 30 September 2014*
Cash flows from operating activities:		
Net income (loss)	10,669	(7,995)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities	(5,102)	16,124
Change in assets and liabilities	12,774	(12,811)
Net cash provided by (used in) operating activities	**18,341**	**(4,682)**
Cash flows from investing activities:		
Purchase of current investments	(102,496)	(13,674)
Purchase of investments in affiliated companies	-	(3,510)
Purchase of property, plant and equipment	(6,841)	(3,003)
Purchase of intangible assets	(349)	-
Cash acquired in connection with acquisitions	37,274	1,069
Proceeds from sale of current investments	53,747	29,338
Net cash provided by (used in) investing activities	**(18,665)**	**10,220**
Cash flows from financing activities:		
Proceeds from option exercise	810	593
Proceeds from issuance of loans	1,455	4,255
Payment of subsequent earn-outs	(551)	(1,813)
Repayment of loans	(45)	(137)
Net cash provided by financing activities	**1,669**	**2,898**
Net increase in cash and cash equivalents	**1,345**	**8,436**
Exchange rate difference	(696)	1,084
Cash and cash equivalents at beginning of year	48,710	45,644
Cash and cash equivalents at end of the period	**49,359**	**55,164**

Evotec AG and Subsidiaries -
Interim consolidated statement of changes in stockholders' equity for the nine months ended 30 September 2015

	Share capital			Income and expense recognis in other comprehensive incor			
in T€ except share data	Shares	Amount	Additional paid-in capital	Foreign currency translation	Revaluation reserve	Accumulated deficit	Total stockholders equity
Balance at 01 January 2014	**131,460,193**	**131,460**	**686,767**	**(34,376)**	**6,966**	**(631,850)**	**158,967**
Exercised stock options	224,583	225	369	-	-	-	594
Stock option plan	-	-	391	-	-	-	391
Total comprehensive income (loss)				**3,676**	**(8)**	**(7,995)**	**(4,327)**
Balance at 30 September 2014	**131,684,776**	**131,685**	**687,527**	**(30,700)**	**6,958**	**(639,845)**	**155,625**
Balance at 01 January 2015	**131,710,876**	**131,711**	**688,669**	**(30,043)**	**6,874**	**(638,828)**	**158,383**
Exercised stock options	224,583	653	158	-	-	-	811
Stock option plan	-	-	3,727	-	-	-	3,727
Total comprehensive income (loss)				**3,755**	**38**	**10,669**	**14,462**
Balance at 30 September 2015	**131,935,459**	**132,364**	**692,554**	**(26,288)**	**6,912**	**(628,159)**	**177,383**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying unaudited interim condensed consolidated financial statements of Evotec have been prepared in accordance with IAS 34 on interim reporting in conjunction with International Financial Reporting Standards (IFRS) and their interpretations as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The interim consolidated financial statements have been prepared on cost basis, except for derivative financial instruments as well as available-for-sale financial instruments, which are measured at fair value. The accounting policies used to prepare interim information are the same as those used to prepare the audited consolidated financial statements for the year ended 31 December 2014. Income tax income and expense is recognised in interim periods based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

The interim consolidated financial statements do not include all of the information and footnotes required under IFRS for complete financial statements according to IAS 1. As a result, these interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2014.
In the opinion of the management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included.

2. PRINCIPLES OF CONSOLIDATION

Effective 01 April 2015, Evotec acquired all of the shares in Evotec (France) SAS, a Sanofi research site in Toulouse, France. This acquisition has been fully consolidated since that date.
Evotec acquired all of the shares in Bionamics GmbH (“Bionamics”) effective 01 April 2014. This acquisition has been fully consolidated since 01 April 2014. Additionally, Evotec acquired all of the shares in Euprotec Ltd (“Euprotec”) effective 27 May 2014. Euprotec has been fully consolidated since this date.
Due to these acquisitions, the interim condensed consolidated financial statements for the first nine months of 2014 and 2015 are not fully comparable.

3. USE OF ESTIMATES

In the interim condensed consolidated financial statements for the nine months ended 30 September 2015, the Company has used the same estimation processes as those used to prepare the audited consolidated financial statements for the year ended 31 December 2014.

4. SEGMENT INFORMATION

EVT Execute and EVT Innovate have been identified by the Management Board as operating segments. The responsibility for EVT Execute was allocated to the COO, Dr Mario Polywka, while the responsibility for EVT Innovate was allocated to the CSO, Dr Cord Dohrmann. The organisation of the entire Evotec Group is structured accordingly. The segments' key performance indicators are used monthly by the Management Board to evaluate the resource allocation as well as Evotec's performance. Intersegment revenues are valued with a price comparable to other third-party revenues. The evaluation of each operating segment by the management is performed on the basis of revenues and EBITDA before changes in contingent consideration. For the EVT Innovate segment, R&D expenses are another key performance indicator. Expenses and income below operating result are not part of the segment results.

The segment information for the first nine months of 2015 is as follows:

in T€	EVT Execute	EVT Innovate	Intersegment eliminations	Not allocated	Evotec Group
Revenues	93,384	14,269	(19,455)	-	88,198
Costs of revenue	(71,560)	(6,642)	16,173	-	(62,029)
Gross profit	**21,824**	**7,627**	**(3,282)**	**-**	**26,169**
Operating income and (expenses)					
Research and development expenses	(166)	(16,617)	3,282	-	(13,501)
Selling, general and administrative expenses	(14,322)	(4,725)	-	-	(19,047)
Amortisation of intangible assets	(1,890)	(283)	-	-	(2,173)
Impairment of intangible assets	-	(69)	-	-	(69)
Income from bargain purchase	-	-	-	18,476	18,476
Other operating income	7,263	705	-	-	7,968
Other operating expenses	(5,468)	(70)	-	-	(5,538)
Total operating income and (expenses)	**(14,583)**	**(21,059)**	**3,282**	**18,476**	**(13,884)**
Operating income (loss)	**7,241**	**(13,432)**	**-**	**18,476**	**12,285**
EBITDA adjusted	**16,129**	**(12,719)**	**-**	**-**	**3,410**

The income from bargain purchase not allocated to the segments results from the acquisition of Evotec (France).

For the prior-year segment information for the first nine months of 2014 see page 3 of this report.

EBITDA was adjusted for changes in contingent considerations as well as for one-time effects with regards to the bargain purchase resulting from the acquisition of Evotec (France) SAS in 2015 and Bionamics GmbH in 2014. For the definition of the EBITDA see page 3 of this report.

5. ACQUISITIONS

Evotec acquired 100% of the shares in Evotec (France) SAS, Toulouse, France effective 01 April 2015. The purchase price amounted to € 1 in cash. With this acquisition, Evotec closed a five-year multi-component strategic alliance with Sanofi, including a major outsourcing alliance over a five-year period; management of Sanofi's global screening library; an initiative whereby Evotec will combine its own and Sanofi's compound libraries and make them available for screening projects to Evotec's partners; and a planned licensing of a portfolio of oncology-related projects. The collaboration results in a minimum guaranteed commitment from Sanofi to Evotec of € 250 m over the next five years, including more than € 40 m upfront cash payment.
The bargain purchase income resulting from the acquisition totals T€ 18,476 and was not allocated to segments. The initial accounting is provisional with regards to the fair values used to identify the assets and liabilities of the combination as well as the income from bargain purchase resulting from the preliminary assessment. It may therefore be subject to material changes.
The net income recorded by Evotec for the nine months ended

30 September 2015 included a net income of T€ 5,188 from Evotec (France) as well as revenues of T€ 23,833. If this combination had taken place at 01 January 2015, the Company would have realised revenues in the amount of T€ 88,198 and a net loss in the amount of T€ 8,129. Acquisition-related costs in the amount of T€ 891 were recognised through profit and loss as selling, general and administrative expenses in 2015 and 2014.

Below is a breakdown of the fair value of Evotec (France) at the date of acquisition:

	01 April 2015 Fair value T€
Cash and cash equivalents	37,274
Property, plant and equipment	11,563
Trade accounts payables	(11,563)
Provisions	(18,798)
Net assets acquired	**18,476**
Bargain purchase	(18,476)
Cost of acquisition	**-**
Less cash and cash equivalents acquired	(37,274)
Cash inflow from acquisition	**37,274**

Evotec acquired 100% of the shares in Euprotec Ltd, Manchester, UK, effective 27 May 2014.

The purchase price of T€ 3,698 in cash included a potential earn-out as contingent consideration. The earn-out in the amount of T€ 677 as contingent consideration was calculated based on estimated future revenues as well as estimated achievement of a defined future milestones in the 31 months following the date of acquisition with a discount rate of 2.03%. The discount rate was based on usual market interest rate on debt. The maximum potential earn-out payment amounted to T€ 1,544 as of the date of the acquisition.

The initial accounting for the acquisition of Euprotec was finalised in May 2015 according to IFRS 3. As a result, an additional fair value adjustment has been recorded on the date of the acquisition for a developed technology in the amount of T€ 1,568, which was estimated based on net present value modelling. Related deferred tax liabilities of T€ 329 net were also additionally recorded. The goodwill resulting from the acquisition amounts to T€ 1,295, a decrease of T€ 1,239 compared to the preliminary assessment as of 31 December 2014. The goodwill was allocated to the EVT Execute segment.

Below is a breakdown of the fair value of Euprotec at the date of acquisition:

	27 May 2014 Fair value T€
Cash and cash equivalents	695
Trade accounts receivables	260
Other current assets	86
Property, plant and equipment	146
Customer list	302
Developed technologies	1,568
Trade accounts payables	(49)
Other current liabilities	(208)
Deferred tax liabilities	(397)
Net assets acquired	**2,403**
Goodwill	1,295
Cost of acquisition	**3,698**
Less cash and cash equivalents acquired	(695)
Less deferred earn-out component	(677)
Cash outflow from acquisition	**2,326**

Effective 01 April 2014, Evotec acquired 100% of the shares in Bionamics GmbH, Hamburg.
The purchase price of T€ 599 in cash included a potential earn-out as contingent consideration in the amount of T€ 115. The earn-out was calculated based on estimated future revenues in the 48 months following the date of acquisition with a discount rate of 1.56%. The estimated maximum potential earn-out payment amounted to T€ 364 as of the date of the acquisition.

6. TRADE ACCOUNTS RECEIVABLES

The decrease in trade accounts receivables from 31 December 2014 to 30 September 2015 is primarily due to milestones that were recorded in 2014 and received in the first quarter of 2015.

7. CURRENT TAX RECEIVABLES

The current tax receivables as of 30 September 2015 increased compared to 31 December 2014 primarily due to accrued R&D tax credits netted against income tax liabilities in UK in the amount of T€ 1,563.

8. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of 30 September 2015 primarily consisted of prepaid expenses in the amount of T€ 4,709 (31 December 2014: T€ 4,293) which are recognised over different time periods. The increase in prepaid expenses as of 30 September 2015 compared to 31 December 2014 mainly relates to prepayments for the remainder of the calendar year.

9. INTANGIBLE ASSETS, EXCLUDING GOODWILL

The main addition in 2015 to intangible assets is the result of the finalisation of the purchase price allocation of Euprotec in May 2015. For further details see footnote 5 in this report.
In the second quarter of 2015, an intangible asset resulting from the acquisition of Bionamics did not meet certain regulatory requirements. Evotec reviewed the relating developed technology for impairment and concluded that an impairment in the amount of T€ 69 had to be recorded.

10. GOODWILL

In the second quarter of 2015, Roche announced that EVT302 did not meet the primary endpoint of a Phase IIb study. Evotec therefore reviewed the impact of this announcement on the OAI/Evotec International Innovate discounted cash flow model and concluded that no impairment had to be recorded in the first nine months of 2015.

11. CURRENT PROVISIONS

The increase in provisions to T€ 15,383 as of 30 September 2015 from T€ 3,694 as of 31 December 2014 primarily relates to provisions for benefit obligations in France (T€ 8,095). Additionally, the current portion of the fair value adjustment of earn-out provisions in the context of the acquisitions of Euprotec (T€ 793) increased in total the current provisions.

12. CURRENT DEFERRED REVENUES

Current deferred revenues increased as of 30 September 2015 in comparison with 31 December 2014 primarily due to the Sanofi collaboration being effective 01 April 2015. The related deferred revenues as of 30 September 2015 will be recognised as revenues over the three month period of the fourth quarter of 2015. Additionally, the increase in deferred revenues results from the licence agreements regarding Target*ImmuniT* with Sanofi and Target*Fibrosis* with Pfizer.

13. NON-CURRENT LOAN LIABILITIES

The increase in non-current loan liabilities pertained to the issuance of a new loan portion under an existing loan agreement. The loan is unsecured and has a maturity until 31 March 2021. Repayment of the loan will start on 30 June 2016 in equal instalments until the maturity date. The loan carries interest at a rate of 1.25%.

14. NON-CURRENT PROVISIONS

The increase in non-current provisions as of 30 September 2015 in comparison with 31 December 2014 relates mainly to provisions for benefit obligations in France in the amount of T€ 10,080. Additionally, the fair value adjustments of earn-out provisions in the context of the acquisitions of DeveloGen (T€ (95)), Bionamics (T€ 69) and Euprotec (T€ 357) increased in total the non-current provisions.

15. STOCK-BASED COMPENSATION

In the third quarter of 2015, a total of 796,617 Share Performance

Awards (“SPAs”) were granted to the Management Board and key employees. Thereof 338,382 SPAs were granted to the members of the Management Board.
The fair value of SPAs granted was estimated on the date granted using a Monte-Carlo-Simulation model with the following assumptions:

28 September 2015

Risk-free interest rate in %	(0.09)
Volatility in %	37.0
Fluctuation in %	0.0 – 5.0
Exercise price in Euro	1.00
Share price at grant date in Euro	4.04
Fair value at grant date per SPA in Euro	2.69

The performance measurement period for this vesting started on 01 January 2015. The expected dividend yield is zero; the expected life is four years.

In the second quarter of 2015, the estimated achievement of the Company’s key performance indicators for outstanding share performance awards granted in 2013 and 2014 increased as a result of the Sanofi collaboration, resulting in additional expenses in the second quarter of 2015 in the amount of T€ 1,115.

For other information on stock-based compensation refer to page 9 of this report.

16. FAIR VALUES

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet as of 30 September 2015 and 31 December 2014, are as follows:

In T€	30 September 2015 Carrying amount	30 September 2015 Fair value	31 December 2014 Carrying amount	31 December 2014 Fair value
Cash and cash equivalents	49,359	49,359	48,710	48,710
Available-for-sale financial assets				
Investments	89,463	89,463	40,112	40,112
Total available-for-sale financial assets	89,463	89,463	40,112	40,112
Financial assets measured at fair value				
Other non-current financial assets	78	78	78	78
Total financial assets measured at fair value	78	78	78	78
Loans and receivables				
Trade accounts receivables	17,527	17,527	25,259	25,259
Other current financial assets	839	839	1,094	1,094
Total loans and receivables	18,366	18,366	26,353	26,353
Financial liabilities measured at amortised cost				
Current loan liabilities	(14,031)	(14,031)	(13,363)	(13,363)
Non-current loan liabilities	(8,900)	(8,838)	(8,186)	(8,173)
Trade accounts payables	(9,341)	(9,341)	(9,450)	(9,450)
Other current financial liabilities	(149)	(149)	(1,308)	(1,308)
Total financial liabilities measured at amortised cost	(32,421)	(32,359)	(32,307)	(32,294)
Financial liabilities measured at fair value				
Derivative financial instruments	(335)	(335)	(143)	(143)
Contingent consideration	(17,194)	(17,194)	(15,864)	(15,864)
Total financial liabilities measured at fair value	(17,529)	(17,529)	(16,007)	(16,007)
	107,316	107,378	66,939	66,952
Unrecognised (gain)/loss		(62)		(13)

The following tables allocate financial assets and financial liabilities as of 30 September 2015 and 31 December 2014, respectively to the three levels of the fair value hierarchy as defined in IFRS 13:

	30 September 2015			
	Level 1	Level 2	Level 3	Total
	T€	T€	T€	T€
Available-for-sale financial assets	89,463	-	-	89,463
Financial assets measured at fair value	-	78	-	78
Financial liabilities measured at fair value	-	(171)	(17,194)	(17,365)

	31 December 2014			
	Level 1	Level 2	Level 3	Total
	T€	T€	T€	T€
Available-for-sale financial assets	40,112	-	-	40,112
Financial assets measured at fair value	-	78	-	78
Financial liabilities measured at fair value	-	(143)	(15,864)	(16,007)

The following tables show the movement of the fair values at level 3 for the nine-month period ending 30 September 2015 and the financial year 2014, respectively:

	January to September 2015	
In T€	Investments	Contingent consideration
Balance at 01 January 2015	-	15,864
Exchange rate differences	-	43
Consumption	-	(551)
Included in other operating expense		
Changes in fair value, unrealised	-	1,008
Included in other operating income		
Changes in fair value, unrealised	-	(95)
Included in interest expense		
Interest change in net present value, unrealised	-	925
Balance at 30 September 2015	-	17,194

	January to December 2014	
In T€	Investments	Contingent consideration
	T€	T€
As of 01 January 2014	10	18,519
Acquisition of businesses	-	792
Exchange rate difference	-	24
Consumption	-	(1,813)
Included in other operating expense		
Changes in fair value, unrealised	-	6,314
Included in other operating income		
Changes in fair value, unrealised	-	(9,144)
Included in expense from long-term investment		
Changes in fair value, unrealised	(10)	-
Included in interest expense		
Interest change in net present value, unrealised	-	1,172
As of 31 December 2014	0	15,864

The levels of the fair value hierarchy and its application to Evotec's financial assets and financial liabilities are described below:

Level 1: Quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived

from prices); and
Level 3: Inputs for the asset or liability that are not based on observable market data.

17. RELATED PARTY TRANSACTIONS

Except for the transactions described in Evotec's Annual Report 2014 on page 114, no other material transactions with related parties were entered into in the first nine months of 2015.

18. SUBSEQUENT EVENTS

Refer to Section D on page 11 of this report.

Financial Calendar 2016

Annual Report 2015	22 March 2016
Q1 2016 Interim Report	10 May 2016
Annual General Meeting 2016	14 June 2016
Half-year 2016 Interim Report	10 August 2016
Nine-month 2016 Interim Report	10 November 2016